

GENMONT BIOTECH INC.

Parent Company Only Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report

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Notice to Readers

The English parent company only financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are audited by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of GenMont Biotech Inc.

Audit opinion

We have audited the parent company only balance sheets of GenMont Biotech Inc. (hereinafter referred to as the "Company") as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial status of the Company as of December 31, 2025 and 2024, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. 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 ones that were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2025 based on our professional judgment. These matters have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Assessment of inventory obsolescence loss

Please refer to Note 4(7) of the accompanying parent company only financial statements for accounting policies concerning inventory, Note 5(1) for accounting estimates and assumption uncertainty concerning inventory valuation, and Note 6(5) for disclosures pertaining to inventory write-downs.

Description of key audit matter:

The primary inventory of the Company consists of various probiotic supplements. Market demand and other factors may cause existing products to become outdated or misaligned with market needs, leading to inventory obsolescence. This increases the risk that inventory costs may exceed the net realizable value. As a result, the evaluation of inventory obsolescence loss is one of the key audit matters in our audit of the Company's parent company only financial statements.

Audit procedures:

Our key audit procedures for the aforementioned key audit matter included:

- Gaining an understanding of management’s inventory obsolescence valuation policy and comparing it to historical obsolescence data to assess the accuracy of past estimates.
- Obtaining the inventory aging report, selecting samples, and tracing them to inventory movement records to verify the accuracy of aging calculations.
- Recalculating the inventory obsolescence allowances based on applicable obsolescence rates for different aging brackets.
- Assessing the adequacy of the Company’s disclosures regarding inventory allowances.

2. Impairment assessment of long-term non-financial assets of the investee subsidiary

Please refer to Note 4(12) of the accompanying parent company only financial statements for accounting policies concerning the impairment assessment of long-term non-financial assets of the investee subsidiary, Note 5(2) for relevant accounting estimates and assumption uncertainty, and Note 6(6) for details on the impairment assessment of long-term non-financial assets of the investee subsidiary.

Description of key audit matter:

The industry in which the investee subsidiary operates is susceptible to changes in market conditions and the recoverable amount for impairment assessment of long-term non-financial assets of the investee subsidiary is based on external experts’ assessments. As the assessment outcome would directly affect the carrying amount of long-term non-financial assets, the impairment assessment of long-term non-financial assets of the investee subsidiary was considered one of the key audit matters in our audit of the Company’s parent company only financial statements.

Audit procedures:

Our key audit procedures for the aforementioned key audit matter included:

- Evaluating the professional competence, qualifications, and independence of the external valuation expert engaged by the Company.
- Engaging a third-party valuation expert to assist in reviewing and assessing the appropriateness of the valuation methodology selected and the reasonableness of the underlying assumptions in the valuation report.
- Assessing the adequacy of the Company’s disclosures concerning the assessment on impairment of long-term non-financial assets.

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

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing the ability of the Company in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statement users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need 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 result in the Company ceasing to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of investees accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and execution of the audit and the preparation of an audit opinion on the Company.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of the Company's parent company only financial statements for the year ended December 31, 2025. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

March 9, 2026

GENMONT BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6(1))	\$ 102,344	7	99,053	7
Financial assets at amortized cost - current (Note 6(3))	261,624	18	248,130	17
Notes and accounts receivable, net (Note 6(4) & (15))	43,729	3	28,230	2
Other receivables	738	-	1,729	-
Other receivables - related parties (Note 7)	20,147	1	18,640	1
Inventories (Note 6(5))	37,427	3	37,948	3
Prepayments and other current assets	2,994	-	3,387	-
Other financial assets - current (Note 8)	67,440	5	67,170	4
Total current assets	536,443	37	504,287	34
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 6(2))	-	-	6,090	-
Investments accounted for using the equity method (Note 6(6))	673,481	46	724,757	49
Property, plant and equipment (Note 6(7))	89,233	6	99,681	7
Right-of-use assets (Note 6(8))	32,040	2	34,414	2
Intangible assets	337	-	236	-
Deferred income tax assets (Note 6(12))	51,838	3	42,041	3
Net defined benefit assets - non-current (Note 6(11))	9,290	1	8,296	1
Other financial assets - non-current (Note 8)	67,440	5	67,170	4
Other non-current assets	2,402	-	3,156	-
Total non-current assets	926,061	63	985,841	66
TOTAL	\$ 1,462,504	100	1,490,128	100

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS - (Continued)
DECEMBER 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Contract liabilities - current (Note 6(15))	\$ 20,982	1	38,337	3
Notes and accounts payable	7,964	1	6,304	-
Other payables	35,928	3	36,259	3
Current income tax liabilities	22,735	2	12,187	1
Lease liabilities - current (Note 6(10))	1,759	-	2,404	-
Refund liabilities - current (Note 6(9) & (15))	1,577	-	3,165	-
Total current liabilities	90,945	7	98,656	7
NON-CURRENT LIABILITIES				
Deferred income tax liabilities (Note 6(12))	5,519	-	3,114	-
Lease liabilities - non-current (Note 6(10))	32,841	2	34,261	2
Guarantee deposits received	2,318	-	2,318	-
Total non-current liabilities	40,678	2	39,693	2
Total liabilities	131,623	9	138,349	9
EQUITY (Note 6(12) & (13))				
Ordinary shares	860,104	59	865,114	58
Capital surplus	351,774	24	353,744	24
Retained earnings	113,340	8	128,017	9
Other equity	5,663	-	4,904	-
Total equity	1,330,881	91	1,351,779	91
TOTAL	\$ 1,462,504	100	1,490,128	100

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	2025		2024	
	Amount	%	Amount	%
Operating revenue (Note 6(15))	\$ 354,544	100	345,164	100
Operating costs (Notes 6(5), (11) & (16) & 12)	110,517	31	110,615	32
Gross profit	244,027	69	234,549	68
Operating expenses (Notes 6(4), (10), (11) & (16), 7 & 12)				
Selling and marketing expenses	44,040	12	45,366	13
General and administrative expenses	59,610	17	61,474	18
Research and development expenses	24,670	7	26,310	7
Expected credit loss (gain)	725	-	(516)	-
Total operating expenses	129,045	36	132,634	38
Profit from operations	114,982	33	101,915	30
Non-operating income and expenses (Note 6(10) & (17))				
Interest income	7,050	2	11,248	3
Other gains and losses	3,986	1	15,800	5
Finance costs	(897)	-	(909)	-
Share of loss of subsidiaries accounted for using the equity method	(52,225)	(15)	(53,835)	(16)
Total non-operating income and expenses	(42,086)	(12)	(27,696)	(8)
Profit before income tax	72,896	21	74,219	22
Less: Income tax expense (Note 6(12))	15,698	4	16,968	5
Net profit	57,198	17	57,251	17
Other comprehensive income (loss) (Note 6(12) & (13))				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	860	-	871	-
Less: Income tax related to items that will not be reclassified subsequently	172	-	174	-
	688	-	697	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	949	-	25,975	8
Less: Income tax related to items that may be reclassified subsequently	190	-	5,195	2
	759	-	20,780	6
Other comprehensive income (loss), net of income tax	1,447	-	21,477	6
Total comprehensive income	\$ 58,645	17	78,728	23
Earnings per share (NT\$) (Note 6(14))				
Basic	\$ 0.66		0.66	
Diluted	\$ 0.66		0.66	

