

Stock Code : 1734

**Sinphar Pharmaceutical Co., Ltd and Subsidiaries**  
**Consolidated Financial Statements for**  
**the Years Ended December 31, 2024 and 2023 and**  
**Independent Auditors' Report**

**Sinphar Pharmaceutical Co., Ltd.**

**Representation Letter**

The entities that are required to be included in the combined financial statements of Sinphar Pharmaceutical Co., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Report, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “ Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sinphar Pharmaceutical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Sinphar Pharmaceutical Co., Ltd.

By

Mr. Chih Wen Lee

Chairman

March 5, 2025

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders of  
Sinphar Pharmaceutical Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Sinphar Pharmaceutical Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulation 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

#### **Cash and Cash Equivalents**

As of December 31, 2024, the cash and cash equivalent of the consolidated balance sheet was NT\$ 1,075,672 thousand, which represented 17% of the Group's consolidated total assets. As the Group is still in the research and development phase, it is necessary to maintain sufficient cash and cash equivalent balance to support future research and development costs. However, it is taken as a key audit matters due to cash and cash equivalent is a high-risk item.

Our key audit procedures in response

Our procedures in relation to cash and cash equivalent included:

1. Evaluate the design and implementation of internal control related to cash and cash equivalent, performed test count of cash on hand, checked the bank deposit balance with the bank statements, and send bank confirmation letter in accordance with the Auditing Standards No.505. “External confirmation”.
2. Performed a test audit of the supporting documents for large inflows and outflows of cash and bank deposits, paying attention to changes in cash and bank deposits immediately prior to and after the balance sheet date.

#### Inventory Valuation

Please refer to Note 4(8.) and 5(2.) in the accompanying consolidated financial statements for related disclosures of the Group’s valuation of inventory accounting policies and critical accounting estimate and assumption.

The Group mainly engages in the production and sales of various types of drugs and food supplements. As the regulations to the pharmaceutical industry cause the cost to increase and meanwhile the selling prices are less likely to be affected as they are covered by the health insurance system. Furthermore, the price of food supplement inventory fluctuates due to market competition and the impacts aroused from advertisements. Management assesses that the net realizable value of inventory involves material judgment. Hence, it is taken as a one of the key audit matters.

Our key audit procedures in response

Our procedures in relation to inventory valuation included:

1. Understand and evaluate the design and implementation of the internal control in relation to inventory.
2. Perform inventory counts, to identify if there are any inventories which are obsolete or damaged.
3. Obtain Inventory aging reports to analyses the changes in inventory age, and check the records of inventory changes to verify the correctness of inventory.
4. Evaluate the reasonableness of its inventory valuation policy of unmarketable items and obsolescence, and check the latest inventory sales price to evaluate the reasonableness of the net realizable value of the inventory.
5. Obtain evaluation documents for subsequent measurement of inventories and assess whether they have been measured in accordance with established accounting policies and review if the management’s disclosure on the evaluation of inventory is presented fairly.

#### Revenue Recognition

Please refer to Note 4(17.) and 5(2.) in the accompanying consolidated financial statements for related disclosures of the Group’s revenue recognition accounting policies and critical accounting estimate and assumption.

Some products of the Group provide discounts or sales incentives based on the terms of the sales contract. Since the recognition of the revenue is measured on the net basis of the related discounts and incentives, we consider the revenue recognition as a key audit matter.

Our key audit procedures in response

Our procedures in relation to the revenue recognition included:

1. Evaluate the design and implementation of the internal control in relation to the revenue recognition.

2. Perform sales contract checks to verify whether the records on the recognition of sales revenue agree with the related contract, and evaluate the fairness of the management's estimated sales discounts and sales incentives.
3. Assess whether the management's accounting treatments and disclosure in relation to sales discounts and sales incentives are presented fairly.

### Intangible Assets Impairment

Please refer to Note 4(13.) and 5(2.) in the accompanying consolidated financial statements for related disclosures of the Group's intangible assets impairment accounting policies and critical accounting estimate and assumption.

The accompanying consolidated financial statements for the year ended December 31, 2024 included intangible assets amounted to NT\$ 72,163 thousand, which represented 1% of the Group's consolidated total assets. The intangible assets of the Group are mainly for the patent technology licensing of the "positively charged liposomes EndoTag-1 anti-tumor drugs". The Group will continue to develop new drugs based on these patented technologies. Because the drugs are still under development, no cash inflow can be generated. As of the balance sheet date, the Group considers external and internal information in determining whether the intangible asset is impaired. If any indication of impairment exists, an assessment of the recoverable amount of the asset is required to confirm the impairment of the intangible asset. Since the impairment assessment performed by management involves critical judgement, we consider impairment assessment of intangible asset as a key audit matter.

Our key audit procedures in response

Our procedures in relation to management's assessment of indicators of impairment included:

1. Reviewing the assessment of indicators of impairment provided by the management, and discussing with management to evaluate the following items:
  - (1)The product characteristics, target markets, technical trends, and possible derivative products of research and development projects and the patented technology licensing are still competitive in the marketplace ;
  - (2)There is no significant delay in the progress of the main research and development projects ;
  - (3)The total market value of the Group is higher than the net assets as of the balance sheet date.
2. Evaluating the reasonableness of management's adoption of the key assumption and sensitivity analysis including the cash-generating units, forecast of cash flows, the possibility for product commercialization and the discount rate.

### **Other Matter**

We have also audited the parent company only financial statements of Sinphar Pharmaceutical Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 consolidated financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya Quan Zhang and Po Ju Chou.

Crowe (TW) CPAs

Taipei, Taiwan

Republic of China

March 5, 2025

For the convenience of readers and for information purpose only, the auditors' report and the acGrouping 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.

**Sinphar Pharmaceutical Co., Ltd and Subsidiaries**
**CONSOLIDATED BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

| ASSETS                                                   | Note              | December 31, 2024          |                   | December 31, 2023          |                   |
|----------------------------------------------------------|-------------------|----------------------------|-------------------|----------------------------|-------------------|
|                                                          |                   | Amount                     | %                 | Amount                     | %                 |
| <b>CURRENT ASSETS</b>                                    |                   |                            |                   |                            |                   |
| Cash and cash equivalents                                | 6 (1)             | \$ 1,075,672               | 17                | \$ 1,074,489               | 17                |
| Financial assets at fair value                           |                   |                            |                   |                            |                   |
| through profit or loss – current                         | 6 (2)             | 6,956                      | -                 | 6,660                      | -                 |
| Financial assets at amortized cost – current             | 6 (3)             | 95,409                     | 2                 | -                          | -                 |
| Notes receivable, net                                    | 6 (4)             | 147,116                    | 2                 | 166,213                    | 3                 |
| Accounts receivable, net                                 | 6 (5) and 6(21)   | 494,784                    | 8                 | 477,252                    | 8                 |
| Inventories                                              | 6 (6)             | 714,906                    | 12                | 839,194                    | 13                |
| Prepayments                                              | 6 (7)             | 84,212                     | 1                 | 79,050                     | 1                 |
| Other current assets                                     | 8                 | 5,300                      | -                 | 5,747                      | -                 |
| Total current assets                                     |                   | <u>2,624,355</u>           | <u>42</u>         | <u>2,648,605</u>           | <u>42</u>         |
| <b>NONCURRENT ASSETS</b>                                 |                   |                            |                   |                            |                   |
| Financial assets at fair value                           |                   |                            |                   |                            |                   |
| through profit or loss, non-current                      | 6 (2)             | -                          | -                 | -                          | -                 |
| Financial assets at fair value through                   |                   |                            |                   |                            |                   |
| other comprehensive income, non-current                  | 6 (8)             | 54,640                     | 1                 | 22,212                     | -                 |
| Property, plant and equipment                            | 6 (9), 7(3) and 8 | 3,266,540                  | 52                | 3,228,305                  | 52                |
| Right-of-use assets                                      | 6 (10) and 8      | 18,572                     | -                 | 18,574                     | -                 |
| Intangible assets                                        | 6 (11) and 8      | 72,163                     | 1                 | 71,823                     | 1                 |
| Deferred tax assets                                      | 6 (26)            | 185,366                    | 3                 | 170,856                    | 3                 |
| Prepayments for equipment                                |                   | 30,698                     | 1                 | 30,855                     | 1                 |
| Refundable deposits                                      |                   | 19,410                     | -                 | 26,324                     | -                 |
| Other non-current assets                                 |                   | 26,511                     | -                 | 33,527                     | 1                 |
| Total non-current assets                                 |                   | <u>3,673,900</u>           | <u>58</u>         | <u>3,602,476</u>           | <u>58</u>         |
| <b>TOTAL</b>                                             |                   | <u><u>\$ 6,298,255</u></u> | <u><u>100</u></u> | <u><u>\$ 6,251,081</u></u> | <u><u>100</u></u> |
| <b>LIABILITIES AND EQUITY</b>                            |                   |                            |                   |                            |                   |
| <b>CURRENT LIABILITIES</b>                               |                   |                            |                   |                            |                   |
| Short-term loans                                         | 6 (12) and 8      | \$ 370,000                 | 5                 | \$ 400,000                 | 6                 |
| Current contract liabilities                             | 6 (21)            | 97,424                     | 2                 | 85,654                     | 1                 |
| Notes payable                                            |                   | 233                        | -                 | 162                        | -                 |
| Accounts payable                                         |                   | 185,212                    | 3                 | 291,208                    | 5                 |
| Other payable                                            | 6 (13)            | 336,786                    | 5                 | 336,506                    | 5                 |
| Current tax liabilities                                  |                   | 39,363                     | 1                 | 3,087                      | -                 |
| Long-term loans - current portion                        | 6 (14) and 8      | 351,290                    | 6                 | 50,716                     | 1                 |
| Other current liabilities, others                        |                   | 42,501                     | 1                 | 37,361                     | 1                 |
| Total current liabilities                                |                   | <u>1,422,809</u>           | <u>23</u>         | <u>1,204,694</u>           | <u>19</u>         |
| <b>NONCURRENT LIABILITIES</b>                            |                   |                            |                   |                            |                   |
| Long-term loans                                          | 6 (14) and 8      | 1,181,205                  | 19                | 1,494,142                  | 24                |
| Net defined benefit liability, non-current               | 6 (15)            | 15,089                     | -                 | 35,552                     | 1                 |
| Other non-current liabilities, others                    | 6 (26)            | 132,975                    | 2                 | 118,819                    | 2                 |
| Total non-current liabilities                            |                   | <u>1,329,269</u>           | <u>21</u>         | <u>1,648,513</u>           | <u>27</u>         |
| Total liabilities                                        |                   | <u>2,752,078</u>           | <u>44</u>         | <u>2,853,207</u>           | <u>46</u>         |
| <b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b> |                   |                            |                   |                            |                   |
| Capital stock                                            | 6 (16)            | 1,811,398                  | 29                | 1,677,221                  | 27                |
| Capital surplus                                          | 6 (17)            | 924,140                    | 15                | 924,140                    | 14                |
| Retained earnings                                        | 6 (18)            |                            |                   |                            |                   |
| Appropriated as legal capital reserve                    |                   | 179,959                    | 3                 | 142,979                    | 2                 |
| Appropriated as special capital reserve                  |                   | 137,171                    | 2                 | 121,367                    | 2                 |
| Unappropriated retained earnings                         |                   | 331,295                    | 5                 | 369,802                    | 6                 |
| Total retained earnings                                  |                   | <u>648,425</u>             | <u>10</u>         | <u>634,148</u>             | <u>10</u>         |
| Others equity interests                                  | 6 (19)            | <u>(120,762)</u>           | <u>(2)</u>        | <u>(137,171)</u>           | <u>(2)</u>        |
| Total equity attributable to                             |                   |                            |                   |                            |                   |
| shareholders of the parent                               |                   | 3,263,201                  | 52                | 3,098,338                  | 49                |
| non-controlling interests                                | 6 (20)            | 282,976                    | 4                 | 299,536                    | 5                 |
| Total equity                                             |                   | <u>3,546,177</u>           | <u>56</u>         | <u>3,397,874</u>           | <u>54</u>         |
| Total liabilities and equity                             |                   | <u><u>\$ 6,298,255</u></u> | <u><u>100</u></u> | <u><u>\$ 6,251,081</u></u> | <u><u>100</u></u> |

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

**Sinphar Pharmaceutical Co., Ltd and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars)

| ITEM                                                                                                       | Note             | 2024         |      | 2023         |      |
|------------------------------------------------------------------------------------------------------------|------------------|--------------|------|--------------|------|
|                                                                                                            |                  | Amount       | %    | Amount       | %    |
| OPERATING REVENUE                                                                                          | 6 (21)           | \$ 3,150,628 | 100  | \$ 2,962,934 | 100  |
| OPERATING COSTS                                                                                            | 6 (6, 24)        | (1,913,612)  | (61) | (1,871,691)  | (63) |
| GROSS PROFIT                                                                                               |                  | 1,237,016    | 39   | 1,091,243    | 37   |
| OPERATING EXPENSES                                                                                         | 6 (24) and 7 (3) |              |      |              |      |
| Selling expenses                                                                                           |                  | (543,126)    | (17) | (446,775)    | (15) |
| Administrative expenses                                                                                    |                  | (248,522)    | (8)  | (224,151)    | (8)  |
| Research and development expenses                                                                          |                  | (151,362)    | (5)  | (132,580)    | (4)  |
| Expected credit impairment loss                                                                            | 6(5)             | (142)        | -    | (1,681)      | -    |
| Total operating expenses                                                                                   |                  | (943,152)    | (30) | (805,187)    | (27) |
| NET OPERATIONS INCOME                                                                                      |                  | 293,864      | 9    | 286,056      | 10   |
| NON-OPERATING INCOME AND EXPENSES                                                                          |                  |              |      |              |      |
| Interest income                                                                                            |                  | 16,837       | 1    | 12,307       | -    |
| Other income                                                                                               | 6 (22)           | 19,023       | 1    | 34,736       | 1    |
| Other gains and losses                                                                                     | 6 (23)           | 14,147       | -    | 6,320        | -    |
| Finance costs                                                                                              | 6 (25)           | (36,771)     | (1)  | (33,711)     | (1)  |
| Total non-operating income and expenses                                                                    |                  | 13,236       | 1    | 19,652       | -    |
| INCOME BEFORE INCOME TAX                                                                                   |                  | 307,100      | 10   | 305,708      | 10   |
| INCOME TAX (EXPENSE) BENEFIT                                                                               | 6 (26)           | (21,883)     | (1)  | 51,068       | 2    |
| PROFIT                                                                                                     |                  | 285,217      | 9    | 356,776      | 12   |
| OTHER COMPREHENSIVE INCOME (LOSS)                                                                          |                  |              |      |              |      |
| Items that will not be reclassified subsequently to profit or loss:                                        |                  |              |      |              |      |
| Remeasurement of defined benefit obligation                                                                |                  | 11,471       | -    | (3,736)      | -    |
| Unrealized gain from investments in equity instruments                                                     |                  |              |      |              |      |
| measured at fair value through other comprehensive income                                                  |                  | (8,779)      | -    | (4,933)      | -    |
|                                                                                                            |                  | 2,692        | -    | (8,669)      | -    |
| Items that may be reclassified subsequently to profit or loss:                                             |                  |              |      |              |      |
| Exchange differences arising on translation of foreign operations                                          |                  | 33,683       | 1    | (18,186)     | (1)  |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss |                  | (5,567)      | -    | 3,009        | -    |
|                                                                                                            |                  | 28,116       | 1    | (15,177)     | (1)  |
| Other comprehensive income (loss) for the year, net of income tax                                          |                  | 30,808       | 1    | (23,846)     | (1)  |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR                                                             |                  | \$ 316,025   | 10   | \$ 332,930   | 11   |
| PROFIT (LOSS) ATTRIBUTABLE TO :                                                                            |                  |              |      |              |      |
| Shareholders of the parent                                                                                 |                  | \$ 304,705   | 10   | \$ 375,170   | 13   |
| Non-controlling interests                                                                                  |                  | (19,488)     | (1)  | (18,394)     | (1)  |
|                                                                                                            |                  | \$ 285,217   | 9    | \$ 356,776   | 12   |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:                                                         |                  |              |      |              |      |
| Shareholders of the parent                                                                                 |                  | \$ 332,585   | 11   | \$ 355,631   | 12   |
| Non-controlling interests                                                                                  |                  | (16,560)     | (1)  | (22,701)     | (1)  |
|                                                                                                            |                  | \$ 316,025   | 10   | \$ 332,930   | 11   |
| EARNINGS PER SHARE                                                                                         | 6 (27)           |              |      |              |      |
| Basic earnings per share                                                                                   |                  | \$ 1.68      |      | \$ 2.07      |      |
| Diluted earnings per share                                                                                 |                  | \$ 1.68      |      | \$ 2.07      |      |