(The accompanying notes are an integral part of the parent company only financial statements.)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Total	Other Equity	Treasury Shares	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on Translation of Foreign Operations		
Balance as of January 1, 2024	\$ 865,114	377,102	46,479	5,579	37,909	89,967	(15,876)	-	1,316,307
Net income for the period	-	-	-	-	57,251	57,251	-	-	57,251
Other comprehensive income (loss) for the period	-	-	-	-	697	697	20,780	-	21,477
Total comprehensive income for the period	-	-	-	-	57,948	57,948	20,780	-	78,728
Appropriation and distribution of earnings									
Appropriation of legal reserve	-	-	3,292	-	(3,292)	-	-	-	-
Appropriation of special reserve	-	-	-	10,297	(10,297)	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(19,898)	(19,898)	-	-	(19,898)
Cash dividends from capital surplus	-	(23,358)	-	-	-	-	-	-	(23,358)
Balance as of December 31, 2024	865,114	353,744	49,771	15,876	62,370	128,017	4,904	-	1,351,779
Net income for the period	-	-	-	-	57,198	57,198	-	-	57,198
Other comprehensive income (loss) for the period	-	-	-	-	688	688	759	-	1,447
Total comprehensive income for the period	-	-	-	-	57,886	57,886	759	-	58,645
Appropriation and distribution of earnings									
Appropriation of legal reserve	-	-	5,795	-	(5,795)	-	-	-	-
Reversal of special reserve	-	-	-	(15,876)	15,876	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(69,209)	(69,209)	-	-	(69,209)
Repurchase of treasury shares	-	-	-	-	-	-	-	(10,334)	(10,334)
Cancellation of treasury shares	(5,010)	(1,970)	-	-	(3,354)	(3,354)	-	10,334	-
Balance as of December 31, 2025	\$ 860,104	351,774	55,566	-	57,774	113,340	5,663	-	1,330,881

(The accompanying notes are an integral part of the parent company only financial statements.)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Profit before income tax	\$ 72,896	74,219
Adjustments:		
Non-cash income and expense items		
Depreciation	16,840	19,901
Amortization	120	103
Expected credit loss (gain)	725	(516)
Net (gain) loss on financial assets at fair value through profit or loss	(4,016)	1,230
Interest expense	897	909
Interest income	(7,050)	(11,248)
Dividend income	(330)	(330)
Share of loss of subsidiaries accounted for using the equity method	52,225	53,835
Loss on disposal of property, plant and equipment	1	-
Unrealized gain on foreign currency exchange	(17,696)	(6,661)
Total non-cash income and expense items	41,716	57,223
Changes in operating assets and liabilities:		
Net changes in operating assets:		
(Increase) decrease in notes and accounts receivable	(15,563)	10,255
(Increase) decrease in other receivables	(15)	34
Decrease in other receivables - related parties	829	742
Decrease in inventories	521	11,486
Decrease (increase) in prepayments and other current assets	393	(812)
Increase in net defined benefit assets - non-current	(134)	(88)
Total net changes in operating assets	(13,969)	21,617
Net changes in operating liabilities:		
(Decrease) increase in contract liabilities	(17,355)	4,360
Increase (decrease) in notes and accounts payable	1,660	(1,548)
(Decrease) increase in other payables	(457)	2,931
Decrease in refund liabilities	(1,588)	(6,767)
Total net changes in operating liabilities	(17,740)	(1,024)
Total net changes in operating assets and liabilities	(31,709)	20,593
Total adjustments	10,007	77,816
Cash generated from operations	82,903	152,035
Interest received	8,056	11,276
Dividend received	330	330
Interest paid	(897)	(909)
Income tax paid	(12,904)	(29,916)
Net cash generated by operating activities	77,488	132,816

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS - (Continued)
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (609,616)	(682,900)
Disposal of financial assets at amortized cost	603,190	710,481
Proceeds from disposal of financial assets at fair value through profit or loss	10,106	-
Acquisition of property, plant and equipment	(3,195)	(1,731)
Acquisition of intangible assets	(221)	(196)
Increase (decrease) in other financial assets	6,209	(67,337)
Decrease in other non-current assets	754	723
Net cash generated by (used in) investing activities	<u>7,227</u>	<u>(40,960)</u>
Cash flows from financing activities:		
Decrease in guarantee deposits received	-	(50)
Repayment of lease principal	(2,762)	(2,645)
Cash dividends from capital surplus	-	(23,358)
Distribution of cash dividends	(69,209)	(19,898)
Cost of treasury shares repurchased	(10,334)	-
Net cash used in financing activities	<u>(82,305)</u>	<u>(45,951)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>881</u>	<u>688</u>
Net increase in cash and cash equivalents	3,291	46,593
Cash and cash equivalents at beginning of period	99,053	52,460
Cash and cash equivalents at end of period	<u><u>\$ 102,344</u></u>	<u><u>99,053</u></u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

GenMont Biotech Inc. (the “Company”) was incorporated on December 6, 2000 in accordance with the Company Act of the Republic of China and merged the subsidiary Medray Biotech Incorporation on September 30, 2012. The registered address of the Company is No. 8, Nanke 7th Rd., Shanhua Dist., Tainan City, Taiwan (R.O.C.) The Company mainly engage in the research, development, manufacturing and selling of a variety of probiotic supplements.

2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements of the Company for the years ended December 31, 2025 and 2024 were approved and authorized for issue in the board of directors’ meeting on March 9, 2026.

3. Newly Issued or Revised Standards and Interpretations

- (1) Impact of adopting newly issued or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

The Company has adopted the newly amended International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) below since January 1, 2025. The adoption does not have a significant impact on the parent company only financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

- (2) Impact of not yet adopting IFRS Accounting Standards endorsed by the FSC

Upon assessment, the adoption of newly amended IFRS Accounting Standards below, which take effect for annual periods beginning on January 1, 2026, does not have a significant impact on the parent company only financial statements.

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

- (3) Newly issued or revised standards and interpretations not yet endorsed by the FSC

Standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC, which may be relevant to the Company, are as follows:

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

<u>Newly Issued or Amended Standard</u>	<u>Key Amendments</u>	<u>Effective Date as Issued by the IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two new subtotals in the statement of profit or loss, and a single note on management performance measures. These amendments enhance and refine the guidance on disaggregation in financial statements, providing users with more useful and consistent information. The amendments will affect all companies.</p> <ul style="list-style-type: none"> • More structured statement of profit or loss: Under the current standards, companies use different formats to present their financial performance, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured format for the statement of profit or loss, introduces a newly defined “operating profit” subtotal, and requires all income and expenses to be classified into three newly established categories based on the company’s main business activities. • Management Performance Measures (MPM): The new standard defines management performance measures and requires companies to include a single note in their financial statements explaining why each measure provides useful information, how it is calculated, and how it reconciles with amounts recognized under IFRS Accounting Standards. • More disaggregated information: The new standard includes guidance on how companies should enhance the grouping of information in financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes. 	<p>January 1, 2027 Note: On September 25, 2025, the FSC announced that companies in Taiwan shall apply IFRS 18 starting from January 1, 2028, and may elect early adoption upon the FSC’s endorsement of IFRS 18.</p>

The Company is continuously assessing the impact of the above standards and interpretations on its financial position and operating results. Relevant effects will be disclosed once the evaluation is completed.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

The Company expects the newly issued or amended standards below, which have yet to be endorsed by the FSC, would not have a significant impact on the parent company only financial statements.

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

4. Summary of Significant Accounting Policies

Significant account policies adopted for the preparation of the parent company only financial statements are summarized below. Unless otherwise stated, the following accounting policies have been applied consistently throughout periods covered by the parent company only financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

Except for major balance sheet items set out below, the parent company only financial statements have been prepared on a historical cost basis:

- (a) Financial assets at fair value through profit or loss which are measured at fair value, and
- (b) Net defined benefit assets which are measured at the fair value of the pension fund assets less the present value of the defined benefit obligations.

B. Functional currency and presentation currency

Functional currency of the Company is the currency used by the principal economic environment in which it operates. The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollars. Figures expressed in New Taiwan dollars are shown in thousands of New Taiwan dollars.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are initially recognized at the rates of exchange prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date; 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 is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are retranslated using the exchange rates as at the dates of the initial transactions.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

Exchange differences arising on the translation are recognized in profit or loss, except for the following circumstances where they are recognized in other comprehensive income:

- (a) Equity instruments designated as at fair value through other comprehensive income;
- (b) Financial liabilities designated as hedges of net investments in a foreign operation where the hedges are effective; or
- (c) Qualifying cash flow hedges where the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill arising from the acquisition and fair value adjustments, are translated into New Taiwan dollars using the rates prevailing at the reporting date, and income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative exchange differences associated with the foreign operation is reclassified to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange differences is re-attributed to the NCIs. In the partial disposal of an associate or a joint venture that includes a foreign operation, the proportionate share of the cumulative exchange differences is reclassified to profit or loss.

For monetary receivables or payables of a foreign operation without a settlement plan and are not likely to be settled in the foreseeable future, the foreign exchange gains or losses are deemed as a part of the net investment in the foreign operation and recognized in other comprehensive income

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

An asset is classified as current when:

- A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. the Company holds the asset primarily for the purpose of trading;
- C. the Company expects to realize the asset within twelve months after the reporting period; or
- D. the asset is cash or cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. the Company expects to settle the liability in its normal operating cycle;
- B. the Company holds the liability primarily for the purpose of trading;
- C. the liability is due to be settled within twelve months after the reporting period; or

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

D. the Company does not have the right at the balance sheet date to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the aforementioned definitions and are held to fulfill short-term cash commitments instead of for investment or other purposes are recognized as cash equivalents.

(6) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the instruments. Financial assets (except for accounts receivables without a significant financing component) or financial liabilities are initially measured at fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Accounts receivables without a significant financing component are initially recognized at transaction prices.

A. Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date or settlement date basis.

On initial recognition, financial assets are classified as measured at amortized cost or at fair value through profit or loss. Only when the Company changes the business model for managing the financial assets would financial assets affected be reclassified on the first day of the reporting period following the change.

(a) Financial assets at amortized cost

Financial assets which satisfy conditions below and are not designated as at fair value through profit or loss are measured at amortized cost:

- the objective of the business model for holding the financial asset is to collect its contractual cash flows, and
- cash flows generated on specified dates pursuant to the contractual terms are solely payments of principal and interest on the outstanding principal.

Such assets are subsequently measured at amortized cost, which is the amount initially recognized plus or minus the cumulative amortization calculated using the effective interest method, and adjusted for loss allowance, if any. Interest income, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

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

Financial assets not measured at amortized cost nor at fair value through other comprehensive income (e.g., financial assets held for trading and ones managed and assessed for performance on fair value basis) are presented as financial assets at fair

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

value through profit or loss, which include derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets which satisfy the conditions to be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Those financial assets are subsequently measured at fair value and the gains or losses arising (including dividends or interests received on such financial assets) are recognized in profit or loss.

(c) Impairment of financial assets

The Company recognizes loss allowance for financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivables, other receivables (including related parties), refundable deposits and other financial assets) at an amount equal to expected credit losses.

Loss allowance of the following assets is measured at an amount equal to 12-month expected credit losses while all other assets are measured at an amount equal to lifetime expected credit losses:

- Debt securities determined to have low credit risk at the reporting date; and
- Other debt securities and bank deposits whose credit risk (i.e., the risk of default during the expected life of financial instruments) has not increased significantly since initial recognition.

For accounts receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses refer to expected credit losses arising from all possible default events during the expected life of financial instruments.

12-month expected credit loss refers to expected credit losses arising from possible default events of financial instruments during the 12-month period (or a shorter period if the expected life of the financial instruments is less than 12 months) after the reporting date.

The maximum period for the measurement of expected credit loss is the longest contract term where the Company is exposed to credit risk.

When determining whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information (i.e., information obtained without undue cost or effort), including qualitative and quantitative information, and performs analysis based on the Company's past experience, credit assessment and forward-looking information.

When the contractual payments from customers in the manufacturing industry have become overdue for more than 30 days, the credit risks of such financial assets are deemed to have increased significantly.

When the contractual payments from customers in the manufacturing and retailing industries have become overdue for more than 120 days and 90 days, respectively; or the borrowers are unlikely to fulfill their obligations and make the payments in full, a default is deemed to have occurred.

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For time deposits, the Company deals only with financial institutions that are rated the equivalent of investment grade or higher. Thus, the Company is deemed to have low credit risk.

Expected credit loss is the probability-weighted estimate of credit losses during the expected life of financial instruments. Credit losses are measured as the present value of all cash shortfalls, i.e., the difference between the contractual cash flows and the cash flows the Company expects to receive.