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

**Sinphar Pharmaceutical Co., Ltd and Subsidiaries**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

| ITEM                                                         | Equity Attributable to Owners of Parent |                   |                       |                         |                                  |                                      |                                                                                            |                     |                           |                     |
|--------------------------------------------------------------|-----------------------------------------|-------------------|-----------------------|-------------------------|----------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------|---------------------|---------------------------|---------------------|
|                                                              | Capital Stock                           |                   | Retained Earning      |                         |                                  | Other Equity Interests               |                                                                                            |                     | Non-Controlling Interests | Total Equity        |
|                                                              | Common Stock                            | Capital Surplus   | Legal Capital Reserve | Special Capital Reserve | Unappropriated Retained Earnings | Foreign Currency Translation Reserve | Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total               |                           |                     |
| Balance, January 1, 2023                                     | \$ 1,677,221                            | \$ 929,972        | \$ 119,606            | \$ 91,075               | \$ 233,724                       | \$ (80,701)                          | \$ (40,667)                                                                                | \$ 2,930,230        | \$ 286,618                | \$ 3,216,848        |
| Appropriations of earnings                                   |                                         |                   |                       |                         |                                  |                                      |                                                                                            |                     |                           |                     |
| Legal reserve appropriated                                   | -                                       | -                 | 23,373                | -                       | (23,373)                         | -                                    | -                                                                                          | -                   | -                         | -                   |
| Special reserve appropriated                                 | -                                       | -                 | -                     | 30,292                  | (30,292)                         | -                                    | -                                                                                          | -                   | -                         | -                   |
| Cash dividends of ordinary share                             | -                                       | -                 | -                     | -                       | (167,722)                        | -                                    | -                                                                                          | (167,722)           | -                         | (167,722)           |
| Total appropriations of earnings                             | -                                       | -                 | 23,373                | 30,292                  | (221,387)                        | -                                    | -                                                                                          | (167,722)           | -                         | (167,722)           |
| Other changes in capital surplus                             |                                         |                   |                       |                         |                                  |                                      |                                                                                            |                     |                           |                     |
| Changes in ownership interests in subsidiaries               | -                                       | (5,832)           | -                     | -                       | (13,969)                         | -                                    | -                                                                                          | (19,801)            | 49,844                    | 30,043              |
| Net profit (loss) in 2023                                    | -                                       | -                 | -                     | -                       | 375,170                          | -                                    | -                                                                                          | 375,170             | (18,394)                  | 356,776             |
| Other comprehensive income (loss) in 2023, net of income tax | -                                       | -                 | -                     | -                       | (3,736)                          | (12,019)                             | (3,784)                                                                                    | (19,539)            | (4,307)                   | (23,846)            |
| Total comprehensive income (loss) in 2023                    | -                                       | -                 | -                     | -                       | 371,434                          | (12,019)                             | (3,784)                                                                                    | 355,631             | (22,701)                  | 332,930             |
| Decrease in non-controlling interests                        | -                                       | -                 | -                     | -                       | -                                | -                                    | -                                                                                          | -                   | (14,225)                  | (14,225)            |
| Balance, December 31, 2023                                   | 1,677,221                               | 924,140           | 142,979               | 121,367                 | 369,802                          | (92,720)                             | (44,451)                                                                                   | 3,098,338           | 299,536                   | 3,397,874           |
| Appropriations of earnings                                   |                                         |                   |                       |                         |                                  |                                      |                                                                                            |                     |                           |                     |
| Legal reserve appropriated                                   | -                                       | -                 | 36,980                | -                       | (36,980)                         | -                                    | -                                                                                          | -                   | -                         | -                   |
| Special reserve appropriated                                 | -                                       | -                 | -                     | 15,804                  | (15,804)                         | -                                    | -                                                                                          | -                   | -                         | -                   |
| Cash dividends of ordinary share                             | -                                       | -                 | -                     | -                       | (167,722)                        | -                                    | -                                                                                          | (167,722)           | -                         | (167,722)           |
| Stock dividends of ordinary shares                           | 134,177                                 | -                 | -                     | -                       | (134,177)                        | -                                    | -                                                                                          | -                   | -                         | -                   |
| Total appropriations of earnings                             | 134,177                                 | -                 | 36,980                | 15,804                  | (354,683)                        | -                                    | -                                                                                          | (167,722)           | -                         | (167,722)           |
| Net profit (loss) in 2024                                    | -                                       | -                 | -                     | -                       | 304,705                          | -                                    | -                                                                                          | 304,705             | (19,488)                  | 285,217             |
| Other comprehensive income (loss) in 2024, net of income tax | -                                       | -                 | -                     | -                       | 11,471                           | 22,269                               | (5,860)                                                                                    | 27,880              | 2,928                     | 30,808              |
| Total comprehensive income (loss) in 2024                    | -                                       | -                 | -                     | -                       | 316,176                          | 22,269                               | (5,860)                                                                                    | 332,585             | (16,560)                  | 316,025             |
| Balance, December 31, 2024                                   | <u>\$ 1,811,398</u>                     | <u>\$ 924,140</u> | <u>\$ 179,959</u>     | <u>\$ 137,171</u>       | <u>\$ 331,295</u>                | <u>\$ (70,451)</u>                   | <u>\$ (50,311)</u>                                                                         | <u>\$ 3,263,201</u> | <u>\$ 282,976</u>         | <u>\$ 3,546,177</u> |

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

**Sinphar Pharmaceutical Co., Ltd and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands of New Taiwan Dollars)

| ITEM                                                                                     | 2024         | 2023         |
|------------------------------------------------------------------------------------------|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                              |              |              |
| Income before income tax                                                                 | \$ 307,100   | \$ 305,708   |
| Adjustments for:                                                                         |              |              |
| Adjustments to reconcile profit (loss)                                                   |              |              |
| Depreciation expense                                                                     | 224,048      | 206,727      |
| Amortization expense                                                                     | 33,322       | 36,797       |
| Expected credit impairment loss                                                          | 142          | 1,681        |
| Net loss (gain) on financial assets and liabilities at fair value through profit of loss | (296)        | -            |
| Interest expense                                                                         | 36,771       | 33,711       |
| Interest income                                                                          | (16,837)     | (12,307)     |
| Loss (gain) on disposal of property, plant and equipment                                 | 2,481        | (5,126)      |
| Other adjustments to reconcile loss                                                      | -            | (60,370)     |
| Changes in operating assets and liabilities:                                             |              |              |
| Notes receivable, net                                                                    | 19,097       | 12,769       |
| Accounts receivable, net                                                                 | (17,699)     | 27,285       |
| Inventories                                                                              | 124,288      | (102,181)    |
| Prepayments                                                                              | (5,162)      | 25,232       |
| Other current assets                                                                     | 1,492        | (148)        |
| Contract liabilities                                                                     | 11,770       | (10,905)     |
| Notes payable                                                                            | 71           | (396)        |
| Accounts payable                                                                         | (105,996)    | (31,974)     |
| Other payable                                                                            | (3,908)      | (26,522)     |
| Other current liabilities                                                                | 5,140        | (19,079)     |
| Net defined benefit liability                                                            | (8,992)      | (4,162)      |
| Other operating liabilities                                                              | 12,628       | (1,648)      |
| Cash generated from operations                                                           | 619,460      | 375,092      |
| Interest received                                                                        | 15,845       | 12,301       |
| Interest paid                                                                            | (36,489)     | (33,651)     |
| Income taxes paid                                                                        | (5,304)      | (57,372)     |
| Net cash generated from operating activities                                             | 593,512      | 296,370      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                              |              |              |
| Acquisition of financial assets at fair value through other comprehensive income         | (41,207)     | (2,450)      |
| Acquisition of financial assets at amortized cost                                        | (95,409)     | -            |
| Acquisition of property, plant and equipment                                             | (179,143)    | (198,725)    |
| Proceeds from disposal of property, plant and equipment                                  | 482          | 6,300        |
| Decrease (increase) in refundable deposits                                               | 6,914        | (6,924)      |
| Acquisition of intangible assets                                                         | (16,276)     | (5,426)      |
| Increase in other non-current assets                                                     | (5,145)      | (30,553)     |
| Increase in prepayments for equipment                                                    | (61,294)     | (96,785)     |
| Net cash used in investing activities                                                    | (391,078)    | (334,563)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                              |              |              |
| Decrease in short-term loan                                                              | (30,000)     | (47,000)     |
| Proceeds from long-term debt                                                             | 50,000       | 160,000      |
| Repayments of long-term debt                                                             | (62,363)     | (81,101)     |
| Increase (decrease) in redundant deposits                                                | 1,002        | (666)        |
| Cash dividends paid                                                                      | (167,722)    | (167,722)    |
| Proceeds from issuing shares by subsidiaries                                             | -            | 30,043       |
| Change in non-controlling interests                                                      | -            | (14,225)     |
| Net cash generated used in financing activities                                          | (209,083)    | (120,671)    |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                      | 7,832        | (4,203)      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                              | 1,183        | (163,067)    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>                              | 1,074,489    | 1,237,556    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                                    | \$ 1,075,672 | \$ 1,074,489 |

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

# Sinphar Pharmaceutical Co., Ltd. and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2024 and 2023

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

#### 1. GENERAL INFORMATION

Sinphar Pharmaceutical Co., Ltd. (Sinphar) was incorporated in the Republic of China (“R.O.C.”) on July 2, 1977. Sinphar mainly engages in the production, processing and trading of various medicines, Chinese medicines, medical comestic products and nutrients. The main operations of Sinphar and its subsidiaries (collectively as “the Group”) are described in the Note 4(3.). Sinphar is the Group’s ultimate parent Group.

The consolidated financial statements are presented in the Group's functional currency, New Taiwan Dollars.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 5, 2025.

#### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1.) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

New standard, interpretation and amendments to the IFRSs endorsed by the FSC for application starting from 2024:

| <u>New Standards, Interpretations and Amendments</u>                          | <u>Effective Date Announced by IASB</u> |
|-------------------------------------------------------------------------------|-----------------------------------------|
| Amendments to IAS 16 “Leases Liability in a Sale and Leaseback”               | January 1, 2024 (Note)                  |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 (Note)                  |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”                  | January 1, 2024 (Note)                  |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements                 | January 1, 2024 (Note)                  |

Note: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2024.

##### A. Amendments to IAS 16 “Leases Liability in a Sale and Leaseback”

The amendment clarifies that for sale and leaseback transactions, if the transfer of assets is treated as a sale under IFRS 15, the seller and lessee’s liability arising from the leaseback shall be treated in accordance with the provisions of IFRS 16 relating to lease liabilities; however, if the transaction involves a variable lease payment that does not depend on an index or rate, the seller and lessee shall still determine and recognize the lease liability arising from the variable payment in a way that does not recognize the gain or loss related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

##### B. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

This amendment clarifies that the determination of whether a liability is classified as non-current

should be made by assessing whether the enterprise has a right at the end of the reporting period to defer settlement until at least 12 months after the reporting period. If the enterprise has such a right at the end of the reporting period, the liability should be classified as non-current regardless of whether the enterprise expects to exercise the right. If the enterprise must comply with specific conditions to have the right to defer, those specific conditions must have been complied with at the end of the reporting period in order for the liability to be classified as non-current, even if the creditor tests at a later date whether the enterprise has complied with those conditions.

In addition, the amendment stipulates that, for the purpose of liability classification, liquidation means the transfer of cash, other economic resources or the Group's equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of the liability may be extinguished by the transfer of the Group's equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation", the foregoing does not affect the classification of the liability.

#### C. Amendments to IAS 1 "Non-current Liabilities with Covenants"

The amendment further clarifies that only contractual terms that are required to be met before the end of the reporting period affect the classification of the liability at that date. Contractual terms that must be met within 12 months after the end of the reporting period do not affect the classification of liabilities. However, an enterprise should disclose in the notes the facts and circumstances of a liability classified as non-current at the end of the reporting period that may not be able to comply with the terms of the contract and must be settled within 12 months after the end of the reporting period.

#### D. Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an enterprise to disclose information about its supplier financing arrangements to enable users of financial statements to assess the impact of those arrangements on the enterprise's liabilities, cash flows and liquidity risk exposures. The amendments to IFRS 7 include in the application guidance that an enterprise may also consider whether it has obtained or can obtain financing through supplier financing arrangements and whether such arrangements may result in a concentration of liquidity risk.

Based on the Group's assessment, the New IFRSs above have no significant effect on the Group's financial position and financial performance.

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

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

| New Standards, Interpretations and Amendments | Effective Date Announced<br>by IASB |
|-----------------------------------------------|-------------------------------------|
| IAS 21 "Lack of Exchangeability"              | January 1, 2025                     |

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

#### (3.) New IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed and issued into effect by the FSC.

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

| New Standards, Interpretations and Amendments                                                                            | Effective Date Announced by IASB |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Amendments to IFRS 9 and IFRS 7 “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 IASB         |
| IFRS 17 “Insurance Contracts”                                                                                            | January 1, 2023                  |
| Amendments to IFRS 17                                                                                                    | January 1, 2023                  |
| Amendments 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 as described below, the Group assesses the application of the above standards, amendments and interpretations have not material impact on the Group financial position and financial performance.

A. Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments”

- (A.) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if, the entity has initiated a payment instruction that has resulted in:
  - a. The entity having no practical ability to withdraw, stop or cancel the payment instruction
  - b. The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction
  - c. The settlement risk associated with the electronic payment system being insignificant
- (B.) Clarify and add to the application guidance on how to assess whether contractual cash flows of a financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding. The amendments further address the assessment on the contractual cash flow that could change subject to a contingent event, for example, interests linked to an ESG metric, as well as the treatment of non-recourse assets and contractually linked instruments.
- (C.) Require additional disclosures for financial instruments with contractual terms that that could change contractual cash flows of a contingent event (including those that are ESG-linked). Disclosures include a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows as well as the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to those contractual terms.
- (D.) Require additional disclosures for equity instruments classified at fair value through other comprehensive income (FVTOCI). It is required to disclose the fair value gain or loss presented in OCI during the reporting period, showing separately the fair value gain or loss that relates to investments derecognized in the reporting period and the fair value gain or loss that relates to investments held at the end of the reporting period. If an entity derecognizes investments in equity instruments measured at FVTOCI during the reporting period, it is now required, under the

amendments, to disclose any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period. Also, it is no longer required to disclose the fair value of each equity instruments designated at FVTOCI, this information can be provided by class of instruments.

**B. Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”**

The amendments apply to contracts referencing nature-dependent electricity. These contracts are exposed an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions.

**(A.) Clarification of the application of the "own-use" requirement for contracts referencing the purchase or sale of natural electricity :**

Some contracts require an enterprise to buy and receipt of electricity when electricity generated, and the design and operation of the market in which the electricity is transacted in may also require unused electricity to be sold within a specified time. The amendments require an enterprise to assess if it has been, its past, current and expected future electricity transactions not exceeding 12 months based on reasonable and supportable information.

An enterprise will be a net purchaser of electricity if it buys sufficient electricity to offset the sales of any unused electricity in the same market in which the electricity is sold. The new amendment requires contracts related to own-use referencing natural-dependent electricity to disclose:

- a. The enterprise may faces risks of changes in basic electricity volume and to buy electricity during a delivery interval in which it cannot use the electricity;
- b. The estimated future cash flows of unrecognized contractual commitments from buying electricity under these contracts, disclosed in appropriate time bands;
- c. Qualitive and quantitative information about the effects on the entity’s financial performance for the reporting period.

**(B.) Clarification of how contracts referencing natural-dependent electricity designated as hedging instruments can apply hedge accounting:**

An entity can designate contract referencing natural-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item. This designated variable nominal amount must be aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. The cash flows of an in-scope contract designated as the hedging instrument are conditional on the occurrence of the forecast transaction that is designated as the hedged item in accordance with the Amendments, this forecast transaction is presumed to be highly probable.

Natural-dependent as hedging instruments, an entity must disaggregate the information about the terms and conditions of the hedging instruments by risk category required by IFRS 7.C. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

**C. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”**

The amendment resolve the difference between IFRS10 and IAS28, Transactions in which investors

sell (invest) assets to their affiliated companies or joint ventures. Depending on the nature of the trading assets, all or part of the disposal gains and losses will be recognized.

(A.) When the assets (invest) traded are in line with the "business", all gains and losses from the disposal will be recognized ;

(B.) When the assets (invest) traded are not in line with the "business", only part of the gains and losses from the disposal within the scope of the interests of the non-related investors in the related enterprises or joint ventures can be recognized.

#### D. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS1 and update the structure of the consolidated income statement. Added new disclosures on management performance measurement, and strengthened the aggregation and segmentation principles applied to the main financial statements and notes.

#### E. IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements instead of the disclosure requirements in other IFRS Accounting Standards.

#### F. Annual Improvements to IFRS Accounting Standards – Volume 11

(A.) Hedge accounting by a first-time adopter (Amendments to IFRS 1)

(B.) Gain or loss on derecognition (Amendments to IFRS 7)

(C.) Introduction (Amendments to Illustrative Guidance accompanying IFRS 7)

(D.) Credit risk disclosures (Amendments to Illustrative Guidance within IFRS 7)

(E.) Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Illustrative Guidance accompanying IFRS 7)

(F.) Derecognition of Lease Liabilities (Amendments to IFRS 9)

(G.) Transaction price (Amendments to IFRS 9)

(H.) Determination of a 'de facto agent' (Amendments to IFRS 10)

(I.) Cost method (Amendments to IFRS 7)

As of the date of the consolidated financial statements authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently across all reporting periods unless otherwise stated.

### (1.) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC..

## (2.) Basis of Preparation

- A. Except for the following items, the accompanying consolidated financial statements have been prepared on a historical cost basis:
  - (A.) The financial assets and liabilities measured at fair value through profit and loss (including derivative financial instruments).
  - (B.) The financial assets measured at fair value through other comprehensive income.
  - (C.) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs endorsed by FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

## (3.) Basis of Consolidation

- A. The basis for the preparation of consolidated financial statements
  - (A.) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are the entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (B.) All intra-Group transactions, balances, and unrealized gains or losses are eliminated in full on consolidation. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (C.) Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (D.) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control of the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount of the non-controlling interests adjusted and the fair value of the consideration paid or received is recognized directly in equity.
  - (E.) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All

amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The subsidiaries included in the consolidated financial statements:

| Name of the Investor                               | Name of subsidiaries                                        | Main Business                                                           | Percentage of Ownership |           |
|----------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------|-----------|
|                                                    |                                                             |                                                                         | 31-Dec-24               | 31-Dec-23 |
| Sinphar Pharmaceutical Co., Ltd.                   | CANCAP PHARMACEUTICAL LTD.                                  | Production and sale of healthy food                                     | 100.00%                 | 88.43%    |
| Sinphar Pharmaceutical Co., Ltd                    | SUNETIC BIOTECH INC.                                        | Investment business                                                     | 83.47%                  | 83.47%    |
| Sinphar Pharmaceutical Co., Ltd                    | UNIVERSAL NEXT TECHNOLOGIES INC.                            | Investment business                                                     | 100.00%                 | 100.00%   |
| Sinphar Pharmaceutical Co., Ltd                    | ZuniMed Biotech Co., Ltd.                                   | Production and sale of medical appliances                               | 100.00%                 | 100.00%   |
| Sinphar Pharmaceutical Co., Ltd                    | SynCore Biotechnology Co., Ltd.                             | New drug and biotechnology service                                      | 64.26%                  | 64.26%    |
| SynCore Biotechnology Co., Ltd.                    | SynCore Biotechnology Europe GmbH                           | New drug development and biotechnology service                          | 100.00%                 | 100.00%   |
| SUNETIC BIOTECH INC.                               | Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou)          | Production and sales of raw materials, pharmaceuticals, etc.            | 100.00%                 | 100.00%   |
| Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou) | Hetian Tianli shasheng Pharmaceutical Development Co., Ltd. | Scientific research and production and sales of shasheng Pharmaceutical | 91.00%                  | 91.00%    |
| Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou) | Hangzhou Vitrum Healthy Food Co., Ltd.                      | Sale of cosmetics and healthy food                                      | 100.00%                 | 100.00%   |

Note:The Subsidiary, CANCAP PHARMACEUTICAL LTD. 's Board of Directors resolved in August 2024 to redeem and cancel all 2,420 thousand common shares to offset accumulated losses. Simultaneously, the Company raised capital through the issuance of 2,000 thousand ordinary shares. The total amount issued through the cash capital increase was CAD 2,000 thousand at a subscription price of CAD 1 per share, with all shares fully subscribed by the Company.

C. Subsidiaries not included in the consolidated financial statements: None

D. Adjustments for subsidiaries with different balance sheet dates: None

E. Significant restrictions: None

F. Subsidiaries hold the securities issued by the parent company: None

G. Subsidiaries that have material non-controlling interests to the Group:

| Subsidiary                      | Location  | Proportion of equity and voting rights held by non-controlling interests |           |
|---------------------------------|-----------|--------------------------------------------------------------------------|-----------|
|                                 |           | 31-Dec-24                                                                | 31-Dec-23 |
| SynCore Biotechnology Co., Ltd. | Taiwan    | 35.74%                                                                   | 35.74%    |
| SUNETIC BIOTECH INC.            | Mauritius | 16.53%                                                                   | 16.53%    |

| Subsidiary                                                  | Profit or loss allocated to non-controlling interests |                                      |
|-------------------------------------------------------------|-------------------------------------------------------|--------------------------------------|
|                                                             | For the Year Ended December 31, 2024                  | For the Year Ended December 31, 2023 |
| SynCore Biotech Co., Ltd.                                   | \$ (19,400)                                           | \$ (15,474)                          |
| SUNETIC BIOTECH INC.                                        |                                                       |                                      |
| (Excluding non-controlling interest held by the subsidiary) | 1,114                                                 | (2,603)                              |
| Others                                                      | (1,202)                                               | (317)                                |
| Total                                                       | <u>\$ (19,488)</u>                                    | <u>\$ (18,394)</u>                   |

| Non-controlling interests                                   |                   |                   |
|-------------------------------------------------------------|-------------------|-------------------|
| Subsidiary                                                  | 31-Dec-24         | 30-Dec-23         |
| SynCore Biotech Co., Ltd                                    | \$ 105,498        | \$ 127,816        |
| SUNETIC BIOTECH INC.                                        |                   |                   |
| (Excluding non-controlling interest held by the subsidiary) | 168,460           | 161,510           |
| Others                                                      | 9,018             | 10,210            |
| Total                                                       | <u>\$ 282,976</u> | <u>\$ 299,536</u> |

Please refer to Note 13 and Table 4 for information on the subsidiaries' main business locations and countries of registrations.