The Company assesses whether financial assets at amortized cost are credit-impaired at each reporting date. When one or more events with adverse impact on the estimated future cash flows of financial assets have occurred, the financial assets are deemed as credit-impaired. Evidence of financial assets with credit impairment includes the following observable data:

- The borrower or the issuer has suffered significant financial difficulties;
- A breach of contract, such as delinquencies or past due for over 1 year;
- Concessions that would not otherwise have given by the Company due to economic or contractual reasons relating to the financial difficulties of borrower;
- The borrower is likely to declare bankruptcy or engage in other financial reorganization activities; or
- The disappearance of an active market for the financial assets due to financial difficulties

The loss allowance of financial assets at amortized cost is deducted from the carrying amount of the assets.

When the recovery of financial assets cannot be reasonably expected, the Company directly writes off the gross carrying amount of such financial assets in part or in full, depending on the circumstance. The Company assesses the timing and amount of the individual write-off based on whether a recovery can be reasonably expected. The Company does not expect a significant reversal of the amount written off. However, financial assets written off can still be subject to enforcement activities in order to comply with the Company's recovery procedures for overdue receivables.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the asset have expired, or the Company has transferred the financial asset as well as substantially all the risks and rewards associated with the ownership of the asset, or the Company has not transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control over the asset.

When the Company engages in a transfer of financial asset, if it has retained substantially all the risks and rewards of the asset transferred, the asset would continue to be recognized on the balance sheets.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

B. Financial liabilities and equity instruments

(a) Classification of liability and equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(b) Equity instruments

Equity instruments are contracts that represent residual interests after the Company deducts all of its liabilities from its assets. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

(c) Treasury shares

When the Company repurchases its own equity instruments, the consideration paid (including any directly attributable costs) is recognized as a deduction from equity. The shares repurchased are classified as treasury shares. Upon subsequent sale or reissuance of treasury shares, the consideration received is recognized as an increase in equity, and any difference arising from the transaction is recognized in capital surplus, or in retained earnings if the capital surplus is insufficient to offset the difference.

(d) Financial liabilities

Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss. Financial liabilities held for trading, derivative instruments and financial liabilities designated as at fair value through profit or loss upon initial recognition are classified as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value with related gains or losses, including interest expenses, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Upon derecognition, all gains and losses are also recognized in profit or loss.

(e) Derecognition of financial liabilities

Financial liabilities are derecognized when the obligations of the liabilities are discharged, cancelled or expired. Financial liabilities are also derecognized when their terms are modified and the cash flows as a result of the modification are significantly different from the original cash flows. New financial liabilities would be recognized at fair value based on the modified terms.

Upon derecognition, the difference between the carrying amount and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset with the net amount presented on the balance sheets only when the Company has a current and legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or to

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

realize the assets and settle the liabilities simultaneously.

(7) Inventories

Inventories are valued at the lower of cost and net realizable value. Costs include expenses incurred for acquiring the inventories, production or process costs, and other costs incurred for bringing them to their present location and condition. Costs are calculated using the weighted average model. The costs of finished goods and work in progress include manufacturing overhead allocated based on normal operating capacity.

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

(8) Investment in subsidiaries

For the preparation of parent company only financial statements, investees controlled by the Company are accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income in the parent company only financial statements are the same as profit or loss and other comprehensive income attributable to owners of the parent company in the consolidated financial statements. Also, shareholders' equity in the parent company only financial statements is the same as equity attributable to owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions.

(9) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment are stated at cost (including capitalized borrowing costs), net of accumulated depreciation and accumulated impairment, if any.

Significant parts of property, plant and equipment with different useful lives are accounted for as a separate item (main component) of the property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

B. Subsequent costs

Expenditures incurred after initial recognition are capitalized only when future economic benefits associated are likely to flow to the Company.

C. Depreciation

Depreciation is calculated by deducting the residual value of the asset from its cost and recognized in profit or loss on a straight-line basis over the estimated useful life of the asset.

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

(a) Buildings	2~50 years
(b) Machinery and equipment	2~15 years
(c) Transportation equipment	5~8 years
(d) Office equipment	2~8 years

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

- (e) Other equipment 2~10 years

The depreciation methods, useful lives and residual values of property, plant and equipment are reviewed on each reporting date with necessary adjustments.

(10) Leases

On the dates the contracts are established, the Company assesses whether the contracts are (or contain) leases. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is defined as (or contains) a lease.

The Company being a lessee

On the commencement date, the Company recognizes right-of-use assets and lease liabilities for all leases. The right-of-use assets are initially measured at cost which includes the initial measurement amount of lease liabilities, adjusted for lease payments made on or before the commencement date, initial direct costs incurred by the lessee, and estimated costs for the lessee to dismantle and remove the underlying asset and restore its original location or to restore the underlying asset to the conditions required by the lease terms and conditions, less any lease incentives received.

The right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date to the end of underlying assets' useful lives or the end of lease terms, whichever is earlier. In addition, the Company regularly assesses the right-of-use assets for impairment and accounts for impairment loss incurred. When the lease liabilities are remeasured, the right-of-use assets are adjusted accordingly.

On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments. If the interest rate implicit in the lease can be readily determined, lease payments would be discounted using this rate. If the rate cannot be readily determined, the incremental borrowing rate of the Company would be used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities are as follows:

- A. Fixed payments, including in-substance fixed payments;
- B. Variable lease payments that are determined by an index or a rate and the initial measurement adopts the index or rate as at the commencement date;
- C. Amounts expected to be paid under residual value guarantees; and
- D. The exercise price or the penalties to be paid if the Company is reasonably certain to exercise the purchase or termination option.

After the commencement date, lease liabilities are measured using the effective interest method and remeasured when one of the following situations occurs:

- A. Changes in the index or rate used to determine the lease payments resulting in changes in future lease payments;
- B. Changes in the amount expected to be paid under residual value guarantees;
- C. Changes in the evaluation of purchase options;
- D. Changes in the assessments on whether the extension or termination option will be exercised, which lead to changes in the assessment of lease period;

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

E. Changes in the assets, scope or other terms of the lease.

When the lease liabilities are remeasured due to changes in the index or rate used to determine the lease payments, amount of residual value guarantees, and assessment on purchase, extension or termination option as stated above, corresponding adjustments shall be made to the carrying amount of the right-of-use assets, or in profit and loss if the carrying amount of the right-of-use assets has been reduced to zero.

As for lease modifications which narrow the lease scope, the carrying amount of the right-of-use assets would be reduced to reflect the partial or full termination of leases and the differences between the decrease in the right-of-use assets and the remeasurement of lease liabilities are recognized in profit or loss.

The Company presents right-of-use assets which do not qualified as an investment property and lease liabilities as separate line items on the balance sheets.

For contracts that contain lease and non-lease components, the Company allocates the consideration in the contracts to individual lease component on the basis of the relative stand-alone price. However, for the leases of land and buildings, the Company elects not to distinguish the non-lease component and accounts for both lease and non-lease components as a single lease component.