Summarized financial information of the subsidiaries:

(a.) Balance Sheet

| SynCore Biotechnology Co., Ltd. and Subsidiaries |                   |                   |
|--------------------------------------------------|-------------------|-------------------|
| ITEM                                             | 31-Dec-24         | 31-Dec-23         |
| Current assets                                   | \$ 260,460        | \$ 310,481        |
| Non-current assets                               | 57,341            | 67,881            |
| Current liabilities                              | (22,122)          | (21,226)          |
| Non-current liabilities                          | (991)             | -                 |
| Equity                                           | <u>\$ 294,688</u> | <u>\$ 357,136</u> |
| Equity attributed to :                           |                   |                   |
| Sinphar (note 1)                                 | \$ 189,704        | \$ 229,834        |
| Non-controlling interests                        | 105,498           | 127,816           |
| IFRS16 adjustments (note 2)                      | (514)             | (514)             |
|                                                  | <u>\$ 294,688</u> | <u>\$ 357,136</u> |

Note 1 : The rental expenses of property and building as of December 31, 2024 and 2023 were NT \$434 thousand and NT \$533 thousand, respectively. These transactions between the consolidated companies and the time difference of revenue recognition were eliminated for the preparation of consolidated report.

Note 2 : They were property and building leased from the parent Group. Since these were interGroup transactions, the accumulative effects aroused from the first application to IFRS 16 were eliminated for the preparation of the consolidated financial statement.

| SUNETIC BIOTECH INC. and Subsidiaries         |                     |                     |
|-----------------------------------------------|---------------------|---------------------|
| ITEM                                          | 31-Dec-24           | 31-Dec-23           |
| Current assets                                | \$ 358,974          | \$ 328,714          |
| Non-current assets                            | 749,584             | 748,483             |
| Current liabilities                           | (35,942)            | (39,368)            |
| Non-current liabilities                       | (17,816)            | (18,521)            |
| Equity                                        | <u>\$ 1,054,800</u> | <u>\$ 1,019,308</u> |
| Equity attributed to :                        |                     |                     |
| Sinphar                                       | \$ 872,917          | \$ 842,572          |
| Non-controlling interests                     | 172,865             | 166,855             |
| Non-controlling interests of the subsidiaries | <u>9,018</u>        | <u>9,881</u>        |
|                                               | <u>\$ 1,054,800</u> | <u>\$ 1,019,308</u> |

(b.) Statements of comprehensive incomes

| SynCore Biotechnology Co., Ltd. and Subsidiaries |                                         |                                         |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------|
| ITEM                                             | For the Year Ended<br>December 31, 2024 | For the Year Ended<br>December 31, 2023 |
| Revenue                                          | <u>\$ 23,337</u>                        | <u>\$ 20,196</u>                        |
| Net loss                                         | \$ (54,283)                             | \$ (38,172)                             |
| Other comprehensive loss                         | <u>(8,165)</u>                          | <u>(2,984)</u>                          |
| Total comprehensive loss                         | <u>\$ (62,448)</u>                      | <u>\$ (41,156)</u>                      |
| Net loss attributable to :                       |                                         |                                         |
| Sinphar (Note)                                   | \$ (34,883)                             | \$ (22,698)                             |
| Non-controlling interests                        | <u>(19,400)</u>                         | <u>(15,474)</u>                         |
|                                                  | <u>\$ (54,283)</u>                      | <u>\$ (38,172)</u>                      |
| Total comprehensive loss attributable to :       |                                         |                                         |
| Sinphar (Note)                                   | \$ (40,130)                             | \$ (24,543)                             |
| Non-controlling interests                        | <u>(22,318)</u>                         | <u>(16,613)</u>                         |
|                                                  | <u>\$ (62,448)</u>                      | <u>\$ (41,156)</u>                      |

Note : The rental expenses of property and building for the years ended December 31, 2024 and 2023 were NT \$99 thousand and NT \$11 thousand, respectively. These transactions between the consolidated companies and the time difference of revenue recognition were eliminated for the preparation of consolidated report.

SUNETIC BIOTECH INC. and Subsidiaries

| ITEM                                                   | For the Year Ended<br>December 31, 2024 | For the Year Ended<br>December 31, 2023 |
|--------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Sales Revenue                                          | \$ 277,666                              | \$ 243,995                              |
| Net Profit                                             | \$ 1,053                                | \$ 9,648                                |
| Net loss attributable to non-<br>controlling interests | (1,202)                                 | (317)                                   |
| Net Profit                                             | (149)                                   | 9,331                                   |
| Other comprehensive income (loss)                      | 35,641                                  | (18,254)                                |
| Total comprehensive income (loss)                      | \$ 35,492                               | \$ (8,923)                              |
| Net profit (loss) attributable to :                    |                                         |                                         |
| Sinphar                                                | \$ 879                                  | \$ 8,053                                |
| Non-controlling interests                              | 174                                     | 1,595                                   |
| Non-controlling interests of<br>the subsidiaries       | (1,202)                                 | (317)                                   |
|                                                        | \$ (149)                                | \$ 9,331                                |
| Total comprehensive income (loss)<br>attributable to : |                                         |                                         |
| Sinphar                                                | \$ 30,345                               | \$ (7,028)                              |
| Non-controlling interests                              | 6,010                                   | (1,392)                                 |
| Non-controlling interests of<br>the subsidiaries       | (863)                                   | (503)                                   |
|                                                        | \$ 35,492                               | \$ (8,923)                              |

(c.) Statements of Cash Flows

SynCore Biotechnology Co., Ltd and Subsidiaries

| ITEM                                                      | 2024        | 2023        |
|-----------------------------------------------------------|-------------|-------------|
| Net cash used in operating activities                     | \$ (49,241) | \$ (82,373) |
| Net cash used in investing activities                     | (457)       | (778)       |
| Net cash generated from (used in)<br>financing activities | (9,514)     | 78,675      |
| Effect of exchange rate                                   | 3           | 27          |
| Net decrease in cash and cash<br>equivalents              | \$ (59,209) | \$ (4,449)  |
| Dividends paid to non-controlling<br>interests            | \$ -        | \$ -        |

SUNETIC BIOTECH INC. and Subsidiaries

| ITEM                                                 | 2024             | 2023                |
|------------------------------------------------------|------------------|---------------------|
| Net cash generated from (used in)                    |                  |                     |
| operating activities                                 | \$ 119,112       | \$ (30,123)         |
| Net cash used in investing activities                | (117,987)        | (27,465)            |
| Net cash generated from (used in)                    |                  |                     |
| financing activities                                 | 2                | (86,182)            |
| Effect of exchange rate                              | 9,794            | (4,271)             |
| Net increase (decrease) in cash and cash equivalents | <u>\$ 10,921</u> | <u>\$ (148,041)</u> |
| Dividends paid to non-controlling interests          | <u>\$ -</u>      | <u>\$ 14,225</u>    |

(4.) Foreign Currencies

A. Foreign currency transaction

Transactions in currencies other than the Group's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Except for financial instruments at FVTOCI, financial instruments that are designated as foreign operation net hedge or qualified as cash flow hedge, the retranslation foreign exchange differences are recognized in other comprehensive income. In other cases, the exchange differences are recognized in profit and loss.

B. Translation of foreign operation

For the purpose of preparing consolidated financial statements, the functional currencies of the Group and the foreign entities (including subsidiaries, associates, joint ventures and branches in other countries that use currency different from the currency of the Group) are translated into the presentation currency - the New Taiwan dollar as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; profits and losses items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation involving the loss of control, joint venture or significant influence over the foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5.) Classification of Current and Noncurrent Assets and Liabilities

A. Assets that meet one of the following criteria are classified as current assets:

- (A.) Assets that expected to be realized or intended to be sold or used within normal operating cycle;
- (B.) Assets held primarily for the purpose of trading;
- (C.) Assets that are expected to be realized within 12 months after the reporting period; and
- (D.) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Assets that are not classified as current are classified as non-current.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (A.) Liabilities that are expected to be settled within the normal operating cycle;
- (B.) Liabilities held primarily for the purpose of trading;
- (C.) Liabilities due to be settled within 12 months after the reporting period (It is still a current liability even if a long-term refinancing or rearrangement of payment agreement is completed after the balance sheet date and before the financial report is approved,); and
- (D.) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that are not classified as current are classified as non-current.

(6.) Cash and Cash Equivalent

Cash and cash equivalent includes cash on hand, bank deposit and short-term, highly liquid investment that are readily convertible to know amount of cash and which are subject to an insignificant risk of change in value. Time deposits with original maturities within three months from the closing date that meet the definition above and are held for purpose of meeting short-term cash commitments in operations are classified as cash equivalent.

(7.) Financial Instruments

Financial assets and financial liabilities are recognized in balance sheets when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial assets

(A.) Measurement category

The Group adopts trade-date accounting to recognize financial assets.

Financial assets are classified as financial assets at FVTPL, financial assets at amortized cost, and equity investments at FVTOCI.

a. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL including equity investments not designated as at FVTOCI and debt instruments that do not meet the criteria of amortized cost or the FVTOCI.

Financial assets at FVTPL are initially and subsequently measured at fair value, with any gains or losses arising from remeasurement recognized in other gains or losses income. Fair value is determined in the manner described in Note 12(3).

b. Equity investment at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

c. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets measured at amortized cost are measured at carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a.) Purchased or originated credit-impaired financial assets, for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b.) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, for those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

## (B.) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (“ECL”) on financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime ECL. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECL. If there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECL.

ECL reflects the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss for aforementioned financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

## (C.) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- a. The contractual rights to receive the cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the book value and the price of financial assets at amortized cost will be recognized to profit or loss on disposal of the financial assets. The cumulative gain or loss of the investments in equity instruments at FVTOCI will not be reclassified to profit or loss on disposal of the equity investments. Instead, they will be transferred to retained earnings.

## B. Financial liabilities

### (A.) Subsequent measurement

Except for the following, financial liabilities measured at amortized cost are measured using the effective interest rate method after initial recognition.

- a. Financial liabilities at FVTPL are financial liabilities held for trading or financial liabilities designated upon initial recognition as at FVTPL. Repurchase currently, and the derivative financial instruments unless financial guarantee contract and designated and effective as a hedging instrument, are classified financial liabilities held for trading. The Group designates the financial liabilities upon initial recognition as at FVTPL when the financial liabilities accord to one of the followings:
  - (a.) They are hybrid (combined) contracts containing at least an embedded derivative and the host contract is an asset not within the scope of IFRS 9; or
  - (b.) Eliminates or significantly reduces measurement or recognition; or
  - (c.) A tool to manage and evaluate its performance on a fair value basis in accordance with a written risk management policy.

- b. Financial liabilities at FVTPL are stated at fair value upon initial recognition, related transaction costs and any gain or loss arising on remeasurement are recognized in profit or loss.
- c. A financial liabilities that designated as financial liabilities measured at FVTPL, which amount of change in fair value resulting from a change in credit risk, is recognized as other comprehensive income, and that will not be reclassified subsequently to profit or loss. The amount of the remaining fair value change in the liability is reported in the profit and loss. However, if the aforementioned accounting treatment triggers or exacerbates the improper accounting ratio, the full profits or losses of the liability are reported in the profit or loss.

#### (B.) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When derecognition of financial liabilities, the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognized in profit or loss.

#### C. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

#### (8.) Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(9.) Agriculture (biological assets and agricultural products)

Agricultural activities are the management of the biological transformation and harvesting of biological assets for sale, conversion into agricultural products or conversion into additional biological assets. Biological assets are measured at fair value less costs of disposal. However, biological assets may be measured at cost less accumulated depreciation if the fair value cannot be obtained from the active market, on the alternative option of the fair value clearly unreliable. Agricultural products harvested from biological assets shall be measured at the fair value less costs to sell.

Gains or losses on initial recognition of biological assets measured at fair value less cost to sell, and gains or losses arising from changes of biological assets in the fair value less cost to sell are included in profit or loss in the period in which they occur.

The agricultural activities of the Group are the cultivation of the parasitic plant *Cistanche tubulosa*, which is mainly used as raw materials for the finished products of the Group.

(10.) Property, Plant and Equipment

- A. Property, plant and equipment (including bearer plants) are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced component is derecognized. All other repairs and maintenance expense are recognized in profit or loss as incurred.
- C. Except for land, which is not depreciated, other items of property, plant and equipment are measured at cost, the depreciable amount shall be allocated by the straight-line method over its useful life. Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period. 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 accounting 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:

Buildings: 3~55 Years

Machinery: 1~18Years

Transportation: 2~10 Years

Office Equipment: 1~15 Years

Other Equipment(including bearer plants): 1~10 Years

- D. If an item of property, plant and equipment or any significant component is disposed or there is no future economic benefit flow to the Group, the carrying amount is derecognized in profit and loss. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

## (11.) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease component, the Group allocates the total contractual consideration to the lease component on the basis of each single lease component price and the summarized price of non-lease components.

### (A.)The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

#### Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

### (B.)The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## (12.) Intangible Assets

### A. Intangible assets acquired separately (with finite useful lives)

Intangible assets acquired from government grants are measured at fair value. Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis as follow.

(A.)Computer Software:1~10 Years

(B.)Technology:10~20 Years

(C.)License:The duration of patent right and the duration of the contract whichever is shorter

The estimated useful life, residual value, and amortization period and method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

B. Internally-generated intangible assets - research and development expenditure

- (A.) Expenditure on research activities is recognized as an expense in the period in which it is incurred except for the goodwill or intangible assets from business combination.
- (B.) An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following conditions have been demonstrated:
- a. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - b. The intention to complete the intangible asset and use or sell it;
  - c. The ability to use or sell the intangible asset;
  - d. When the intangible asset could generate probable future economic benefits;
  - e. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - f. The ability to measure reliably the expenditure attributable to the intangible asset during its development.
- (C.) Capitalized intangible assets in development phase are stated at cost, less accumulated amortization and accumulated impairment loss. Intangible assets with indefinite useful lives that are not amortizable.
- (D.) The assessment of intangible assets with indefinite life is reviewed annually to determine whether the useful lives of intangible asset with indefinite life continues to be with indefinite life. If not, the change in useful life from infinite to finite is recorded as change in accounting estimate.

C. Disposal of the assets

Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(13.) Impairment of Non-Financial Assets

The Group assesses the recoverable amounts of those assets at the end of reporting period when there is an indication that they are impaired. An impairment loss is recognized when the recoverable amount is the higher of fair value less costs to sell and its value in use. If circumstances indicate that impairment no longer exists, a reversal of impairment loss is recognized limited to previously recognized impairment loss. When the carrying amount is the higher than an asset's recoverable amounts.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are assessed for impairment periodically. When the carrying amount of an asset exceeds its recoverable amount, the impairment loss recognized for goodwill is not reversed in subsequent periods.

(14.) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation from past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate shall be a pre-tax rate that reflect current market assessment of the time value and the risk specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Future operating loss is not recognized as provisions.

## (15.) Employee Benefits

### A. Short-term employee benefits

Expenses recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid when service rendered by employee.

### B. Pensions

#### (A.) Defined contribution plans

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

#### (B.) Defined benefit plans

- a. 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 Group in the current or prior period(s). The liability recognized 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 defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method.
- b. Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.
- c. Past-service costs are recognized immediately in profit or loss.

### C. Employee's compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

### D. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognize any related restructuring costs. The benefits expected to be due more than 12 months after balance sheet date should be discounted to the present value.

## (16.) Taxation

- A. Income tax expenses include both current taxes and deferred taxes. Except for expenses related to the items recognized in other comprehensive income or directly in equity, all current and deferred taxes shall be recognized in profit or loss.
- B. The current income tax is calculated based on the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group and its subsidiaries operate and generate taxable income. 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. According to Income Tax Act in the R.O.C., income tax on unappropriated earnings is expensed in the year the shareholders' meeting approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 it does not give rise to equal deductible and taxable temporary differences at the time of transaction. 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 Group 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets arising from deductible temporary differences, unused loss carry forward and unused tax credits are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period.
- E. Current income tax assets and liabilities are offset, and the net amount is reported at the end of the reporting period when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset at the end of the reporting period when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same tax authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.
- F. Tax credit resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

#### (17.) Revenue

The Group identifies the contract with the customers, and recognizes revenue when performance obligations are satisfied.

##### A. Revenue from sale of goods

Revenue from the sale of goods is mainly from sale of medical product. When a customer obtains control of promised goods, at which time the goods are delivered to the customer's specific location and performance obligation is satisfied.

##### B. Royalties

Royalties are the rights of using intellectual property in authorized duration. The received royalties are recognized in royalty revenue on a time basis over the period of the authorization.

##### C. Technical service

The Group provides research and development technology test services. Revenue from services is recognized as revenue during the period when services are provided to customers. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

The Group's estimates of revenue, costs and completion degree are revised with the test situation. Any income and cost increase or decrease caused by the estimated changes will be reflected in profit or loss during the period when the revision situation is known to the management.

(18.) Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of a qualified assets, is capitalized as part of the cost of the assets until substantially all necessary activities to reach the intended use or status for sale of the assets have been completed.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(19.) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

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

Government grants that are deemed as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future costs are recognized in profit or loss in the period in which they are receivable.

(20.) Earnings per Share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of Sinphar. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary shareholders of Sinphar divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary shareholders of Sinphar divided by the weighted-average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the uncertain situation. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the changes in climates and related governmental policies and regulations, the conflicts between Ukraine and Russia as well as related international sanctions, inflation and volatility in interest rate when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

A. Critical accounting judgements

Business model assessment for financial assets

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment involves judgment and consideration of all relevant evidence, such as how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how the managers of the assets are compensated. The Group constantly assesses the adequacy of its business model and monitors financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When these assets are derecognized prior to their maturity, the Group reviews the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. If the objective of the business for an asset is changed, the classification of the asset is prospectively changed from the reclassification date.

B. Critical accounting estimates and assumptions

(A.) Revenue Recognition

Sales revenue, excluding related estimated sales returns, discounts and other similar allowance, is recognized when the control of goods or services is transferred to the customer and the Group satisfies its performance obligation. The Group estimates sales returns and allowance based on historical experience and other known factors. The Group assesses the reasonableness of the estimates periodically.

(B.) Estimated impairment of financial assets

The provision for impairment of accounts receivables, debt investments, and financial guarantee contracts is based on assumptions on default risk and expected loss rates. The Group makes these assumptions and selects inputs for impairment calculation based on the Group's historical experience and existing market conditions, as well as forward looking information. If the future cash inflows are less than expected, a material impairment loss may arise. Please refer to Note 6(5.) for the assumption and input data.

(C.) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. The management considers current market and historical experience on specific future product demand for evaluation basis, and change of these factors may significantly affect the results.

(D.) The useful life of property, plant and equipment

Property, plant and equipment are amortized on a straight-line basis, and the Group periodically evaluates the useful life and residual value of property, plant and equipment. If there is a significant change in the relevant estimates, it will be adjusted in the current period of the change and in subsequent years.

(E.) Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. If future generated profit less than expected, there would be significant reversed of deferred tax assets recognized as profit and loss when occurred.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1.) Cash and Cash Equivalents

| ITEM                                              | 31-Dec-24           | 31-Dec-23           |
|---------------------------------------------------|---------------------|---------------------|
| Cash on hand                                      | \$ 1,811            | \$ 3,835            |
| Check deposits                                    | 534                 | 2,034               |
| Demand deposits                                   | 805,247             | 708,020             |
| Cash equivalent                                   |                     |                     |
| Time deposits                                     |                     |                     |
| (with original maturities within<br>three months) | 268,080             | 360,600             |
| Total                                             | <u>\$ 1,075,672</u> | <u>\$ 1,074,489</u> |

A. The Group trades with a variety of financial institutions all with high credit quality to disperse credit risk, and the management expects that the probability of counterparty default is remote.

B. The cash and cash equivalents were not pledged.

(2.) Financial Assets at Fair Value through Profit or Loss

| ITEM                                                                                           | 31-Dec-24       | 31-Dec-23       |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Financial assets mandatorily measured at<br>fair value through profit or loss, current         |                 |                 |
| Beneficiary certificates                                                                       | \$ 6,475        | \$ 6,475        |
| Valuation adjustments                                                                          | 481             | 185             |
| Total                                                                                          | <u>\$ 6,956</u> | <u>\$ 6,660</u> |
| Financial assets mandatorily measured at<br>fair value through profit or loss, non-<br>current |                 |                 |
| Overseas unlisted preferred shares                                                             | \$ 4,844        | \$ 4,844        |
| Valuation adjustments                                                                          | (4,844)         | (4,844)         |
| Total                                                                                          | <u>\$ -</u>     | <u>\$ -</u>     |

A. The Group invested in the preferred stocks of PHYTOCEUTICA INC., it is not entitled to other rights of ordinary shares, except for that dividends and distribution of residual assets preferred over ordinary shares.

B. As of December 31, 2024 and 2023, the financial assets at fair value through profit or loss was not pledged or held as collateral.

C. Please refer to Note 12 for information about the related credit risk management and the valuation techniques.

(3.) Financial assets at amortized cost (31-Dec-23: None).

| ITEM                                                                     | 31-Dec-24   |
|--------------------------------------------------------------------------|-------------|
| Current :                                                                |             |
| Time deposits<br>(with original maturities greater<br>than three months) | \$ 95,409   |
| Interest rate range                                                      | 0.65%~3.55% |

A. As of December 31, 2024 and 2023, the financial assets at amortized cost were not pledged.

B. Please refer to Note 12 for information about the related credit risk management and the valuation techniques.

(4.) Notes Receivable, Net

| ITEM                                | 31-Dec-24         | 31-Dec-23         |
|-------------------------------------|-------------------|-------------------|
| Notes receivable                    | \$ 147,623        | \$ 166,720        |
| Less: Allowance for impairment loss | (507)             | (507)             |
|                                     | <u>\$ 147,116</u> | <u>\$ 166,213</u> |

A. As of December 31, 2024 and 2023, the notes receivable were not pledged.

B. Please refer to table below for the information about the disclosures on allowance for impairment loss on notes receivable.

(5.) Accounts Receivable, Net

| ITEM                                                | 31-Dec-24         | 31-Dec-23         |
|-----------------------------------------------------|-------------------|-------------------|
| Accounts receivable                                 |                   |                   |
| Gross Carrying Amount measured at<br>amortized cost | \$ 503,160        | \$ 485,461        |
| Less: Allowance for impairment loss                 | (8,376)           | (8,209)           |
|                                                     | <u>\$ 494,784</u> | <u>\$ 477,252</u> |

A. The Group's average credit terms of accounts receivable were 30 to 210 days, which was determined with factors of customers' industrial environment, business scales and profitability.

B. The accounts receivables were not pledged.

C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for all notes receivable and accounts receivable. The lifetime expected credit losses on accounts receivables are estimated by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions. According to the past experience of credit loss, there is no significant difference between different customer categories, thus the provision matrix doesn't further distinguish customer categories, and is set up the expected credit loss ratio by the past due days.

The following table detailed the loss allowance of notes receivables and accounts receivables based on the Group's provision matrix.

| December 31, 2024 | Expected Credit<br>Loss Ratio | Gross<br>Carrying<br>Amount | Loss Allowance<br>(Lifetime ECL) | Amortized<br>Cost |
|-------------------|-------------------------------|-----------------------------|----------------------------------|-------------------|
| Not past due      | 0%~1%                         | \$ 615,742                  | \$ 1,346                         | \$ 614,396        |
| 1 to 60 days      | 5%                            | 28,381                      | 1,419                            | 26,962            |
| 61 to 120 days    | 30%                           | 684                         | 205                              | 479               |
| 121 to 180 days   | 50%                           | 126                         | 63                               | 63                |
| Over 181 days     | 100%                          | 5,850                       | 5,850                            | -                 |
| Total             |                               | <u>\$ 650,783</u>           | <u>\$ 8,883</u>                  | <u>\$ 641,900</u> |

| December 31, 2023 | Expected Credit<br>Loss Ratio | Gross<br>Carrying<br>Amount | Loss Allowance<br>(Lifetime ECL) | Amortized<br>Cost |
|-------------------|-------------------------------|-----------------------------|----------------------------------|-------------------|
| Not past due      | 0%~1%                         | \$ 613,056                  | \$ 334                           | \$ 612,722        |
| 1 to 60 days      | 5%                            | 31,294                      | 1,565                            | 29,729            |
| 61 to 120 days    | 30%                           | 1,274                       | 382                              | 892               |
| 121 to 180 days   | 50%                           | 243                         | 121                              | 122               |
| Over 181 days     | 100%                          | 6,314                       | 6,314                            | -                 |
| Total             |                               | <u>\$ 652,181</u>           | <u>\$ 8,716</u>                  | <u>\$ 643,465</u> |

D. The movements of the loss allowances of notes receivable and accounts receivable, including those from related parties, were as follows:

|                                       | For the Year Ended<br>December 31, 2024 | For the Year Ended<br>December 31, 2023 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|
| Balance on January 1                  | \$ 8,716                                | \$ 7,046                                |
| Add: Recognition of impairment losses | 142                                     | 1,681                                   |
| Foreign exchange gains and losses     | 25                                      | (11)                                    |
| Balance at December 31                | <u>\$ 8,883</u>                         | <u>\$ 8,716</u>                         |

E. These amounts were recognized without considering other credit enhancements held by the Group. The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. However, the Group continues to engage in enforcement activity to recover the receivables due. Any recovered amounts are recognized in profit or loss.

F. Please refer to Note 12 for information about the related credit risk management and the valuation techniques.

(6.) Inventories

| ITEM            | 31-Dec-24         | 31-Dec-23         |
|-----------------|-------------------|-------------------|
| Merchandise     | \$ 1,102          | \$ 2,727          |
| Finished goods  | 291,541           | 298,744           |
| Work in process | 93,100            | 152,418           |
| Raw materials   | 287,275           | 342,617           |
| Materials       | 41,888            | 42,688            |
| Total           | <u>\$ 714,906</u> | <u>\$ 839,194</u> |

A. Cost of Revenue related to inventories recognized in profit or loss as follows:

| ITEM                                                                 | For the Year Ended December 31 |                     |
|----------------------------------------------------------------------|--------------------------------|---------------------|
|                                                                      | 2024                           | 2023                |
| Cost of Goods Sold                                                   | \$ 1,885,277                   | \$ 1,860,580        |
| Loss on decline (gain on reversal) in<br>market value of inventories | 812                            | (4,898)             |
| Loss on inventory scrapped                                           | 29,715                         | 16,711              |
| Others                                                               | (2,192)                        | (702)               |
| Total                                                                | <u>\$ 1,913,612</u>            | <u>\$ 1,871,691</u> |

B. No inventories were pledged or held as collateral.

(7.) Prepayments

| ITEM                                | 31-Dec-24        | 31-Dec-23        |
|-------------------------------------|------------------|------------------|
| Payments in Advance                 | \$ 36,447        | \$ 37,704        |
| Offset Against Business Tax Payable | 34,809           | 34,269           |
| Other Prepayments                   | 12,956           | 7,077            |
| Total                               | <u>\$ 84,212</u> | <u>\$ 79,050</u> |

(8.) Financial Assets at FVTOCI – non-current

| ITEM                                  | 31-Dec-24        | 31-Dec-23        |
|---------------------------------------|------------------|------------------|
| Equity instruments                    |                  |                  |
| Domestic listed ordinary (OTC) shares | \$ 36,068        | \$ -             |
| Domestic unlisted ordinary shares     | 17,266           | 12,126           |
| Foreign listed shares                 | 37,102           | 37,102           |
| Overseas unlisted preferred shares    | 36,409           | 36,409           |
| Subtotal                              | 126,845          | 85,637           |
| Valuation adjustments                 | (72,205)         | (63,425)         |
| Total                                 | <u>\$ 54,640</u> | <u>\$ 22,212</u> |

A. These investments in equity instruments were held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believed that recognizing short-term fluctuations from these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

B. The financial assets at FVTOCI were not pledged or held as collateral.

C. Please refer to Note 12 for information about the related credit risk management and the valuation techniques.

(9.) Property, Plant and Equipment

|                                                        |                   |                     |                     |                    | Unfinished<br>Construction<br>and<br>Equipments<br>Pending<br>Acceptance |                     |
|--------------------------------------------------------|-------------------|---------------------|---------------------|--------------------|--------------------------------------------------------------------------|---------------------|
|                                                        | Land              | Buildings           | Machinery           | Other<br>Equipment |                                                                          | Total               |
| <u>Cost</u>                                            |                   |                     |                     |                    |                                                                          |                     |
| 1-Jan-24                                               | \$ 717,584        | \$ 2,978,379        | \$ 1,845,800        | \$ 349,442         | \$ 129,705                                                               | \$ 6,020,910        |
| Additions                                              | -                 | 31,923              | 48,888              | 17,004             | 84,550                                                                   | 182,365             |
| Disposals                                              | -                 | (4,897)             | (2,263)             | (1,676)            | -                                                                        | (8,836)             |
| Reclassification                                       | -                 | 159,361             | 73,609              | 6,946              | (182,663)                                                                | 57,253              |
| Effect of exchange<br>rate changes                     | -                 | 30,239              | 10,893              | 1,528              | -                                                                        | 42,660              |
| 31-Dec-24                                              | <u>\$ 717,584</u> | <u>\$ 3,195,005</u> | <u>\$ 1,976,927</u> | <u>\$ 373,244</u>  | <u>\$ 31,592</u>                                                         | <u>\$ 6,294,352</u> |
| <u>Accumulated<br/>depreciation and<br/>Impairment</u> |                   |                     |                     |                    |                                                                          |                     |
| 1-Jan-24                                               | \$ -              | \$ 1,206,864        | \$ 1,320,187        | \$ 265,554         | \$ -                                                                     | \$ 2,792,605        |
| Depreciation                                           | -                 | 91,637              | 109,855             | 21,909             | -                                                                        | 223,401             |
| Disposals                                              | -                 | (2,539)             | (1,770)             | (1,564)            | -                                                                        | (5,873)             |
| Effect of exchange<br>rate changes                     | -                 | 10,187              | 6,313               | 1,179              | -                                                                        | 17,679              |
| 31-Dec-24                                              | <u>\$ -</u>       | <u>\$ 1,306,149</u> | <u>\$ 1,434,585</u> | <u>\$ 287,078</u>  | <u>\$ -</u>                                                              | <u>\$ 3,027,812</u> |
| <u>Cost</u>                                            |                   |                     |                     |                    |                                                                          |                     |
| 1-Jan-23                                               | \$ 717,584        | \$ 2,926,564        | \$ 1,690,938        | \$ 336,048         | \$ 72,622                                                                | \$ 5,743,756        |
| Additions                                              | -                 | 20,667              | 41,786              | 20,521             | 115,721                                                                  | 198,695             |
| Disposals                                              | -                 | -                   | (16,082)            | (14,322)           | -                                                                        | (30,404)            |
| Reclassification                                       | -                 | 47,303              | 134,051             | 7,932              | (58,638)                                                                 | 130,648             |
| Effect of exchange<br>rate changes                     | -                 | (16,155)            | (4,893)             | (737)              | -                                                                        | (21,785)            |
| 31-Dec-23                                              | <u>\$ 717,584</u> | <u>\$ 2,978,379</u> | <u>\$ 1,845,800</u> | <u>\$ 349,442</u>  | <u>\$ 129,705</u>                                                        | <u>\$ 6,020,910</u> |
| <u>Accumulated<br/>Depreciation and<br/>Impairment</u> |                   |                     |                     |                    |                                                                          |                     |
| 1-Jan-23                                               | \$ -              | \$ 1,122,935        | \$ 1,240,687        | \$ 260,387         | \$ -                                                                     | \$ 2,624,009        |
| Depreciation                                           | -                 | 89,240              | 97,097              | 19,752             | -                                                                        | 206,089             |
| Disposals                                              | -                 | -                   | (15,204)            | (14,026)           | -                                                                        | (29,230)            |
| Effect of exchange<br>rate changes                     | -                 | (5,311)             | (2,393)             | (559)              | -                                                                        | (8,263)             |
| 31-Dec-23                                              | <u>\$ -</u>       | <u>\$ 1,206,864</u> | <u>\$ 1,320,187</u> | <u>\$ 265,554</u>  | <u>\$ -</u>                                                              | <u>\$ 2,792,605</u> |
| <u>Carrying Amount</u>                                 |                   |                     |                     |                    |                                                                          |                     |
| 31-Dec-24                                              | <u>\$ 717,584</u> | <u>\$ 1,888,856</u> | <u>\$ 542,342</u>   | <u>\$ 86,166</u>   | <u>\$ 31,592</u>                                                         | <u>\$ 3,266,540</u> |
| 31-Dec-23                                              | <u>\$ 717,584</u> | <u>\$ 1,771,515</u> | <u>\$ 525,613</u>   | <u>\$ 83,888</u>   | <u>\$ 129,705</u>                                                        | <u>\$ 3,228,305</u> |

A. Property, plant and equipment were pledged as collateral for both long-term and short-term loans, please refer to Note 8.

- B. As of December 31, 2024 and 2023 the Group acquired agricultural lands from non-related parties for the purpose of plant planning which could not be registered ownership of the Group. The acquisition cost was NT\$23,184 thousand, and the land was registered in the name of Shu Fei Yu. To protect the interest of the Group, the mortgage right of the land was registered belong to the Group.

(10.) Right-of-Use Assets

| ITEM                          | 31-Dec-24        | 31-Dec-23        |
|-------------------------------|------------------|------------------|
| Land                          | \$ 22,473        | \$ 21,715        |
| Less:Accumulated Depreciation | (3,901)          | (3,141)          |
| Net                           | <u>\$ 18,572</u> | <u>\$ 18,574</u> |

|                                 | Land             |                          |                  |
|---------------------------------|------------------|--------------------------|------------------|
|                                 | Cost             | Accumulated Depreciation | Carrying Amount  |
| 1-Jan-24                        | \$ 21,715        | \$ (3,141)               | \$ 18,574        |
| Additions                       | -                | (647)                    | (647)            |
| Effect of exchange rate changes | 758              | (113)                    | 645              |
| 31-Dec-24                       | <u>\$ 22,473</u> | <u>\$ (3,901)</u>        | <u>\$ 18,572</u> |
| 1-Jan-23                        | \$ 22,122        | \$ (2,560)               | \$ 19,562        |
| Additions                       | -                | (638)                    | (638)            |
| Effect of exchange rate changes | (407)            | 57                       | (350)            |
| 31-Dec-23                       | <u>\$ 21,715</u> | <u>\$ (3,141)</u>        | <u>\$ 18,574</u> |

- A. The Group signed a contract with the Ministry of Land and Resources of the People's Republic of China, in 2003; the Group acquired the right-of-use of the lands in Yuhang development zone and Ka Zi Na Ke development zone for the purpose of setting up plants and agricultural usage. It was amounted for RMB \$7,544 thousand for the right of usage for 50 years.
- B. The right-of-use assets were pledged as collateral for both long-term and short-term loans, please refer to Note 8.
- C. As of December 31, 2024, there was no indication that the right-of-use assets were impaired, therefore the Group did not assess impairment.

(11.) Intangible Assets

| Cost                                           | Technology      |                   |                   |                   |
|------------------------------------------------|-----------------|-------------------|-------------------|-------------------|
|                                                | Trademarks      | Software          | licenses          | Total             |
| 1-Jan-24                                       | \$ 2,417        | \$ 86,806         | \$ 347,941        | \$ 437,164        |
| Additions                                      | -               | 16,242            | -                 | 16,242            |
| Disposals                                      | -               | (7,188)           | -                 | (7,188)           |
| Reclassification                               | -               | 5,146             | -                 | 5,146             |
| Effect of foreign currency exchange difference | 84              | -                 | -                 | 84                |
| 31-Dec-24                                      | <u>\$ 2,501</u> | <u>\$ 101,006</u> | <u>\$ 347,941</u> | <u>\$ 451,448</u> |

|                                                   | Trademarks      | Software         | Technology<br>licenses | Total             |
|---------------------------------------------------|-----------------|------------------|------------------------|-------------------|
| <u>Accumulated Depreciation and Impairment</u>    |                 |                  |                        |                   |
| 1-Jan-24                                          | \$ 2,391        | \$ 65,953        | \$ 296,997             | \$ 365,341        |
| Depreciation                                      | 15              | 13,897           | 7,137                  | 21,049            |
| Disposals                                         | -               | (7,188)          | -                      | (7,188)           |
| Effect of foreign currency<br>exchange difference | 83              | -                | -                      | 83                |
| 31-Dec-24                                         | <u>\$ 2,489</u> | <u>\$ 72,662</u> | <u>\$ 304,134</u>      | <u>\$ 379,285</u> |
| <u>Cost</u>                                       |                 |                  |                        |                   |
| 1-Jan-23                                          | \$ 2,463        | \$ 91,839        | \$ 347,941             | \$ 442,243        |
| Additions                                         | -               | 5,260            | -                      | 5,260             |
| Disposals                                         | -               | (10,516)         | -                      | (10,516)          |
| Reclassification                                  | -               | 223              | -                      | 223               |
| Effect of foreign currency<br>exchange difference | (46)            | -                | -                      | (46)              |
| 31-Dec-23                                         | <u>\$ 2,417</u> | <u>\$ 86,806</u> | <u>\$ 347,941</u>      | <u>\$ 437,164</u> |
| <u>Accumulated Depreciation and Impairment</u>    |                 |                  |                        |                   |
| 1-Jan-23                                          | \$ 2,421        | \$ 62,980        | \$ 289,859             | \$ 355,260        |
| Depreciation                                      | 16              | 13,489           | 7,138                  | 20,643            |
| Disposals                                         | -               | (10,516)         | -                      | (10,516)          |
| Effect of foreign currency<br>exchange difference | (46)            | -                | -                      | (46)              |
| 31-Dec-23                                         | <u>\$ 2,391</u> | <u>\$ 65,953</u> | <u>\$ 296,997</u>      | <u>\$ 365,341</u> |
| <u>Carrying Amount</u>                            |                 |                  |                        |                   |
| 31-Dec-23                                         | <u>\$ 12</u>    | <u>\$ 28,344</u> | <u>\$ 43,807</u>       | <u>\$ 72,163</u>  |
| 31-Dec-22                                         | <u>\$ 26</u>    | <u>\$ 20,853</u> | <u>\$ 50,944</u>       | <u>\$ 71,823</u>  |

- A. The software was pledged as collateral for both long-term loans, please refer to Note 8.
- B. The aforementioned technology licenses were licensed by the National Health Research Institutes (NHRI) and were acquired from a Germany Group “Medigene”. The main purpose of these technologies were to develop new drug for anticancer.