For short-term leases or leases of low value assets such as the leases for dormitories and other equipment, the Company elects not to recognize the right-of-use assets and lease liabilities. Instead, it adopts the straight-line basis to recognize the lease payments associated with those leases as expenses during the lease terms.

(11) Intangible assets

A. Recognition and measurement

Other than goodwill, intangible assets with finite useful lives are measured at cost, net of accumulated amortization and accumulated impairment.

B. Subsequent expenditures

Expenditures incurred after initial recognition are capitalized only when they can increase the future economic benefits of a particular asset. All other expenses are recognized in profit or loss as incurred, including internally generated goodwill and brands.

C. Amortization

Intangible assets of the Company are costs for computer software acquisition. Amortization is calculated by deducting the residual value of the assets from cost and recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets (2 to 6 years) from the date the assets are available for use.

The amortization methods, useful lives and residual values of intangible assets are reviewed by the Company on each reporting date with necessary adjustments.

(12) Impairment of non-financial assets

The Company assesses the carrying amount of its non-financial assets (other than inventories and deferred income tax assets) to determine whether there is any indication of impairment on each reporting date. If any such indication exists, the Company would estimate the recoverable amount of the assets.

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For the purpose of impairment testing, assets are grouped into the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows of other assets or groups of assets.

The recoverable amount is the higher of the fair value net of costs of disposal and value in use of the asset or cash-generating unit (CGU). When assessing the value in use, estimated future cash flows are discounted to their present value by a pre-tax discount rate, which shall reflect the current market assessments on the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized when the recoverable amount of an asset or a CGU is lower than its carrying amount.

Impairment losses are recognized immediately in profit or loss. They are allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

For non-financial asset other than goodwill, the reversal of previously recognized impairment loss is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

(13) Revenue recognition

Revenue from contracts with customers

Revenues are measured by the considerations the Company expects to be entitled to in exchange for goods transferred to the customers. The Company recognizes revenues when it satisfies performance obligations by transferring the control over the goods to the customers. Details on main revenue items are set out below:

A. Sale of goods

The Company manufactures and sells a variety of probiotic supplements. It recognizes revenue when the control over the products has been transferred, i.e., when the products are delivered to customers and the customers have full control over the channels and prices for selling the products. Also, there is no unfulfilled obligations which may affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to specific locations, the risks of obsolescence and loss have been transferred to customers and the customer has accepted the products in accordance with the sales contracts, or the acceptance provisions have lapsed, or the Company has objective evidence that all acceptance criteria have been satisfied.

The Company often offers sales allowances and discounts to customers based on the cumulative sales volume over a 12-month period. The Company recognizes revenue based on the contract prices, net of estimated allowances and discounts. Sales allowances and discounts are estimated by the expected value method based on past experience, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, refund liabilities are recognized for the amounts expected to be paid to customers due to allowances and discounts in relation to sales made. The average collection terms for sales are set between 30 to 180 days, which are consistent with the industry practices; thus, financing components are not included.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

The Company recognizes accounts receivable when products are delivered as the Company then has an unconditional right to collect the considerations.

B. Financing component

The Company expects the time between transferring goods to customers for contracts with customers and receiving payments for such goods to be less than one year. Thus, the Company does not adjust the transaction prices for the time value of money.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are recognized as an expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

B. Defined benefit plans

The Company's net obligations in respect of defined benefit plans are calculated separately for each of the plan by discounting the amounts of future benefits earned by employees in the current or prior periods, net of the fair value of any plan assets.

Defined benefit obligations are calculated by qualified actuaries annually using the projected unit credit method. When the outcome may be beneficial to the Company, the asset recognized is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plans. When calculating the present value of economic benefits, the minimum funding requirements shall be considered.

Remeasurements of the net defined benefit liabilities, which include actuarial gains and losses, the return on plan assets (excluding interest) and changes to the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (income) of the net defined benefit liabilities (assets) by using the net defined benefit liabilities (assets) and discount rate at the beginning of the annual period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When plans are amended or curtailed, the resulting changes in benefits that relate to past service costs or the gains or losses on curtailment are recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of defined benefit plans when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed when services are provided. Liabilities are recognized if the Company has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

(15) Share-based payment transactions

The fair value of equity settled share-based payment arrangements as of the grant date is recognized as an expense, with a corresponding increase in equity, over the vesting period of

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the awards. The amount recognized as an expense is adjusted to reflect the number of awards satisfying the service and non-market vesting conditions. The amount ultimately recognized is based on the number of awards which meet the service and non-market vesting conditions on the vesting date.

As for the non-vesting conditions of share-based payment awards, they are reflected in the fair value measurement of the share-based payment on the grant date and no true-up is required for the differences between expected and actual outcomes.

The grant date of the Company's share-based payments is the date when the Company and its employees have reached a consensus on the subscription price and the number of shares for the subscription.

(16) Income tax

Income tax includes both current income tax and deferred income tax, which shall be recognized in profit or loss except for ones associated with business combinations or items recognized directly in equity or other comprehensive income.

Current income tax includes the expected tax payables or receivables calculated on the taxable profits (losses) for the year and any adjustment to the tax payables or receivables of prior years. The amount is the best estimate of the amount expected to be paid or received based on the tax rates that have been enacted or substantively enacted as of the reporting date.

Deferred income tax is the temporary difference between the carrying amounts of assets and liabilities and their tax bases at the reporting date. Deferred income tax is recognized for all temporary differences, except:

- A. Where the temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, (a) affects neither the accounting profit nor taxable profit (loss) and (b) does not give rise to equal taxable and deductible temporary differences;
- B. Where the temporary differences are associated with investments in subsidiaries, associates and joint ventures and the timing of its reversal can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future; and
- C. Where the taxable temporary differences arise from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, carryforward of unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized. The reductions may be reversed when it has become probable that there may be sufficient taxable profit available.

Deferred income tax is measured at the tax rates expected to apply upon the reversal of temporary differences, based on rates enacted or substantively enacted as of the reporting date.

Deferred income tax assets and liabilities are offset only when the following conditions are met:

- A. A legally enforceable right exists to set off current income tax assets against current income tax liabilities, and

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- B. The deferred income tax assets and the deferred income tax liabilities relate to income tax levied by the same taxation authority on either:
- (a) The same taxable entity; or
 - (b) Different taxable entities which intend to settle current income tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period where significant amounts of deferred income tax assets or liabilities are expected to be recovered or settled, respectively.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders. Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares, including share options granted to employees and employee compensation which may be distributed in the form of share.

(18) Operating segments

The Company has disclosed information pertaining to operating segments in the consolidated financial statements. Thus, such information is not disclosed in the parent company only financial statements.

5. Significant Accounting Judgments and Major Sources of Estimation and Uncertainty

The preparation of the parent company only financial statements requires management to make judgments and estimates regarding the future (including climate-related risks and opportunities), which would affect the adoption of accounting policies as well as the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from the estimates.

Management continuously reviews estimates and underlying assumptions to ensure consistency with the Company's risk management and climate-related commitments. Changes in estimates are recognized prospectively in the period of change and future periods affected.

Accounting policies which involve significant judgement and have significant effect on amounts recognized in the parent company only financial statements are ones associated with the determination of lease term.

When determining the lease term, it shall be the non-cancellable period together with periods covered by an option to extend the lease where the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the lessee is reasonably certain not to exercise that option. When the Company assesses whether the lessee would exercise the aforementioned options, it would consider all relevant facts and circumstances which would generate economic incentives to the lessee. The lease term is reassessed when a significant event or a significant change in circumstances occurs, that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option or not to exercise an option after the commencement date. Changes in the assessment of lease term would lead to remeasurements of lease liabilities and adjustments to the right-of-use assets. Please refer to Note 6(8) and (10) for details.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

Assumptions and estimation uncertainties which have significant risks of resulting in material adjustments to the carrying amounts of assets in the following financial year are set out below:

(1) Assessment of inventory obsolescence loss

Since inventories must be valued at the lower of cost and net realizable value, the Company assesses the value of inventories for normal loss, obsolescence and unavailability of market prices on the reporting date and writes down the cost of inventories to net realizable value. The assessment of inventory obsolescence loss may be significantly affected by subsequent market supply and demand. For details on the subsequent measurement of inventories, please refer to Note 6(5) for details.

(2) Impairment assessment of long-term non-financial assets of the investee subsidiary

During the assessment on asset impairment, the Company determines the recoverable amount of specific asset group based on the assessment carried out by external experts. Changes in experts' assumptions and judgements could result in significant impairment loss in the future. Please refer to Note 6(6) for the impairment assessment of long-term non-financial assets of the investee subsidiary.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$ 124	126
Checking and demand deposits	102,220	98,927
Cash and cash equivalents on the statements of cash flows	\$ 102,344	99,053

Please refer to Note 6(18) for disclosures on foreign currency risk and sensitivity analysis of the Company's financial assets.

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

	December 31, 2025	December 31, 2024
Financial assets mandatorily at fair value through profit or loss - non-current		
Shares listed on Taipei Exchange (TPEX)	\$ -	6,090

Please refer to Note 6(17) for remeasurements at fair value recognized in profit or loss.

Please refer to Note 6(19) for market risk information.

The aforementioned financial assets were not pledged.

(3) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Time deposits with maturities of more than three months	\$ 261,624	248,130

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

Upon assessment, such assets are held to collect its contractual cash flows at maturity and the cash flows generated are solely payments of principal and interest on the outstanding principal. Thus, they are recognized as financial assets at amortized cost.

Please refer to Note 6(19) for credit risk information.

The aforementioned financial assets were not pledged.

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable - from operation	\$ 3,745	5,197
Accounts receivable - at amortized cost	42,881	25,205
Less: Loss allowance	(2,897)	(2,172)
	\$ 43,729	28,230

The Company adopts the simplified approach for the estimation of expected credit losses for all notes and accounts receivables, i.e., the use of lifetime expected credit loss. For measurement purpose, notes and accounts receivables are grouped based on their common credit risk characteristics which represent the customers' abilities to meet all payment obligations according to the contracts. Forward-looking information, including macroeconomic and industry-related information, has also been taken into consideration.

Analysis on the expected credit losses of notes and accounts receivables from customers in the manufacturing industry was as follows:

	December 31, 2025		
	Carrying Amount of Notes and Accounts Receivables	Weighted-average Expected Credit Loss Rate	Lifetime Expected Credit Loss
Not past due	\$ 18,798	0%~3.09%	499
1 to 30 days	7,701	24.70%	1,902
31 to 60 days	23	32.23%	7
61 to 90 days	273	63.48%	174
91 to 120 days	26	100%	26
Over 121 days	42	100%	42
	\$ 26,863		2,650

	December 31, 2024		
	Carrying Amount of Notes and Accounts Receivables	Weighted-average Expected Credit Loss Rate	Lifetime Expected Credit Loss
Not past due	\$ 16,514	0%~2.97%	448
1 to 30 days	3,631	25.08%	910
31 to 60 days	-	30.87%	-
61 to 90 days	12	63.97%	8
91 to 120 days	500	93.31%	466
Over 121 days	144	100%	144
	\$ 20,801		1,976

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

Analysis on the expected credit losses of notes and accounts receivables from customers in the retailing industry was as follows:

	December 31, 2025		
	Carrying Amount of Notes and Accounts Receivables	Weighted-average Expected Credit Loss Rate	Lifetime Expected Credit Loss
Not past due	\$ 18,548	0.00%	-
1 to 90 days	968	0.00%	-
Over 91 days	247	100%	247
	\$ 19,763		247

	December 31, 2024		
	Carrying Amount of Notes and Accounts Receivables	Weighted-average Expected Credit Loss Rate	Lifetime Expected Credit Loss
Not past due	\$ 8,592	0%~0.01%	1
1 to 90 days	815	0.06%	1
Over 91 days	194	100%	194
	\$ 9,601		196

Movements in the loss allowances of notes and accounts receivables were as follows:

	Years Ended December 31	
	2025	2024
Beginning balance	\$ 2,172	2,688
Impairment loss (reversed)	725	(516)
Ending balance	\$ 2,897	2,172

The aforementioned financial assets were not discounted nor pledged as collateral.

(5) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 13,036	14,385
Work in progress	12,829	15,243
Finished goods	11,562	8,320
	\$ 37,427	37,948

Details of the Company's operating costs were as follows:

	Years Ended December 31	
	2025	2024
Transfers from inventories sold	\$ 105,829	103,600
(Reversal of) inventory write-downs	(339)	92
Unallocated manufacturing overhead	4,951	6,096
Inventory losses from obsolescence	250	1,026
Gain on physical inventory	(174)	(199)
Total	\$ 110,517	110,615

The Company's inventories were not pledged.

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(6) Investments accounted for using the equity method

The Company's investments accounted for using the equity method as at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	\$ 673,481	724,757

A. Subsidiaries

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

B. Collateral

The Company's investments accounted for using the equity method were not pledged as collateral as of December 31, 2025 and 2024.

C. Impairment assessment of long-term non-financial assets

The Company performed impairment testing on subsidiaries as there was an indication of impairment as of December 31, 2025 and 2024. As the recoverable amounts of property, plant and equipment and right-of-use assets of subsidiaries within the CGUs were higher than their carrying amounts, impairment loss was not recognized.