(12.) Short-term loans

|                 | 31-Dec-24         |               |
|-----------------|-------------------|---------------|
| Category        | Amount            | Interest rate |
| Unsecured Loans | \$ 330,000        | 1.88%~2.22%   |
| Secured loans   | 40,000            | 2.17%~2.40%   |
| Total           | <u>\$ 370,000</u> |               |

| Category        | 31-Dec-23         |               |
|-----------------|-------------------|---------------|
|                 | Amount            | Interest rate |
| Unsecured Loans | \$ 360,000        | 1.75%~1.95%   |
| Secured loans   | 40,000            | 2.04%~2.28%   |
| Total           | <u>\$ 400,000</u> |               |

The Group pledged some of its property, plant and equipment as well as other financial assets as collaterals for short-term borrowings. Please refer to Note 8 for more information.

(13.) Other Payables

| Items                                                          | 31-Dec-24         | 31-Dec-23         |
|----------------------------------------------------------------|-------------------|-------------------|
| Salaries and bonuses payable                                   | \$ 122,048        | \$ 122,269        |
| Advertisement expenses payable                                 | 36,231            | 39,364            |
| Research expenses payable                                      | 14,896            | 33,427            |
| Quipment payable                                               | 9,415             | 5,508             |
| Employees' compensation and<br>Directors' remuneration payable | 17,047            | 16,382            |
| Labor and health insurance payable                             | 10,581            | 10,107            |
| Pension payable                                                | 6,724             | 5,654             |
| Other                                                          | 119,844           | 103,795           |
| Salaries and bonuses payable                                   | <u>\$ 336,786</u> | <u>\$ 336,506</u> |

(14.) Long-Term Borrowings and Current Portion of long-term borrowings

| Items                 | 31-Dec-24            | 31-Dec-23            |
|-----------------------|----------------------|----------------------|
| Secured Loans         | \$ 1,192,495         | \$ 1,254,858         |
| Unsecured Loans       | 340,000              | 290,000              |
| Subtotal              | 1,532,495            | 1,544,858            |
| Less: current portion | (351,290)            | (50,716)             |
| Total                 | <u>\$ 1,181,205</u>  | <u>\$ 1,494,142</u>  |
| Interest Rate         | <u>1.850%~2.801%</u> | <u>1.650%~2.415%</u> |

Please refer to Note 8 for collaterals pledged for long-term borrowings.

(15.) Retirement Benefit Plans

Defined contribution plans

- A. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Group and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts. Pension benefits for employees of subsidiaries overseas were provided in accordance with the local regulations. NT\$39,801 thousand and NT\$23,746 thousand were contributed by the Group for the years ended December 31, 2024 and 2023, respectively.
- B. Pension benefits for employees of subsidiaries overseas were provided in accordance with the local regulations. NT\$6,712 thousand and NT\$7,529 thousand were contributed by the Group for years ended December 31, 2024 and 2023, respectively.

### Defined benefit plan

The Group and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Law of the R.O.C. 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 Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The Group would assess as the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the next year, the Group will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Group has no right to influence their investment strategies.

#### A. Amounts recognized in the consolidated balance sheets were as follows:

| ITEM                                         | 31-Dec-24        | 31-Dec-23        |
|----------------------------------------------|------------------|------------------|
| Present value of defined benefit obligations | \$ 131,597       | \$ 164,129       |
| Fair value of plan assets                    | (116,508)        | (128,577)        |
| Net defined benefit liability                | <u>\$ 15,089</u> | <u>\$ 35,552</u> |

#### B. Movements of net defined benefit liabilities were as follows:

| ITEM                                                                         | For the Year Ended December 31, 2024         |                          |                               |
|------------------------------------------------------------------------------|----------------------------------------------|--------------------------|-------------------------------|
|                                                                              | Present value of defined benefit obligations | Fair value of plan asset | Net defined benefit liability |
| BALANCE at JANUARY 1                                                         | \$ 164,129                                   | \$ (128,577)             | \$ 35,552                     |
| Service cost:                                                                |                                              |                          |                               |
| Current service cost                                                         | 429                                          | -                        | 429                           |
| Interest expense (revenue)                                                   | 1,940                                        | (1,535)                  | 405                           |
| Settlement Profit (Loss)                                                     | 11,835                                       | -                        | 11,835                        |
| Recognized in profit or loss                                                 | <u>14,204</u>                                | <u>(1,535)</u>           | <u>12,669</u>                 |
| Remeasurement on the net defined benefit liability:                          |                                              |                          |                               |
| Return on plan assets                                                        | -                                            | (11,792)                 | (11,792)                      |
| Actuarial (gains) losses                                                     |                                              |                          |                               |
| Effect of changes in demographic assumptions                                 | 3                                            | -                        | 3                             |
| Effect of changes in financial assumptions                                   | (5,736)                                      | -                        | (5,736)                       |
| Experience adjustments                                                       | <u>6,054</u>                                 | <u>-</u>                 | <u>6,054</u>                  |
| Components of defined benefit costs recognized in other comprehensive income | <u>321</u>                                   | <u>(11,792)</u>          | <u>(11,471)</u>               |
| Pension fund contribution                                                    | -                                            | (10,640)                 | (10,640)                      |

| ITEM                   | For the Year Ended December 31, 2024         |                          |                               |
|------------------------|----------------------------------------------|--------------------------|-------------------------------|
|                        | Present value of defined benefit obligations | Fair value of plan asset | Net defined benefit liability |
| Paid Pension           | (10,269)                                     | 9,880                    | (389)                         |
| Payment Settlement     | (36,788)                                     | 26,156                   | (10,632)                      |
| Balance at December 31 | <u>\$ 131,597</u>                            | <u>\$ (116,508)</u>      | <u>\$ 15,089</u>              |

| ITEM                                                                         | For the Year Ended December 31, 2023         |                          |                               |
|------------------------------------------------------------------------------|----------------------------------------------|--------------------------|-------------------------------|
|                                                                              | Present value of defined benefit obligations | Fair value of plan asset | Net defined benefit liability |
| BALANCE at JANUARY 1                                                         | \$ 165,248                                   | \$ (129,270)             | \$ 35,978                     |
| Service cost:                                                                |                                              |                          |                               |
| Current service cost                                                         | 680                                          | -                        | 680                           |
| Interest expense (revenue)                                                   | 2,118                                        | (1,662)                  | 456                           |
| Recognized in profit or loss                                                 | <u>2,798</u>                                 | <u>(1,662)</u>           | <u>1,136</u>                  |
| Remeasurement on the net defined benefit liability:                          |                                              |                          |                               |
| Return on plan assets                                                        | -                                            | (1,130)                  | (1,130)                       |
| Actuarial (gains) losses                                                     |                                              |                          |                               |
| Effect of changes in demographic assumptions                                 | -                                            | -                        | -                             |
| Effect of changes in financial assumptions                                   | 1,397                                        | -                        | 1,397                         |
| Experience adjustments                                                       | <u>3,469</u>                                 | <u>-</u>                 | <u>3,469</u>                  |
| Components of defined benefit costs recognized in other comprehensive income | <u>4,866</u>                                 | <u>(1,130)</u>           | <u>3,736</u>                  |
| Pension fund contribution                                                    | -                                            | (5,298)                  | (5,298)                       |
| Paid Pension                                                                 | <u>(8,783)</u>                               | <u>8,783</u>             | <u>-</u>                      |
| Balance at December 31                                                       | <u>\$ 164,129</u>                            | <u>\$ (128,577)</u>      | <u>\$ 35,552</u>              |

C. The defined benefit plan as of the year ended 2024 and 2023 were summarized by functions as follows:

|                                  | For the Year Ended December 31 |                 |
|----------------------------------|--------------------------------|-----------------|
|                                  | 2024                           | 2023            |
| Operation Costs                  | \$ 4,354                       | \$ 516          |
| Selling Expense                  | 3,524                          | 354             |
| Administrative Expense           | 4,761                          | 224             |
| Research and Development Expense | 30                             | 42              |
|                                  | <u>\$ 12,669</u>               | <u>\$ 1,136</u> |

D. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(A.) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall

not be less than the average interest rate on a two-year time deposit published by the local banks.

(B.) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(C.) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The main actuarial assumptions used were as follows:

|                                                                 | 31-Dec-24 | 31-Dec-23 |
|-----------------------------------------------------------------|-----------|-----------|
| Discount rate                                                   | 1.65%     | 1.20%     |
| Expected rate of salary increase                                | 1.50%     | 1.50%     |
| The weighted average duration of the defined benefit obligation | 8 years   | 8 years   |

(A.) Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(B.) The sensitivity analysis:

If significant actuarial assumptions change reasonably and all other assumptions are held constant, the present value of the defined benefit obligation may increase(decrease) as below:

| ITEM                                        | 31-Dec-24  | 31-Dec-23  |
|---------------------------------------------|------------|------------|
| Discount rate                               |            |            |
| 0.25% increase                              | \$ (2,812) | \$ (3,459) |
| 0.1% increase                               | (1,135)    | (1,397)    |
| 0.25% decrease                              | 2,902      | 3,571      |
| 0.1% decrease                               | 1,150      | 1,415      |
| Future salary increase rate                 |            |            |
| 0.25% increase                              | 2,900      | 3,552      |
| 0.25% decrease                              | (2,823)    | (3,457)    |
| Employee turnover rate                      |            |            |
| 110% of the expected employee turnover rate | (24)       | (15)       |
| 90% of the expected employee turnover rate  | 25         | 15         |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

F. The contribution that the Group expects to make to its defined benefit pension plans in next year is NT\$558 thousand.

Other Employees' benefits were as follows:

| ITEM                         | 31-Dec-24 | 31-Dec-23 |
|------------------------------|-----------|-----------|
| Employees benefits payable   | \$ 10,910 | \$ 10,485 |
| Compensated absences payable | 5,465     | 5,432     |
| Other employees benefits     | 30,050    | 16,314    |
| Total                        | \$ 46,425 | \$ 32,231 |

#### (16.) Capital Stock

The movements in the number of Sinphar's ordinary shares outstanding are as follows:

|                                     | For the Year Ended December 31, 2024     |                |
|-------------------------------------|------------------------------------------|----------------|
|                                     | Issued and paid shares<br>(in thousands) | Issued capital |
| January 1                           | 167,722                                  | \$ 1,677,221   |
| Capitalization of Retained Earnings | 13,418                                   | 134,177        |
| December 31                         | 181,140                                  | \$ 1,811,398   |

  

|             | For the Year Ended December 31, 2023     |                |
|-------------|------------------------------------------|----------------|
|             | Issued and paid shares<br>(in thousands) | Issued capital |
| January 1   | 167,722                                  | \$ 1,677,221   |
| December 31 | 167,722                                  | \$ 1,677,221   |

At the Annual Shareholders' Meeting held on June 19, 2024, the Company approved a capital increase of NT\$ 134,177 thousand through the capitalization of retained earnings. A total of 13,418 thousand common shares were issued, with a par value of NT\$10 per share. The relevant registration and amendments have been duly completed.

As of Dec 31, 2024 the Sinphar's authorized capital amount was NT\$2,500,000 thousand, consisting of 250,000 thousand shares of ordinary stocks.

#### (17.) Capital Surplus

| \                                                                                         | 31-Dec-24  | 31-Dec-23  |
|-------------------------------------------------------------------------------------------|------------|------------|
| Additional paid in capital                                                                | \$ 422,450 | \$ 422,450 |
| Additional paid-in capital arising from bond conversion                                   | 190,611    | 190,611    |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 310,439    | 310,439    |
| Others                                                                                    | 640        | 640        |
| Total                                                                                     | \$ 924,140 | \$ 924,140 |

Under Sinphar's Act, the capital surplus generated from excess of the issuance price over the par value of capital stock and donations may be used to offset a deficit; in addition, when Sinphar has no deficit, such capital surplus may be distributed as stock dividends or cash dividends. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed a certain percentage of Sinphar's paid in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

#### (18.) Retained Earnings and Dividend Policy

- A. When allocating the net profits in each fiscal year, Sinphar shall be first utilized for paying taxes, offsetting losses of previous years, and then setting aside the 1) legal capital reserve at 10% of the profits left over, until the accumulated legal capital reverse equals Sinphar's paid-in capital; 2) special capital reverse in accordance with relevant laws or regulations or as requested by the authorities in charge; and 3) balance left over shall be allocated according to the resolution of the board of directors and the shareholders' meeting.
- B. To consider about the economic circumstances, development phase, and future business expansion, dividends will be allocated in consideration of future capital expenditure and cash forecast. However, cash dividends are limited to over 20% of total dividends distributed.

C. The appropriation for legal capital reserve shall be made until the reserve equals Sinphar's paid-in capital. The reserve may be used to offset deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if Sinphar incurs no loss.

D. Special Reserve :

| ITEMS                                     | 31-Dec-24         | 31-Dec-23         |
|-------------------------------------------|-------------------|-------------------|
| Amount when first applied to IFRSs        | \$ 37,951         | \$ 37,951         |
| Amount aroused from other equity interest | 99,220            | 83,416            |
| Total                                     | <u>\$ 137,171</u> | <u>\$ 121,367</u> |

(A.) In accordance with the regulations, Sinphar shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(B.) When IFRSs were first adopted, according to the special reserve regulation of Financial Supervisory Commission R.O.C, no. 1010012865 on April 6, 101, If Sinphar subsequently uses, disposes or reclassifies the relevant assets, the proportion originally set aside as the special reserve will be reversed into distributable retained earnings.

E. The appropriations of earnings for 2023 had been approved by the company's shareholders in its meeting held on June 19, 2024 and the appropriations and dividends per share were as follows:

|                                   | Appropriation of Earnings | Dividends Per Share(NT\$) |
|-----------------------------------|---------------------------|---------------------------|
| Legal capital reserve             | \$ 36,980                 | \$ -                      |
| Special capital reserve           | 15,804                    | -                         |
| Cash dividends of ordinary share  | 167,722                   | 1                         |
| Stock dividends of ordinary share | 134,177                   | 0.8                       |
| Total                             | <u>\$ 354,683</u>         |                           |

F. The appropriations of earnings for 2024 had been approved in the meeting of the Board of Directors on March 5, 2025 and the appropriations and dividends per share were as follows:

|                                   | Appropriation of Earnings | Dividends Per Share(NT\$) |
|-----------------------------------|---------------------------|---------------------------|
| Legal capital reserve             | \$ 31,618                 | \$ -                      |
| Cash dividends of ordinary share  | 181,140                   | 1                         |
| Stock dividends of ordinary share | 90,570                    | 0.5                       |
| Total                             | <u>\$ 303,328</u>         |                           |

The appropriations of earnings for 2024 are to be presented for approval in the shareholders' meeting which is to be held on June 19, 2025.

G. Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

#### (19.) Others Equity Items

| ITEM                                                                | Exchange differences on translation of foreign financial statements | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total        |
|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------|
| Balance as at Jan 1, 2024                                           | \$ (92,720)                                                         | \$ (44,451)                                                                                 | \$ (137,171) |
| Exchange differences on translation of foreign financial statements | 27,834                                                              | -                                                                                           | 27,834       |
| Income tax effects                                                  | (5,567)                                                             | -                                                                                           | (5,567)      |

| ITEM                                                                                    | Exchange differences on translation of foreign financial statements | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total               |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------|
| Unrealized gain on financial assets at FVTOCI                                           | -                                                                   | (611)                                                                                       | (611)               |
| Share of other comprehensive income of associates accounted for using the equity method | 2                                                                   | (5,249)                                                                                     | (5,247)             |
| Balance as at Dec 31, 2024                                                              | <u>\$ (70,451)</u>                                                  | <u>\$ (50,311)</u>                                                                          | <u>\$ (120,762)</u> |
| Balance as at Jan 1, 2023                                                               | <u>\$ (80,701)</u>                                                  | <u>\$ (40,667)</u>                                                                          | <u>\$ (121,368)</u> |
| Exchange differences on translation of foreign financial statements                     | (15,045)                                                            | -                                                                                           | (15,045)            |
| Income tax effects                                                                      | 3,009                                                               | -                                                                                           | 3,009               |
| Unrealized gain on financial assets at FVTOCI                                           | -                                                                   | (1,922)                                                                                     | (1,922)             |
| Share of other comprehensive income of associates accounted for using the equity method | 17                                                                  | (1,862)                                                                                     | (1,845)             |
| Balance as at Dec 31, 2023                                                              | <u>\$ (92,720)</u>                                                  | <u>\$ (44,451)</u>                                                                          | <u>\$ (137,171)</u> |

(20.) Non-controlling Interests

| ITEMS                                                                                   | For the Years Ended December 31 |                          |
|-----------------------------------------------------------------------------------------|---------------------------------|--------------------------|
|                                                                                         | 2024                            | 2023                     |
| Balance at January 1                                                                    | <u>\$ 299,536</u>               | <u>\$ 286,618</u>        |
| Share attributable to non-controlling interests:                                        |                                 |                          |
| Net loss                                                                                | (19,488)                        | (18,394)                 |
| Exchange differences arising from the translation of the translating foreign operations | 5,847                           | (3,158)                  |
| Unrealized loss on financial assets at fair value through other comprehensive income    | (2,919)                         | (1,149)                  |
| Changes in ownership interests in Subsidiaries                                          | -                               | 49,844                   |
| Decrease in non-controlling interests                                                   | -                               | (14,225)                 |
| Balance at December 31                                                                  | <u><u>\$ 282,976</u></u>        | <u><u>\$ 299,536</u></u> |

(21.) Net Revenue

| ITEM                                  | For the Year Ended December 31 |                            |
|---------------------------------------|--------------------------------|----------------------------|
|                                       | 2024                           | 2023                       |
| Revenue from contracts with customers |                                |                            |
| Sales revenue                         | <u>\$ 3,487,204</u>            | <u>\$ 3,309,903</u>        |
| Less: Sales returns and allowances    | <u>(336,576)</u>               | <u>(346,969)</u>           |
| Total                                 | <u><u>\$ 3,150,628</u></u>     | <u><u>\$ 2,962,934</u></u> |

A. Breakdowns of contract revenue

(A.) Please refer to Note 14 for geographical and departmental information details.

(B.) Revenue was recognized at a specific point of time period when all the obligations were fulfilled.

B. Contract Balance

The accounts receivable and contract liabilities in relation to contract revenue were as follows:

| ITEM                         | 31-Dec-24         | 31-Dec-23         | 1-Jan-23          |
|------------------------------|-------------------|-------------------|-------------------|
| Accounts Receivable (6(5.))  | <u>\$ 494,784</u> | <u>\$ 477,252</u> | <u>\$ 506,053</u> |
| Contract liabilities-current | <u>\$ 97,424</u>  | <u>\$ 85,654</u>  | <u>\$ 96,559</u>  |

(A.) Changes in contract liabilities mainly result from the time difference between the performance obligation satisfied and the customer's payment.

(B.) Revenue from opening contract liabilities - sales of goods recognized as revenue in the current period were as follows:

| Revenue                                                   | For the Year Ended December 31 |           |
|-----------------------------------------------------------|--------------------------------|-----------|
|                                                           | 2024                           | 2023      |
| Amounts from opening contract liabilities - sales of good | \$ 76,384                      | \$ 82,757 |

(22.) Other Incomes

| ITEM              | For the Year Ended December 31 |           |
|-------------------|--------------------------------|-----------|
|                   | 2024                           | 2023      |
| Government grants | \$ 8,944                       | \$ 4,936  |
| Rental income     | 1,694                          | 1,880     |
| Others            | 8,385                          | 27,920    |
| Total             | \$ 19,023                      | \$ 34,736 |

(23.) Other Gains and Losses

| ITEM                                                                       | For the Year Ended December 31 |          |
|----------------------------------------------------------------------------|--------------------------------|----------|
|                                                                            | 2024                           | 2023     |
| Net currency exchange gains                                                | \$ 13,428                      | \$ 3,787 |
| Gains (Losses) on disposal of assets                                       | (2,481)                        | 5,126    |
| Gains on initial recognition of biological assets and agricultural product | 3,297                          | 2,682    |
| Others                                                                     | (97)                           | (5,275)  |
| Total                                                                      | \$ 14,147                      | \$ 6,320 |

(24.) Employee Benefits Expense, Depreciation and Amortization

| ITEM                       | For the Year Ended December 31, 2024 |                    |              |
|----------------------------|--------------------------------------|--------------------|--------------|
|                            | Cost of revenue                      | Operating expenses | Total        |
| Employee benefits expense  |                                      |                    |              |
| Salaries and wages         | \$ 283,483                           | \$ 344,145         | \$ 627,628   |
| Labor and health insurance | 30,149                               | 29,493             | 59,642       |
| Pension                    | 20,309                               | 38,873             | 59,182       |
| Other employee benefits    | 20,340                               | 25,228             | 45,568       |
| Depreciation               | 174,238                              | 49,810             | 224,048      |
| Amortization               | 7,283                                | 26,039             | 33,322       |
| Total                      | \$ 535,802                           | \$ 513,588         | \$ 1,049,390 |

| ITEM                       | For the Year Ended December 31, 2023 |                    |            |
|----------------------------|--------------------------------------|--------------------|------------|
|                            | Cost of revenue                      | Operating expenses | Total      |
| Employee benefits expense  |                                      |                    |            |
| Salaries and wages         | \$ 291,704                           | \$ 340,544         | \$ 632,248 |
| Labor and health insurance | 29,968                               | 27,571             | 57,539     |
| Pension                    | 16,657                               | 15,754             | 32,411     |
| Other wages                | 18,450                               | 25,164             | 43,614     |

| ITEM         | For the Year Ended December 31, 2023 |                    |                     |
|--------------|--------------------------------------|--------------------|---------------------|
|              | Cost of revenue                      | Operating expenses | Total               |
| Depreciation | 158,379                              | 48,348             | 206,727             |
| Amortization | 5,647                                | 31,150             | 36,797              |
| Total        | <u>\$ 520,805</u>                    | <u>\$ 488,531</u>  | <u>\$ 1,009,336</u> |

- A. Sinphar shall allocate 2~8% and not higher than 5% of annual profits during the period to employees' compensation and directors' and supervisors' remuneration, respectively. If there is a change in the proposed amount after the annual consolidated financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.
- B. The employees' compensation and directors' and supervisors' remuneration for 2024 and 2023 were approved in the meetings of the Board of Directors on March 5, 2025 and March 6, 2024, respectively. The amounts recognized in the financial reports were as follows:

|                                        | 2024                    |                                          | 2023                    |                                          |
|----------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------|
|                                        | Employees' compensation | Directors' and supervisors' remuneration | Employees' compensation | Directors' and supervisors' remuneration |
| Amount resolved to be distributed      | \$ 10,910               | \$ 6,137                                 | \$ 10,485               | \$ 5,898                                 |
| Amount recognized in financial reports | 10,910                  | 6,137                                    | 10,485                  | 5,898                                    |
| Difference                             | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>             | <u>\$ -</u>                              |

The above-mentioned compensation was distributed in cash.

- C. The information about employees' compensation and directors' and supervisors' remuneration of Sinphar as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

(25.) Finance Costs

| ITEM                          | For the Year Ended December 31 |                  |
|-------------------------------|--------------------------------|------------------|
|                               | 2024                           | 2023             |
| Interest expense - bank loans | <u>\$ 36,771</u>               | <u>\$ 33,711</u> |

(26.) Income Tax

- A. The components of tax expense (benefit):

| ITEM                                               | For the Year Ended December 31 |                 |
|----------------------------------------------------|--------------------------------|-----------------|
|                                                    | 2024                           | 2023            |
| <u>Current tax</u>                                 |                                |                 |
| Current tax expense recognized in the current year | \$ 21,841                      | \$ (58,109)     |
| Adjustments for prior periods                      | 510                            | 1,833           |
| Total                                              | <u>22,351</u>                  | <u>(56,276)</u> |
| <u>Deferred tax</u>                                |                                |                 |

| ITEM                                                                             | For the Year Ended December 31 |                    |
|----------------------------------------------------------------------------------|--------------------------------|--------------------|
|                                                                                  | 2024                           | 2023               |
| Deferred income tax related to origination and reversal of temporary differences | (468)                          | 5,208              |
| Income tax expense (benefit)                                                     | <u>\$ 21,883</u>               | <u>\$ (51,068)</u> |

B. Income tax recognized in other comprehensive loss (income):

| ITEM                             | For the Year Ended December 31 |                   |
|----------------------------------|--------------------------------|-------------------|
|                                  | 2024                           | 2023              |
| Currency translation differences | <u>\$ 5,567</u>                | <u>\$ (3,009)</u> |

C. Reconciliation between income tax expense (benefit) and accounting loss as follows:

| ITEM                                                             | For the Year Ended December 31 |                    |
|------------------------------------------------------------------|--------------------------------|--------------------|
|                                                                  | 2024                           | 2023               |
| Profit before income tax                                         | <u>\$ 307,100</u>              | <u>\$ 305,708</u>  |
| Tax calculated based on profit before tax and statutory tax rate | \$ 57,483                      | \$ 66,877          |
| Effects from items disallowed by tax regulation                  | (26,467)                       | (85,031)           |
| Investment tax credit                                            | (19,255)                       | (41,649)           |
| Income tax from subsidiaries dividends                           | -                              | 14,365             |
| No deferred income tax assets have been recognized               | 10,080                         | (12,671)           |
| Net change in deferred income tax                                | (468)                          | 5,208              |
| Income tax adjustments for prior years                           | <u>510</u>                     | <u>1,833</u>       |
| Income tax expense (benefit)                                     | <u>\$ 21,883</u>               | <u>\$ (51,068)</u> |

The corporate income tax rate for entities subject to the R.O.C, Income Tax Act is 20%, and the tax rate for unappropriated earnings is 5%. The tax rate for subsidiaries in China is 25%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction. Under the Act for the Development of Biotech and Pharmaceutical Industry, Sinphar could recognize an investment tax credit within a limit of 20% of the investment price if the investee is applicable to the act.

D. Deferred income tax assets and liabilities

Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credits:

|                                           | For the Year Ended December 31, 2024 |                 |                            |                                 |          |
|-------------------------------------------|--------------------------------------|-----------------|----------------------------|---------------------------------|----------|
|                                           | Jan-1                                | Profit and loss | Other comprehensive income | Effect of exchange rate changes | Dec-31   |
| Deferred income tax asset                 |                                      |                 |                            |                                 |          |
| Temporary difference                      |                                      |                 |                            |                                 |          |
| Employee benefits                         | \$ 3,263                             | \$ 2,547        | \$ -                       | \$ -                            | \$ 5,810 |
| Sales returns and allowances              | 10,710                               | (53)            | -                          | -                               | 10,657   |
| Unrealized loss on inventories            | 11,264                               | (1,414)         | -                          | -                               | 9,850    |
| Exchange difference on foreign operations | 23,182                               | -               | (5,567)                    | -                               | 17,615   |

| For the Year Ended December 31, 2024                              |                   |                   |                            |                                 |                   |
|-------------------------------------------------------------------|-------------------|-------------------|----------------------------|---------------------------------|-------------------|
|                                                                   | Jan-1             | Profit and loss   | Other comprehensive income | Effect of exchange rate changes | Dec-31            |
| Others                                                            | 788               | (179)             | -                          | -                               | 609               |
| Operating loss carryforwards                                      | 80,000            | (79)              | -                          | -                               | 79,921            |
| Investment tax credit                                             | 41,649            | 19,255            | -                          | -                               | 60,904            |
|                                                                   | <u>\$ 170,856</u> | <u>\$ 20,077</u>  | <u>\$ (5,567)</u>          | <u>\$ -</u>                     | <u>\$ 185,366</u> |
| Deferred income tax liabilities                                   |                   |                   |                            |                                 |                   |
| Temporary difference                                              |                   |                   |                            |                                 |                   |
| Land value increment tax                                          | \$ 32,939         | \$ -              | \$ -                       | \$ -                            | \$ 32,939         |
| Gain on foreign investments accounted for using the equity method | 52,745            | 1,124             | -                          | -                               | 53,869            |
| Others                                                            | 2,765             | (691)             | -                          | 93                              | 2,167             |
|                                                                   | <u>\$ 88,449</u>  | <u>\$ 433</u>     | <u>\$ -</u>                | <u>\$ 93</u>                    | <u>\$ 88,975</u>  |
| For the Year Ended December 31, 2023                              |                   |                   |                            |                                 |                   |
|                                                                   | Jan-1             | Profit and loss   | Other comprehensive income | Effect of exchange rate changes | Dec-31            |
| Deferred income tax asset                                         |                   |                   |                            |                                 |                   |
| Temporary difference                                              |                   |                   |                            |                                 |                   |
| Employee benefits                                                 | \$ 3,006          | \$ 257            | \$ -                       | \$ -                            | \$ 3,263          |
| Sales returns and allowances                                      | 11,264            | (554)             | -                          | -                               | 10,710            |
| Unrealized loss on inventories                                    | 16,867            | (5,603)           | -                          | -                               | 11,264            |
| Exchange difference on foreign operations                         | 20,173            | -                 | 3,009                      | -                               | 23,182            |
| Others                                                            | 798               | (10)              | -                          | -                               | 788               |
| Operating loss carryforwards                                      | -                 | 80,000            | -                          | -                               | 80,000            |
| Investment tax credit                                             | -                 | 41,649            | -                          | -                               | 41,649            |
|                                                                   | <u>\$ 52,108</u>  | <u>\$ 115,739</u> | <u>\$ 3,009</u>            | <u>\$ -</u>                     | <u>\$ 170,856</u> |
| Deferred income tax liabilities                                   |                   |                   |                            |                                 |                   |
| Temporary difference                                              |                   |                   |                            |                                 |                   |
| Land value increment tax                                          | \$ 32,939         | \$ -              | \$ -                       | \$ -                            | \$ 32,939         |
| Gain on foreign investments accounted for using the equity method | 1,692             | 51,053            | -                          | -                               | 52,745            |
| Others                                                            | 3,521             | (702)             | -                          | (54)                            | 2,765             |
|                                                                   | <u>\$ 38,152</u>  | <u>\$ 50,351</u>  | <u>\$ -</u>                | <u>\$ (54)</u>                  | <u>\$ 88,449</u>  |

The above-mentioned deferred income tax liabilities were classified as other non-current liabilities.

E. Unrecognized deferred tax assets:

| ITEM                                                      | 31-Dec-24         | 31-Dec-23         |
|-----------------------------------------------------------|-------------------|-------------------|
| Items not recognized as deferred tax assets:              |                   |                   |
| Loss on investments accounted for using the equity method | \$ 30,852         | \$ 39,092         |
| Loss on financial assets evaluation                       | 969               | 969               |
| Unused operating loss carry forward                       | 551,960           | 588,055           |
| Others                                                    | 9,773             | 8,805             |
| Total                                                     | <u>\$ 593,554</u> | <u>\$ 636,921</u> |

F. Information of unused loss carried forward:

As of December 31, 2024, operating loss carryforward of subsidiary as follow:

| Expiry Year | Remaining<br>Creditable Amount | Tax effect |
|-------------|--------------------------------|------------|
| 2025        | 172,275                        | 34,455     |
| 2026        | 159,319                        | 31,864     |
| 2027        | 254,802                        | 50,960     |
| 2028        | 288,492                        | 57,699     |
| 2029        | 393,517                        | 78,704     |
| 2030        | 388,622                        | 77,724     |
| 2031        | 466,158                        | 93,232     |
| 2032        | 184,481                        | 36,896     |
| 2033        | 804,158                        | 160,832    |
| 2034        | 47,576                         | 9,515      |
| Total       | \$ 3,159,400                   | \$ 631,881 |

G. The tax authorities have examined income tax return of Sinphar through 2022.

(27.) Earnings per Share

| ITEM                                                                                             | For the Year Ended December 31 |            |
|--------------------------------------------------------------------------------------------------|--------------------------------|------------|
|                                                                                                  | 2024                           | 2023       |
| Basic earnings per share:                                                                        |                                |            |
| Net income attributable to ordinary shareholders of the parent                                   | \$ 304,705                     | \$ 375,170 |
| Weighted average number of shares outstanding for the period (in thousands)                      | 181,140                        | 181,140    |
| Basic earnings per share, after tax (Unit: NT\$ Per Share)                                       | \$ 1.68                        | \$ 2.07    |
| Diluted earnings per share:                                                                      |                                |            |
| Net income available to ordinary shareholders of the parent                                      | \$ 304,705                     | \$ 375,170 |
| Weighted average number of shares outstanding for the period (in thousands)                      | 181,140                        | 181,140    |
| Effect of the dilutive potential ordinary shares                                                 |                                |            |
| Employees' compensation (share in thousands)                                                     | 350                            | 309        |
| Weighted average number of shares outstanding for diluted earnings per share (share in thousand) | 181,490                        | 181,449    |
| Diluted earnings per share, after tax (in dollars)                                               | \$ 1.68                        | \$ 2.07    |

If the Group offered to settle the compensation or bonuses paid to employees in shares or cash at the Group's option, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. TRANSACTIONS WITH RELATED PARTIES

(1.) Name of the parent Group and the ultimate controlling party

Sinphar is the ultimate controlling party of the Group.

(2.) Names of related parties and relationship categories

| Names of related parties                                     | Related party categories |
|--------------------------------------------------------------|--------------------------|
| CANADA BIOTECH                                               | Other related parties    |
| Shu Fei Yu                                                   | Other related parties    |
| Board of Directors, General Manager and Vice General Manager | Key management personnel |

(3.) Significant transactions with related parties

All transactions, account balances, incomes and expenses between Sinphar and its subsidiaries (which are related parties of Sinphar) were eliminated upon consolidation. Hence, there were not disclosed items in the note. The transactions with related parties were as follows:

A. Trademarks and royalties

Under an agreement with CANADA BIOTECH, CANADA BIOTECH, the Group owns the right to use its trademark under the condition which the Group pays 0.2%~0.8% of annual gross profit from merchandise sale as royalty each quarter, with the annual sum of payment not less than 36 thousand in Canadian currency. The Group paid the royalties amounted to NT\$922 thousand and NT\$901 thousand in 2024 and 2023 respectively. The payments were recognized as marketing expense.

B. Others

The Group has successively acquired nearby agricultural land for the plant planning. However, under the current regulations, the ownership of agricultural lands could not be registered under Sinphar. Therefore, the Group has appointed the other related party, Shu Fei Yu, to be the owner the land. Please refer to the property, plant and equipment session in Note 6(9) for more information.

C. Endorsements and guarantees

The Group has signed a drug sales contract with a medical institution. According to the terms of the contract, Xing-da Investment Co., Ltd., another related party, would be the guarantor of the Group.

(4.) Key management compensation

The remuneration to the Board of Directors and main management personnel were as follows:

|                                                 | For the Year Ended December 31 |           |
|-------------------------------------------------|--------------------------------|-----------|
|                                                 | 2024                           | 2023      |
| Salaries and other short-term employee benefits | \$ 77,076                      | \$ 39,635 |

The above-mentioned compensation for the year 2024 includes severance pay related to the settlement of years of service under the defined benefit plan.

8. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| ITEM                                                      | 31-Dec-24    | 31-Dec-23    |
|-----------------------------------------------------------|--------------|--------------|
| Deposits in banks(classified within other current assets) | \$ 812       | \$ 806       |
| Property, plant and equipment, net                        | 1,925,597    | 1,966,182    |
| Right-of-use assets                                       | 14,943       | 14,957       |
| Intangible assets                                         | 3,279        | 4,919        |
| Total                                                     | \$ 1,944,631 | \$ 1,986,864 |

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2024 were as follows:

- (1.) As of December 31, 2024, the Company issued guarantee notes amounting to the Ministry of Economic Affairs' for Industry Innovation Platform Program amounted NT\$11,000 thousand.
- (2.) The National Health Research Institutes (NHRI) and the Group entered into an exclusive license contract to transfer a new anticancer drug developing technology to SynCore in August 2008. According to this contract, after the authorized drug approved for commercialization, the Group will pay a certain percentage of net revenue for sales royalty fee, except for the fixed amounted license fee.
- (3.) MacuCLEAR (an American Group) and the Group entered into the technology license contract to obtain the exclusive license of prescription to manufacture and market the new drug for dry age-related macular degeneration in Asia and Australia in November 2011. According to this contract, the Group will pay a certain percentage of sales profit for sales royalty fee.
- (4.) Medigene (a Germany Group) and the Group entered into the agreement for the license of phase III clinical trial and collaboration development of the new anticancer drug "EndoTAG-1" (SB05). Based on the business developing strategy, the Group had revised the partial terms and conditions of the agreement with Medigene. The final revised agreement state that the Group obtained the complete rights of the EndoTAG technology platform (including developing the original item (SB05) and its derivative diseases, new item for diseases, new technology platform and new derivatives). The license fee was on a country-by-country basis no more than EUR 4,000 thousands and on the basis of certain percentage of net sales after the new drug (SB05) approved for commercialization.