(7) Property, plant and equipment

Movements in the costs and accumulated depreciation of the Company's property, plant and equipment were as follows:

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Unfinished Construction and Equipment Awaiting Acceptance	Total
Costs:							
Balance as of January 1, 2025	\$ 171,051	220,540	2,950	3,255	11,182	-	408,978
Addition	-	1,305	-	2,017	-	-	3,322
Disposal	-	(1,592)	-	(84)	(60)	-	(1,736)
Balance as of December 31, 2025	\$ 171,051	220,253	2,950	5,188	11,122	-	410,564
Balance as of January 1, 2024	\$ 170,924	221,620	2,950	3,285	10,885	-	409,664
Addition	127	448	-	-	439	-	1,014
Disposal	-	(1,528)	-	(30)	(142)	-	(1,700)
Balance as of December 31, 2024	\$ 171,051	220,540	2,950	3,255	11,182	-	408,978
Accumulated depreciation:							
Balance as of January 1, 2025	\$ 117,549	175,976	2,368	3,188	10,216	-	309,297
Depreciation	3,076	10,096	176	170	251	-	13,769
Disposal	-	(1,591)	-	(84)	(60)	-	(1,735)
Balance as of December 31, 2025	\$ 120,625	184,481	2,544	3,274	10,407	-	321,331
Balance as of January 1, 2024	\$ 113,334	165,226	2,183	3,156	10,153	-	294,052
Depreciation	4,215	12,278	185	62	205	-	16,945
Disposal	-	(1,528)	-	(30)	(142)	-	(1,700)
Balance as of December 31, 2024	\$ 117,549	175,976	2,368	3,188	10,216	-	309,297

(Continued)

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Unfinished Construction and Equipment Awaiting Acceptance	Total
Carrying amount:							
December 31, 2025	\$ 50,426	35,772	406	1,914	715	-	89,233
December 31, 2024	\$ 53,502	44,564	582	67	966	-	99,681
January 1, 2024	\$ 57,590	56,394	767	129	732	-	115,612

(Concluded)

The Company's property, plant and equipment were not pledged.

(8) Right-of-use assets

Movements in the costs and accumulated depreciation of right-of-use assets leased by the Company were as follows:

	Land	Buildings	Transportation Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2025	\$ 39,457	7,233	1,380	48,070
Variable lease payments	-	20	-	20
Addition	-	677	-	677
Balance as of December 31, 2025	\$ 39,457	7,930	1,380	48,767
Balance as of January 1, 2024	\$ 38,103	5,237	1,380	44,720
Variable lease payments	1,354	-	-	1,354
Addition	-	1,996	-	1,996
Balance as of December 31, 2024	\$ 39,457	7,233	1,380	48,070
Accumulated depreciation of right-of-use assets				
Balance as of January 1, 2025	\$ 7,508	5,545	603	13,656
Depreciation	963	1,590	518	3,071
Balance as of December 31, 2025	\$ 8,471	7,135	1,121	16,727
Balance as of January 1, 2024	\$ 6,545	4,069	86	10,700
Depreciation	963	1,476	517	2,956
Balance as of December 31, 2024	\$ 7,508	5,545	603	13,656
Carrying amount:				
December 31, 2025	\$ 30,986	795	259	32,040
December 31, 2024	\$ 31,949	1,688	777	34,414
January 1, 2024	\$ 31,558	1,168	1,294	34,020

(9) Refund liabilities

	December 31, 2025	December 31, 2024
Refund liabilities - current	\$ 1,577	3,165

Refund liabilities are recognized for the amounts expected to be paid to customers due to possible returns as well as allowances and discounts in relation to sales made. Based on past records of sales returns as well as allowances and discounts, the Company expects such liabilities to take place mainly in the year of sales or the following year.

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

(10) Lease liabilities

Carrying amount of lease liabilities was as follows:

	December 31, 2025	December 31, 2024
Current	<u>\$ 1,759</u>	<u>2,404</u>
Non-current	<u>\$ 32,841</u>	<u>34,261</u>

Please refer to Note 6(18) Financial instruments for maturity analysis.

Amounts recognized in profit or loss were as follows:

	Years Ended December 31	
	2025	2024
Interest expense of lease liabilities	<u>\$ 897</u>	<u>909</u>
Expenses relating to short-term leases or leases of low value assets	<u>\$ 81</u>	<u>122</u>

Amounts recognized in statements of cash flows were as follows:

	Years Ended December 31	
	2025	2024
Total cash outflows of leases	<u>\$ 3,740</u>	<u>3,676</u>

A. Leases of land and buildings

The Company leases land and building for factories and warehouses. Lease terms range between one to forty years. Some leases contain the option to extend the lease term. When the Company is not reasonably certain that it would exercise the option to extend the lease term, payments associated with the extension period covered by the option would not be included in the lease liabilities.

B. Other leases

The Company leases transportation equipment with a term of three years.

Also, the Company leases dormitories and other equipment. Such leases are classified as short-term leases or leases of low value assets. The Company elects to adopt the exemption rule and not to recognize relevant right-of-use assets and lease liabilities.

(11) Employment benefits

A. Defined benefit plan

The reconciliation of the present value of defined benefit obligations and the net defined benefit assets of the Company was as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 2,674	3,066
Fair value of plan assets	(11,964)	(11,362)
Net defined benefit assets	<u>\$ (9,290)</u>	<u>(8,296)</u>

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

For the defined benefit plan, the Company makes contributions to the pension fund deposited with the Bank of Taiwan. Pursuant to the Labor Standards Act, pension benefits are calculated based on the number of units earned during the years of service and the average monthly salaries of the six months before retirement.

Contributions deposited by the Company in the pension fund account with the Bank of Taiwan have been sufficient for a suspension of contributions. Pursuant to the “Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds”, the Company has been approved by the pension fund supervisory committee to suspend the contributions from July 1, 2023 to June 30, 2026 on June 5, 2025, June 17, 2024 and May 24, 2023 and has obtained the approval letter from the Southern Taiwan Science Park Bureau on June 18, 2025, June 24, 2024 and June 14, 2023, respectively.

(a) Composition of plan assets

The pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” the minimum earnings from the fund are guaranteed to be no less than the earnings attainable from local banks’ two-year time deposits.

As of December 31, 2025 and 2024, the balances of the Company’s pension fund accounts with the Bank of Taiwan amounted to NT\$11,964 thousand and NT\$11,362 thousand, respectively. Information concerning the use of funds, including the fund yields and asset allocation, is available at the Bureau’s official website.