- (5.) Capital expenditures committed but not yet incurred are as follows

| ITEMS                         | 31-Dec-2024 | 31-Dec-2023 |
|-------------------------------|-------------|-------------|
| Property, plant and equipment | \$ 49,419   | \$ 98,564   |

10. SIGNIFICANT LOSSES FROM DISASTERS: None.

11. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: None.

## 12. OTHER INFORMATION

### (1) CAPITAL MANAGEMENT

The Group requires significant amount of capital to maintain its research and development expenditure. Accordingly, the Group manages its capital to ensure that it has sufficient and necessary financial resources and plans to fund its working capital needs, capital asset purchase, research and development expenditure, debt service requirement and dividend payments associated with its existing operations over the next 12 months.

### (2) FINANCIAL INSTRUMENTS

A. Financial Risk of financial instrument.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's risk management objectives are to manage the market risk (including foreign currency risk, interest risk and price risk), credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks and mitigates the disadvantage impact on financial performance. The material treasury activities are reviewed by Audit Committees and/or Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

## NATURE AND EXTENT OF SIGNIFICANT FINANCIAL RISKS

### (A) Market risk

#### a. Foreign currency risk

- (a.) The Group is exposed to the foreign currency risk due to the transaction of sales, purchase and cash denominated in foreign currency other than the Group's functional currency. These non-functional currencies are USD, RMB, CAD, EUR, JPY and HKD.

#### (b.) Foreign currency exposure and sensitivity analysis

31-Dec-24

|                       | Sensitivity analysis |          |                |                      |                |           |    |       |    |    |
|-----------------------|----------------------|----------|----------------|----------------------|----------------|-----------|----|-------|----|----|
|                       | Foreign Currencies   | Exchange | Carrying       | Sensitivity analysis |                |           |    |       |    |    |
|                       | (In Thousands)       | Rate     | Amount         | Extent of            | Impact on      | Impact on |    |       |    |    |
|                       |                      |          | (In Thousands) | variation            | Profit or loss | Equity    |    |       |    |    |
| Financial assets      |                      |          |                |                      |                |           |    |       |    |    |
| Monetary items        |                      |          |                |                      |                |           |    |       |    |    |
| USD:NT\$              | \$                   | 7,599    | 32.79          | \$                   | 249,148        | 1%        | \$ | 2,491 | \$ | -  |
| RMB:NT\$              |                      | 43,312   | 4.48           |                      | 193,953        | 1%        |    | 1,940 |    | -  |
| EUR:NT\$              |                      | 108      | 34.14          |                      | 3,677          | 1%        |    | 37    |    | -  |
| JPY:NT\$              |                      | 8,632    | 0.21           |                      | 1,812          | 1%        |    | 18    |    | -  |
| HKD:NT\$              |                      | 117      | 4.22           |                      | 495            | 1%        |    | 5     |    | -  |
| CAD:NT\$              |                      | 1,965    | 22.82          |                      | 44,831         | 1%        |    | 448   |    | -  |
| Non-monetary items    |                      |          |                |                      |                |           |    |       |    |    |
| EUR:NT\$              | \$                   | 114      | 34.14          | \$                   | 3,908          | 1%        | \$ | -     | \$ | 39 |
| Financial liabilities |                      |          |                |                      |                |           |    |       |    |    |
| Monetary items        |                      |          |                |                      |                |           |    |       |    |    |
| USD:NT\$              | \$                   | 122      | 32.79          | \$                   | 4,001          | 1%        | \$ | 40    | \$ | -  |
| RMB:NT\$              |                      | 6,711    | 4.48           |                      | 30,052         | 1%        |    | 301   |    | -  |
| EUR:NT\$              |                      | 278      | 34.14          |                      | 9,495          | 1%        |    | 95    |    | -  |
| CAD:NT\$              |                      | 2        | 22.82          |                      | 44             | 1%        |    | -     |    | -  |

31-Dec-23

|                       | Sensitivity analysis                 |               |                                   |                     |                          |                  |
|-----------------------|--------------------------------------|---------------|-----------------------------------|---------------------|--------------------------|------------------|
|                       | Foreign Currencies<br>(In Thousands) | Exchange Rate | Carrying Amount<br>(In Thousands) | Extent of variation | Impact on Profit or loss | Impact on Equity |
| Financial assets      |                                      |               |                                   |                     |                          |                  |
| Monetary items        |                                      |               |                                   |                     |                          |                  |
| USD:NT\$              | \$ 6,491                             | 30.71         | \$ 199,298                        | 1%                  | \$ 1,993                 | \$ -             |
| RMB:NT\$              | 37,935                               | 4.33          | 164,144                           | 1%                  | 1,641                    | -                |
| EUR:NT\$              | 65                                   | 33.98         | 2,209                             | 1%                  | 22                       | -                |
| JPY:NT\$              | 45,083                               | 0.22          | 9,792                             | 1%                  | 98                       | -                |
| HKD:NT\$              | 134                                  | 3.93          | 526                               | 1%                  | 5                        | -                |
| CAD:NT\$              | 149                                  | 23.20         | 3,452                             | 1%                  | 35                       | -                |
| Non-monetary items    |                                      |               |                                   |                     |                          |                  |
| EUR:NT\$              | \$ 355                               | 33.98         | \$ 12,076                         | 1%                  | \$ -                     | \$ 121           |
| Financial liabilities |                                      |               |                                   |                     |                          |                  |
| Monetary items        |                                      |               |                                   |                     |                          |                  |
| USD:NT\$              | \$ 595                               | 30.71         | \$ 18,275                         | 1%                  | \$ 183                   | \$ -             |
| RMB:NT\$              | 8,668                                | 4.33          | 37,509                            | 1%                  | 375                      | -                |
| EUR:NT\$              | 62                                   | 33.98         | 2,122                             | 1%                  | 21                       | -                |
| CAD:NT\$              | 22                                   | 23.20         | 519                               | 1%                  | 5                        | -                |

If New Taiwan dollar strengthened against the relevant currency and all other variables were held constant, there would be an equal and opposite impact on profit or loss and other equity as of December 31, 2024, and December 31, 2023.

- (c.) Since there were varieties of foreign currencies within the Group, the Group disclosed the summarized foreign exchange gains (losses) information of monetary items. The realized and unrealized foreign exchange gains were NT\$ 13,428 thousand and NT\$ 3,787 thousand for the year ended December 31, 2024 and 2023, respectively.

The Group believes the unrealized exchange gain (loss) of fluctuation risk on foreign currency monetary item is insignificant.

#### b. Price risk

The Group is exposed to price risk primarily related to its investment in instruments classified as financial assets at FVTPL and financial assets at FVTOCI.

The Group primarily invested in the domestic and foreign publicly traded and unlisted stocks and the domestic beneficiary certificates. The instruments prices are affected by the uncertainties of the investment targets' future value.

Assuming a hypothetical increase/decrease of 1% in prices of the equity instruments at the end of the reporting period, the other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by NT\$ 546 thousand and NT\$ 222 thousand, respectively, as they were classified as financial assets at FVTOCI. Assuming a hypothetical increase/decrease of 1% in prices of the domestic beneficiary certificates, the net loss for the years ended December 31, 2024 and 2023 would have increased/decreased by NT\$ 70 thousand and NT\$ 67 thousand, respectively, as they were classified as financial assets at FVTPL.

c. Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk were as follows:

| Item                          | Carrying Amount       |                       |
|-------------------------------|-----------------------|-----------------------|
|                               | 31-Dec-24             | 31-Dec-23             |
| Fair value interest rate risk |                       |                       |
| Financial assets              | \$ 363,489            | \$ 360,600            |
| Financial liabilities         | -                     | -                     |
| Net                           | <u>\$ 363,489</u>     | <u>\$ 360,600</u>     |
| Cash flow interest rate risk  |                       |                       |
| Financial assets              | \$ 805,247            | \$ 708,020            |
| Financial liabilities         | (1,902,495)           | (1,944,858)           |
| Net                           | <u>\$ (1,097,248)</u> | <u>\$ (1,236,838)</u> |

(a.) Sensitivity analysis: Fair value interest rate risk

The Group did not designate any fixed interest rate financial instruments as fair value through profit or loss and derivatives instruments (interest rate swaps) to hedge its exposures to changes in fair values. As such, changes in interest rate would not affect the net income and the other comprehensive income at the end of the reporting period.

(b.) Sensitivity analysis: Cash flow interest rate risk

The Group's financial instruments at floating interest rate were assets (liabilities) at floating interest rate. Therefore, changes in interest rate would affect the future cash flows. Assuming a hypothetical increase/decrease 1% in interest rates, the net income for the years ended December 31, 2024 and 2023 would increase/decrease by NT\$ 10,972 thousand and NT\$ 12,368 thousand, respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risk from operating activities, primarily from account receivables, and from investing activities, primarily from bank deposits, fixed-income investments and other financial instruments. The Group managed the credit risk separately for business related and financial related risk.

a. Business related credit risk:

To maintain the quality of account receivable, the Group has established related credit risk management procedure. The risk assessment of individual customer includes evaluating financial position, internal evaluation, historical trading records and economic circumstance which could affect the payment ability of the customer. The Group may choose to strengthen overall risk management including collection in advance or credit insurance to mitigate the credit risk of certain customers.

b. Financial credit risk:

The financial department of the Group regularly monitors and reviews the credit risk of bank deposit and other financial instruments. The Group mitigates its exposure by selecting counterparties (banks, financial institutions, Group organizations and government authorities) with well credit and investment-grade credit ratings. The credit risk is insignificant. The Group has no debt instrument classified as financial assets measured at amortized cost and financial assets at FVTOCI.

(a.) Concentration of credit risk

As of December 31, 2024, and December 31, 2023, accounts receivable from the top 10 customers represent 21.29%, and 22.37% of total accounts receivables of the Group, respectively. The Group believes the concentration risk is insignificant for the remaining accounts receivable.

(b.) Expected credit impairment losses measurement

◎Accounts receivable: Simplified approach, please refer to Note 6(4.) and (5).

◎Judgment on whether credit risk increasing significantly:None.

(C) Liquidity risk

a. Liquidity risk management

The Group's objective of managing liquidity risk is to maintain sufficient cash and cash equivalents required for operations, high liquidity securities, and bank financing lines for operations, and to ensure that the Group has sufficient financial flexibility.

b. Maturity analysis of financial liabilities

| Non-derivative<br>financial liabilities                 | 31-Dec-24             |                   |                     |                  |                 |                     | Contractual<br>Cash flows | Carrying<br>Amount |
|---------------------------------------------------------|-----------------------|-------------------|---------------------|------------------|-----------------|---------------------|---------------------------|--------------------|
|                                                         | Less than<br>6 Months | 6—12 Months       | 1—2 Years           | 2—5 Years        | Over<br>5 Years |                     |                           |                    |
| Short-term loans                                        | \$ 111,000            | \$ 259,000        | \$ -                | \$ -             | \$ -            | \$ 370,000          | \$ 370,000                |                    |
| Notes payable                                           | 233                   | -                 | -                   | -                | -               | 233                 | 233                       |                    |
| Accounts Payable                                        | 185,212               | -                 | -                   | -                | -               | 185,212             | 185,212                   |                    |
| Other payable                                           | 156,295               | 24,011            | -                   | -                | -               | 180,306             | 180,306                   |                    |
| Long-term<br>borrowing,<br>including current<br>portion | 327,478               | 23,812            | 1,146,312           | 34,893           | -               | 1,532,495           | 1,532,495                 |                    |
| Total                                                   | <u>\$ 780,218</u>     | <u>\$ 306,823</u> | <u>\$ 1,146,312</u> | <u>\$ 34,893</u> | <u>\$ -</u>     | <u>\$ 2,268,246</u> | <u>\$ 2,268,246</u>       |                    |

  

| Non-derivative<br>financial liabilities                 | 31-Dec-23             |                   |                     |                  |                 |                     | Contractual<br>Cash flows | Carrying<br>Amount |
|---------------------------------------------------------|-----------------------|-------------------|---------------------|------------------|-----------------|---------------------|---------------------------|--------------------|
|                                                         | Less than<br>6 Months | 6—12 Months       | 1—2 Years           | 2—5 Years        | Over<br>5 Years |                     |                           |                    |
| Short-term loans                                        | \$ 191,000            | \$ 209,000        | \$ -                | \$ -             | \$ -            | \$ 400,000          | \$ 400,000                |                    |
| Note payable                                            | 162                   | -                 | -                   | -                | -               | 162                 | 162                       |                    |
| Accounts Payable                                        | 291,208               | -                 | -                   | -                | -               | 291,208             | 291,208                   |                    |
| Other payable                                           | 150,402               | 31,628            | -                   | -                | -               | 182,030             | 182,030                   |                    |
| Long-term<br>borrowing,<br>including current<br>portion | 25,358                | 25,358            | 1,410,716           | 83,220           | 206             | 1,544,858           | 1,544,858                 |                    |
| Total                                                   | <u>\$ 658,130</u>     | <u>\$ 265,986</u> | <u>\$ 1,410,716</u> | <u>\$ 83,220</u> | <u>\$ 206</u>   | <u>\$ 2,418,258</u> | <u>\$ 2,418,258</u>       |                    |

The Group doesn't 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.

## B. Categories of financial instruments

The following is the carrying amounts of the financial assets and financial liabilities of the Group at December 31, 2024 and December 31, 2023.

|                                                 | 31-Dec-24    | 31-Dec-23    |
|-------------------------------------------------|--------------|--------------|
| <u>Financial assets</u>                         |              |              |
| Financial assets measured at amortized cost     |              |              |
| Cash and cash equivalents                       | \$ 1,075,672 | \$ 1,074,489 |
| Financial assets at amortized cost - current    | 95,409       | -            |
| Net, notes and accounts receivable              | 641,900      | 643,465      |
| Refundable deposits                             | 19,410       | 26,324       |
| Financial assets at FVTPL – current             | 6,956        | 6,660        |
| Financial assets at FVTPL – non-current         | -            | -            |
| Financial assets at FVTOCI – non-current        | 54,640       | 22,212       |
| <u>Financial liabilities</u>                    |              |              |
| Financial liabilities at amortized cost         |              |              |
| Short-term loans                                | 370,000      | 400,000      |
| Net, notes and accounts payable                 | 185,445      | 291,370      |
| Other payable                                   | 180,306      | 182,030      |
| Long-term loans (Including the current portion) | 1,532,495    | 1,544,858    |

### (3.) Fair value information

A. For the fair value of financial instruments that are not measured at fair value, please refer to the Note 12 (3.)B.

Fair value hierarchy definition

#### Level 1

Fair value measurements of the Level 1 are those derived from quoted prices in active markets for identical financial instruments. An active market is a market in which transactions for identical instrument take place with sufficient frequency and volume to provide public pricing information on an ongoing basis. The domestic and foreign publicly traded stocks and the domestic beneficiary certificates invested by the Group were classified as this hierarchy.

#### Level 2

Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### Level 3

Fair value measurements are those derived from valuation techniques that include inputs for instrument that are not based on observable market data. The Group invested in equity investments without active market included within level 3.

### B. Financial instruments that are not measured at fair value

The Group considers the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalents, notes and accounts receivables, other financial assets, refundable

deposits, notes and accounts payable, approximate their fair values.

### C. Fair value hierarchy information

The Group's financial instruments measured at fair value were under a recurring basis.

The following table presents the Group's financial instruments measured at fair value on a recurring basis:

| Items                                             | 31-Dec-24        |             |                  |                  |
|---------------------------------------------------|------------------|-------------|------------------|------------------|
|                                                   | Level 1          | Level 2     | Level 3          | Total            |
| Asset:                                            |                  |             |                  |                  |
| Fair value on a recurring basis                   |                  |             |                  |                  |
| Financial assets measured at FVTPL                |                  |             |                  |                  |
| Beneficiary certificates                          | \$ 6,956         | \$ -        | \$ -             | \$ 6,956         |
| Foreign unlisted publicly traded preference share | -                | -           | -                | -                |
| Financial assets at FVTOCI                        |                  |             |                  |                  |
| Domestic listed (OTC) Stocks                      | 34,776           |             |                  | 34,776           |
| Domestic unlisted ordinary shares                 | -                | -           | 15,956           | 15,956           |
| Foreign publicly traded stocks                    | 3,908            | -           | -                | 3,908            |
| Foreign unlisted publicly traded preference share | -                | -           | -                | -                |
| Total                                             | <u>\$ 45,640</u> | <u>\$ -</u> | <u>\$ 15,956</u> | <u>\$ 61,596</u> |

| Items                                             | 31-Dec-23        |             |                  |                  |
|---------------------------------------------------|------------------|-------------|------------------|------------------|
|                                                   | Level 1          | Level 2     | Level 3          | Total            |
| Asset:                                            |                  |             |                  |                  |
| Fair value on a recurring basis                   |                  |             |                  |                  |
| Financial assets measured at FVTPL                |                  |             |                  |                  |
| Beneficiary certificates                          | \$ 6,660         | \$ -        | \$ -             | \$ 6,660         |
| Foreign unlisted publicly traded preference share | -                | -           | -                | -                |
| Financial assets at FVTOCI                        |                  |             |                  |                  |
| Domestic unlisted ordinary shares                 | -                | -           | 10,136           | 10,136           |
| Foreign publicly traded stocks                    | 12,076           | -           | -                | 12,076           |
| Foreign unlisted publicly traded preference share | -                | -           | -                | -                |
| Total                                             | <u>\$ 18,736</u> | <u>\$ -</u> | <u>\$ 10,136</u> | <u>\$ 28,872</u> |

### D. Valuation techniques and assumptions used in fair value measurement

(A.) If there is an active market for the financial instruments, the fair value of the financial instruments is measured by using the quoted market prices. The quoted market prices announced by the main market place and the prices of government bonds classified as popular securities announced by Taipei Exchange (TPEX) are deemed as fair value foundation of publicly traded equity instruments and debt instruments with an active market.

If there are timely and frequent quoted prices from the exchange market, the broker, the dealer, industry association, price service organization, or the administrative, and the prices represent

actual, frequent, and fair trades, the financial instruments are deemed as with an active market. Otherwise, the market is deemed as not active. In general, huge price gap, price gap apparently expanding, and small trading volume were indicators of a not active market.

The financial instruments held by the Group with active market quoted prices as their fair value are listed below by characteristics:

a. Publicly traded stock: Closing price

b. Beneficiary certificates: Net value

(B.) Except for the aforementioned financial instruments with active market, the fair value of other financial instruments is measured by valuation technique or quotation of counterparties. The fair value from valuation technique could refer to the fair value of other financial instruments with similar substantial conditions and characteristics, discounted cash flow method and other valuation technique including model with observable market information on balance sheet date (e.g. yield curve of TPEX, quoted interest rate of Reuters commercial Note).

The fair values of non-listed equity investments were Level 3 fair value assets, and determined using the market approach by reference the peer companies valuation, third party quotation, net value and operation status. The significant unobservable input used was discount for lack of marketability. A movement in discount for the lack of marketability would not result in significant changes in the fair values.

(C.) The Group considered the credit risk evaluation adjustment for financial instruments and non-financial instruments to reflect the credit risk of the counterparty and the credit quality of the Group.

(D.) Valuation techniques used in Level 3 fair value Measurement:

The evaluation procedure of the financial instruments belong to Level 3 is verified by the financial department of the Group through verifying the independent source inputs to make sure the evaluation results closing to the market status. To make sure the reasonability of the evaluation results, the financial department verify the independence and reliability of source data, test and renew the input data, model and other necessary inputs.

(E.) There were no transfers between different fair value hierarchy for the years ended December 31, 2024 and 2023, respectively.

### 13. SEPARATELY DISCLOSED ITEMS

(1.) Information about significant transactions:

A. Financing provided to others: None;

B. Endorsements/guarantees provided: Table 1 attached;

C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 2 attached;

D. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None;

E. Acquisition of individual real estate properties at costs of at least NT \$300 million or 20% of the paid-in capital: None;

F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;

G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;

I. Trading in derivative instruments: None;

J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 3 attached;

(2.) Related Information of investees: Please see Table 4 attached;

(3.) Information on investments in Mainland China:

A. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Table 3 attached.

(4.) Information of major shareholder (list of all shareholders with ownership 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder): Please see Table 6 attached.

#### 14. SEGMENT INFORMATION

(1.) For the purpose of management, the chief operating decision-maker, the operation is separated based on business unit and have three reportable segments: Pharmaceuticals, Healthy food, and others. In addition, the Group does not put the asset and liability items into consideration when making an operation decision. Thus, there is no need to disclose the related asset and liability information of the reportable segments.

(2.) Segment revenue and result

|                | Net revenue from external customers |                     |
|----------------|-------------------------------------|---------------------|
|                | 2024                                | 2023                |
| Pharmaceutical | \$ 2,068,586                        | \$ 1,903,980        |
| Healthy food   | 973,166                             | 948,382             |
| Others         | 108,876                             | 110,572             |
| Total          | <u>\$ 3,150,628</u>                 | <u>\$ 2,962,934</u> |

  

|                | Segment operating |                   |
|----------------|-------------------|-------------------|
|                | 2024              | 2023              |
| Pharmaceutical | \$ 402,040        | \$ 355,986        |
| Healthy food   | 269,400           | 254,780           |
| Others         | 22,450            | 33,702            |
| Total          | <u>\$ 693,890</u> | <u>\$ 644,468</u> |

(3.) Reconciliations of the segments' income

|                                 | 2024       | 2023       |
|---------------------------------|------------|------------|
| Income from reportable segments | \$ 693,890 | \$ 644,468 |
| Loss from other segments        | (400,026)  | (358,412)  |

|                                             |                   |                   |
|---------------------------------------------|-------------------|-------------------|
| Non-operating incomes and expenses          | 13,236            | 19,652            |
| Income before tax from continuing operation | <u>\$ 307,100</u> | <u>\$ 305,708</u> |

(4.) Geographical information

| Areas                          | For the Year Ended December 31 |                     |
|--------------------------------|--------------------------------|---------------------|
|                                | 2024                           | 2023                |
| Sales from external customers: |                                |                     |
| Taiwan                         | \$ 2,748,026                   | \$ 2,553,612        |
| Mainland China                 | 202,032                        | 211,340             |
| America                        | 47,384                         | -                   |
| Vietnam                        | 46,997                         | 54,417              |
| Indonesia                      | 23,248                         | 52,692              |
| Others                         | 82,941                         | 90,873              |
| Total                          | <u>\$ 3,150,628</u>            | <u>\$ 2,962,934</u> |

(5.) Major Customer Information:

For the year ended December 31, 2024 and 2023, the Group does not have customers representing over 10% of net revenue. Therefore, no major customer information was disclosed.

## Sinphar Pharmaceutical Co., Ltd. and Subsidiaries

**TABLE 1**

Endorsements/Guarantees provided

For the Year Ended December 31, 2024

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

| No.<br>(Note1) | Endorsement /<br>Guarantee<br>Provider | Guaranteed Party                      |                                       | Limits on<br>Endorsement/<br>Guarantee<br>Amount<br>Provided to Each<br>Guaranteed<br>Party<br>(Note 3) | Maximum<br>Balance for the<br>Period | Ending Balance | Amount Actually<br>Drawn | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized by<br>Properties | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity per<br>Latest Financial<br>Statements | Maximum<br>Endorsement/<br>Guarantee<br>Amount<br>Allowable<br>(Note 4) | Guarantee<br>Provided by<br>Parent<br>Company | Guarantee<br>Provided by<br>A Subsidiary | Guarantee<br>Provided to<br>Subsidiaries<br>in Mainland<br>China |
|----------------|----------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------|----------------|--------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------|------------------------------------------------------------------|
|                |                                        | Name                                  | Nature of<br>relationship<br>(Note 2) |                                                                                                         |                                      |                |                          |                                                                           |                                                                                                             |                                                                         |                                               |                                          |                                                                  |
| 0              | Sinphar<br>Pharmaceutical<br>Co., Ltd. | ZuniMed<br>Biotech Co.,<br>Ltd.       | 1                                     | \$ 1,305,280                                                                                            | \$ 30,000                            | \$ 30,000      | \$ 8,000                 | \$ -                                                                      | 0.92%                                                                                                       | \$ 1,631,600                                                            | Y                                             | —                                        | —                                                                |
| 0              | Sinphar<br>Pharmaceutical<br>Co., Ltd. | SynCore<br>Biotechnology<br>Co., Ltd. | 1                                     | \$ 1,305,280                                                                                            | \$ 250,000                           | \$ 250,000     | \$ -                     | \$ -                                                                      | 7.66%                                                                                                       | \$ 1,631,600                                                            | Y                                             | —                                        | —                                                                |
| 1              | ZuniMed<br>Biotech Co.,<br>Ltd.        | Sinphar<br>Pharmaceutical<br>Co., Ltd | 2                                     | \$ 39,239                                                                                               | \$ 25,000                            | \$ 25,000      | \$ 25,000<br>(Note 5)    | \$ -                                                                      | 25.48%                                                                                                      | \$ 49,049                                                               | —                                             | Y                                        | —                                                                |

Note 1 : (1) The issuer fills in “0”. (2) The subsidiaries are numbered in order starting from “1”.

Note 2 : (1) The endorser/guarantor parent company owns directly and indirectly more the 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorsed/guaranteed company owns directly and indirectly more the 50% voting shares of the endorser/guarantor parent company.

Note 3 : Maximum endorsement/guarantee amount allowable is 40% of the net worth of the Endorsement/Guarantee Provider.

Note 4 : Maximum endorsement/guarantee amount allowable is 50% of the net worth of the Endorsement/Guarantee Provider.

Note 5 : It is a supply guarantee for the medical institution.

## Sinphar Pharmaceutical Co., Ltd. and Subsidiaries

## TABLE 2

## Marketable Securities Held (Excluding Subsidiaries, Associate and Joint Venture)

As of December 31, 2024

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

| Held Company Name                | Marketable Securities Type and Name       | Relationship with Sinphar | Financial Statement Account                                                    | December 31, 2024 |                |                         |            | Note |
|----------------------------------|-------------------------------------------|---------------------------|--------------------------------------------------------------------------------|-------------------|----------------|-------------------------|------------|------|
|                                  |                                           |                           |                                                                                | Shares/Units      | Carrying Value | Percentage of Ownership | Fair Value |      |
| Sinphar Pharmaceutical Co., Ltd. | PHYTOCEUTICA INC.(preferred share)        | Investee                  | Financial assets at fair value through profit or loss(Non-Current)             | 90,362.00         | \$ -           | -                       | \$ -       | -    |
| Sinphar Pharmaceutical Co., Ltd. | Synmosa Biopharma Corporation             | —                         | Financial assets at fair value through other comprehensive income(Non-Current) | 1,008,000.00      | 34,776         | 0.23%                   | 34,776     | -    |
| Sinphar Pharmaceutical Co., Ltd. | Datun Entertainment Development Co., Ltd. | —                         | Financial assets at fair value through other comprehensive income(Non-Current) | 7.00              | 15,956         | 0.59%                   | 15,956     | -    |
| SynCore Biotechnology Co., Ltd.  | Fuh Hwa Money Market                      | —                         | Financial assets at fair value through profit or loss(Current)                 | 252,743.00        | 3,788          | -                       | 3,788      | -    |
| SynCore Biotechnology Co., Ltd.  | Fuh Hwa You Li Money Market               | —                         | Financial assets at fair value through profit or loss(Current)                 | 152,110.90        | 2,129          | -                       | 2,129      | -    |
| SynCore Biotechnology Co., Ltd.  | JPMorgan (Taiwan) Gbl Fd of Bd Fds Inc    | —                         | Financial assets at fair value through profit or loss(Current)                 | 90,062.20         | 1,039          | -                       | 1,039      | -    |
| SynCore Biotechnology Co., Ltd.  | MacuCLEAR, INC. (Preferred Share)         | —                         | Financial assets at fair value through other comprehensive income(Non-Current) | 95,160.00         | -              | 0.95%                   | -          | -    |
| SynCore Biotechnology Co., Ltd.  | Medigene (Common Share)                   | —                         | Financial assets at fair value through other comprehensive income(Non-Current) | 112,467.00        | 3,908          | 0.76%                   | 3,908      | -    |

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

| No.<br>(Note1) | Company Name                                       | Counter-party                                               | Nature of Relationships<br>(Note 2) | Transaction Details       |           |                   |                                               |
|----------------|----------------------------------------------------|-------------------------------------------------------------|-------------------------------------|---------------------------|-----------|-------------------|-----------------------------------------------|
|                |                                                    |                                                             |                                     | Financial Statements Item | Amount    | Transaction Terms | Percentage of consolidated revenue or assets% |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou)          | 1,2                                 | Purchase                  | \$ 24,796 | Note 4            | 1%                                            |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou)          | 1,2                                 | Accounts Payable          | 10,811    | Note 4            | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | ZuniMed Biotech Co., Ltd.                                   | 1,2                                 | Purchases                 | 70,312    | Note 4            | 2%                                            |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | ZuniMed Biotech Co., Ltd.                                   | 1,2                                 | Accounts Payable          | 9,022     | Note 4            | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | SynCore Biotechnology Co., Ltd.                             | 1,2                                 | Sales Revenue             | 5,042     | Note 4            | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | SynCore Biotechnology Co., Ltd.                             | 1,2                                 | Rental Income             | 9,800     | Note 5            | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | SynCore Biotechnology Co., Ltd.                             | 1,2                                 | Other Income              | 11,210    | —                 | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | SynCore Biotechnology Co., Ltd.                             | 1,2                                 | Deferred Income           | 1,049     | —                 | -                                             |
| 0              | Sinphar Pharmaceutical Co., Ltd.                   | CANCAP PHARMACEUTICAL LTD.                                  | 1,2                                 | Professional Service Fee  | 1,641     | —                 | -                                             |
| 1              | Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou) | Hetian Tianli shasheng Pharmaceutical Development Co., Ltd. | 3                                   | Purchases                 | 18,151    | Note 4            | 1%                                            |
| 1              | Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou) | Hetian Tianli shasheng Pharmaceutical Development Co., Ltd. | 3                                   | Accounts Payable          | 17,715    | Note 6            | -                                             |

Note 1 : Sinphar and its subsidiaries are coded as follows:

1. Sinphar is coded “0”.
2. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2 : The relationship with the trader has the following three types:

1. Parent Company to a subsidiary.
2. Subsidiary to the parent Company .
3. Subsidiary to subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to consolidated revenue or assets, if it is an asset-liability item, it is calculated by the balance at the end of the period in the consolidated assets; if it is a profit and loss item, it is calculated by the cumulative amount in the period as a share of the consolidated revenue.

Note 4 : There is no significant difference of receive (payment) terms and price based on the actual transaction terms from general customers,the receive(payment) term is 30 to 365 days .

Note 5: The rent is determined by the general rental market price in the nearby areas and the mutual agreements from both parties. The rental income is received monthly according to the contract term.

Note 6: The selling price is determined by mutual agreement and general market price. Prepayment shall be made in advance according to the pre-ordered quantity during the credit period. A new selling price for the exceeded quantity will be negotiated if the actual quantity exceeds the scheduled quantity.

## Sinphar Pharmaceutical Co., Ltd. and Subsidiaries

**TABLE 4**

Name, Location, and Related Information of Investees Over Which Sinphar Exercise Significant Influence (Excluding Information On Investment In Mainland China) as of December 31, 2024

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

| Investor Company                 | Investee Company                              | Location               | Main Businesses and Products                    | Original Investment Amount |                   | Balance as of December 31, 2024 |                         |                | Net Income (Losses) of the Investee | Share of Profits / Losses of Investee | Notes      |
|----------------------------------|-----------------------------------------------|------------------------|-------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|-------------------------------------|---------------------------------------|------------|
|                                  |                                               |                        |                                                 | December 31, 2024          | December 31, 2023 | Shares                          | Percentage of Ownership | Carrying Value |                                     |                                       |            |
| Sinphar Pharmaceutical Co., Ltd. | CANCAP PHARMACEUTICAL LTD.(Ordinary shares)   | Canada                 | Production and sale of healthy food             | \$ 92,255                  | \$ 44,605         | 2,000,000                       | 100.00%                 | \$ -           | \$ (3,429)                          | \$ (3,429)                            | Subsidiary |
| Sinphar Pharmaceutical Co., Ltd. | CANCAP PHARMACEUTICAL LTD.(Preference shares) | Canada                 | Production and sale of healthy food             | 126,247                    | 126,247           | 51,500                          | 100.00%                 | 44,981         | (3,429)                             | -                                     | Subsidiary |
| Sinphar Pharmaceutical Co., Ltd. | SUNETIC BIOTECH INC.                          | Mauritius              | Investment business                             | 745,748                    | 745,748           | 18,854,534                      | 83.47%                  | 850,671        | 1,053                               | 5,621                                 | Subsidiary |
| Sinphar Pharmaceutical Co., Ltd. | UNIVERSAL NEXT TECHNOLOGIES INC.              | British Virgin Islands | Investment business                             | 17,467                     | 17,467            | 503,845                         | 100.00%                 | 52             | 23                                  | 23                                    | Subsidiary |
| Sinphar Pharmaceutical Co., Ltd. | ZuniMed Biotech Co., Ltd.                     | Taiwan                 | Production and sale of medical appliances       | 109,990                    | 109,990           | 10,300,000                      | 100.00%                 | 93,527         | 3,431                               | 2,328                                 | Subsidiary |
| Sinphar Pharmaceutical Co., Ltd. | SynCore Biotechnology Co., Ltd.               | Taiwan                 | Biotechnology service                           | 1,864,935                  | 1,864,935         | 22,597,472                      | 64.26%                  | 189,270        | (54,283)                            | (34,784)                              | Subsidiary |
| SynCore Biotechnology Co., Ltd.  | SynCore Biotechnology Europe GmbH             | Germany                | New drugs development and biotechnology service | 834                        | 834               | 25,000                          | 100.00%                 | 759            | 19                                  | 19                                    | Subsidiary |

Note1 : The shares of profits/losses of investee were calculated based on the financial statements audited by the CPAs. The effect of realized (unrealized) gains and losses have already been considered.

Note2 : CANCAP PHARMACEUTICAL LTD. 's Board of Directors resolved in August 2024 to redeem and cancel all common shares to offset accumulated losses.

Simultaneously, the Company conducted a cash capital increase. The Company's shareholding originally amounted to 2,140,000 shares and was adjusted to 2,000,000 shares after the capital increase.

## Sinphar Pharmaceutical Co., Ltd. and Subsidiaries

## TABLE 5

## INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2024

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

| Investee Company                                            | Main Businesses and Products                                            | Total Amount of Paid-in Capital (RMB in Thousands) | Method of Investment                                                                                                                                                    | Accumulated Outflow of Investment from Taiwan as of January 1, 2024 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of December 31, 2024 | Net Income (Losses) of Investee Company | Percentage of Ownership | Shares of Profits/Losses (note 1) | Carrying Amount as of December 31, 2024 | Accumulated Inward Remittance of Earnings as of December 31, 2024 |
|-------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------------------|
|                                                             |                                                                         |                                                    |                                                                                                                                                                         |                                                                     | Outflow          | Inflow |                                                                       |                                         |                         |                                   |                                         |                                                                   |
| Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou)          | Production and sales of raw materials, pharmaceuticals                  | RMB 193,005                                        | Indirect investment in mainland China by SUNETIC BIOTECH INC., an 83.47% owned subsidiary of Sinphar                                                                    | \$ 645,635<br>(USD 19,786 thousand)                                 | -                | -      | \$ 645,635<br>(USD 19,786 thousand)                                   | \$ 1,259                                | 83.47%                  | \$ 5,793                          | \$ 871,124                              | \$ 179,317                                                        |
| Hetian Tianli shasheng Pharmaceutical Development Co., Ltd. | Scientific research and production and sales of shasheng Pharmaceutical | RMB 10,000                                         | Indirect investment in mainland China by Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou), a sub-subsidiary Company of which Sinphar holds 83.47% of the total shares | -                                                                   | -                | -      | -                                                                     | (8,584)                                 | 75.96%                  | (10,145)                          | 76,102                                  | -                                                                 |
| Hangzhou Vitrum Healthy Food Co., Ltd.                      | Sale of healthy food                                                    | RMB 30,000                                         | Indirect investment in mainland China by Sinphar Tian-Li Pharmaceutical Co., Ltd.(Hangzhou) a sub-subsidiary Company of which Sinphar holds 83.47% of the total shares. | -                                                                   | -                | -      | -                                                                     | (492)                                   | 83.47%                  | (410)                             | 1,167                                   | -                                                                 |

| Accumulated Investment in Mainland China as of December 31, 2024 (US\$ in Thousands) | Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands) | Upper Limit on Investment (Note 3) |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------|
| 652,200<br>(USD 19,986(Note 2))                                                      | 830,155<br>(USD 25,321)                                                          | 1,957,920                          |

Note 1 : The shares profits/losses of investee were calculated based on the financial statements audited by the R.O.C. CPAs of the parent Group.

Note 2 : The amount included the indirect investment of UNIVERSAL NEXT TECHNOLOGY INC to Qinghai Mingxing Bio-Engineering Co., amounting to USD\$ 200 thousand, which has already been cancelled by the Investment Board.

Note 3 : According to the regulations of the Investment Commission of the Ministry of Economic Affairs, the upper limit of the cumulative amount of its investment in the mainland is 60% of the net value.

## Information of major shareholders

December 31, 2024

| Shareholders                    | Shares                            |                      |
|---------------------------------|-----------------------------------|----------------------|
|                                 | Total shares owned (In thousands) | Ownership Percentage |
| XING-DA CAPITAL CORP.           | 17,294                            | 9.54%                |
| PURZER PHARMACEUTICAL CO., LTD. | 9,623                             | 5.31%                |

Note: The main shareholder information in this table is calculated by Taiwan Depository & Clearing Corporation, using total number of ordinary shares and preferred shares held by the shareholders who have completed Sinphar's dematerialized securities registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the difference between capital stock recorded in Sinphar's financial report and the number of shares which Sinphar actually have completed the dematerialized securities registration and delivery, may result from computation basis.