(b) Movements in the present value of defined benefit obligations

Movements in the present value of the Company’s defined benefit obligations were as follows:

	Years Ended December 31	
	2025	2024
Defined benefit obligations as of January 1	\$ 3,066	2,988
Current service costs and interests	48	36
Remeasurement of net defined benefit assets	(77)	42
Plan benefits paid	(363)	-
Defined benefit obligations as of December 31	\$ 2,674	3,066

(c) Movements in the fair value of plan assets

Movements in the fair value of the Company’s defined benefit plan assets were as follows:

	Years Ended December 31	
	2025	2024
Fair value of plan assets as of January 1	\$ 11,362	10,325
Interest income	182	124
Remeasurement of net defined benefit assets	783	913
Plan benefits paid	(363)	-
Fair value of plan assets as of December 31	\$ 11,964	11,362

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

(d) Expenses recognized in profit or loss

Details of deductions in expenses were as follows:

	Years Ended December 31	
	2025	2024
Net interests on net defined benefit assets	\$ (134)	(88)
Deductions in general and administrative expenses	\$ (134)	(88)

(e) Actuarial assumptions

Principal actuarial assumptions used in determining the present value of the defined benefit obligations as at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.40%	1.60%
Expected rate of salary increases	2.00%	2.00%

The Company's contributions to the defined benefit plan within one year after the reporting date of 2025 amounted to NT\$0 thousand. The weighted-average duration of defined benefit plan was 10 years.

(f) Sensitivity analysis

The impact of changes in the principal actuarial assumptions on the present value of the defined benefit obligations as of December 31, 2025 and 2024 was as follows:

	Impact on Defined Benefit Obligations	
	0.25% Increase	0.25% Decrease
December 31, 2025		
Discount rate	\$ (60)	55
Expected rate of salary increases	62	(54)
December 31, 2024		
Discount rate	\$ (70)	72
Expected rate of salary increases	64	(63)

The sensitivity analysis above was based on the impact of changes in a single assumption while all other assumptions remain constant. In practice, it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method adopted for the sensitivity analysis is consistent with the calculation of net defined benefit assets on the balance sheets.

The method and assumptions adopted for the preparation of sensitivity analysis in the current period were the same as the ones for the prior period.

B. Defined contribution plan

For the defined contribution plan, the Company makes monthly contributions equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance pursuant to the Labor Pension Act. Other than the contributions of a fixed amount to the Bureau of Labor Insurance under the plan, the Company has no legal or constructive obligations to make additional payments.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

The Company's pension expenses under the defined contribution plan amounted to NT\$4,367 thousand and NT\$4,252 thousand for the years ended December 31, 2025 and 2024, respectively, which have been contributed to the Bureau of Labor Insurance.

(12) Income tax

A. Income tax expense

Details of the Company's income tax expense were as follows:

	Years Ended December 31	
	2025	2024
Current income tax expense		
Current period	\$ 23,521	23,148
Adjustments on prior periods	(69)	2
	<u>23,452</u>	<u>23,150</u>
Deferred income tax benefit		
Origination and reversal of temporary differences	(7,754)	(6,182)
Income tax expense	<u>\$ 15,698</u>	<u>16,968</u>

B. Income tax expense (benefit) recognized in other comprehensive income was as follows:

	Years Ended December 31	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	<u>\$ 172</u>	<u>174</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>\$ 190</u>	<u>5,195</u>

C. No income tax expense was recognized directly in equity for the years ended December 31, 2025 and 2024.

D. The reconciliation of income tax expense and profit before income tax was as follows:

	Years Ended December 31	
	2025	2024
Profit before income tax	<u>\$ 72,896</u>	<u>74,219</u>
Income tax expense at the statutory rate of the Company	14,579	14,844
Tax-exempt dividend income	(66)	(66)
(Loss) gain on financial assets at fair value through profit or loss	(803)	246
Adjustments on prior years	(69)	2
Non-deductible expenses	2,057	1,942
Income tax expense	<u>\$ 15,698</u>	<u>16,968</u>

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

E. Deferred income tax assets and liabilities

Movements in the deferred income tax assets and liabilities recognized by the Company were as follows:

Deferred income tax assets:

	Unrealized Investment Loss	Refund Liabilities	Inventory Loss Allowance	Unrealized Exchange Loss	Others	Total
Balance as of January 1, 2025	\$ 39,079	633	223	-	2,106	42,041
Credit (debit) profit or loss	10,445	(318)	(68)	-	(72)	9,987
Exchange differences on translation of foreign operations	(190)	-	-	-	-	(190)
Balance as of December 31, 2025	\$ 49,334	315	155	-	2,034	51,838
Balance as of January 1, 2024	\$ 33,507	1,986	204	1,716	2,291	39,704
Credit (debit) profit or loss	10,767	(1,353)	19	(1,716)	(185)	7,532
Exchange differences on translation of foreign operations	(5,195)	-	-	-	-	(5,195)
Balance as of December 31, 2024	\$ 39,079	633	223	-	2,106	42,041

Deferred income tax liabilities:

	Defined Benefit Plan	Unrealized Exchange Gain	Total
Balance as of January 1, 2025	\$ 1,782	1,332	3,114
Credit (debit) profit or loss	26	2,207	2,233
Debit other comprehensive income	172	-	172
Balance as of December 31, 2025	\$ 1,980	3,539	5,519
Balance as of January 1, 2024	\$ 1,590	-	1,590
Credit (debit) profit or loss	18	1,332	1,350
Debit other comprehensive income	174	-	174
Balance as of December 31, 2024	\$ 1,782	1,332	3,114

F. Assessment of income tax returns

As of December 31, 2025, the Company's income tax returns were assessed and approved up to 2023.

(13) Share capital and other equity

As of December 31, 2025 and 2024, the Company's authorized capital amounted to NT\$1,000,000 thousand, with a par value of NT\$10 per share. The authorized capital consists entirely of ordinary shares, and the total number of issued shares was 86,010 thousand and 86,511 thousand, respectively.

A. Cancellation of ordinary shares

The Company's board of directors resolved on August 8, 2025 to cancel 501 thousand treasury shares, with a par value of NT\$10 per share. Following the cancellation, the Company's paid-in capital amounted to NT\$860,104 thousand. The record date for the capital reduction was August 15, 2025.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

B. Capital surplus

Details of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Premium from share issuance	\$ 338,300	340,270
Expired share options	13,474	13,474
	\$ 351,774	353,744

According to the Company Act, capital surplus shall first be used to offset a deficit. Next, the realized capital surplus may be distributed as stock dividends or cash dividends by the original ownership percentages of shareholders. The so-called realized capital surplus includes income derived from issuance of new shares at a premium and income from endowments received by the Company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus transferred to capital is limited to 10% of the Company's paid-in capital annually.

The Company resolved to distribute capital surplus of NT\$17,202 thousand as cash dividends (NT\$0.20 per share) in the board of directors' meeting on March 9, 2026.

The Company resolved to distribute capital surplus of NT\$23,358 thousand as cash dividends (NT\$0.27 per share) in the board of directors' meeting on March 7, 2024.

C. Retained earnings

In accordance with the Company's Articles of Incorporation, where the Company makes a profit in a fiscal year, the profit shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed earnings from the previous year shall then be resolved in the shareholders' meeting for distribution of bonus to shareholders. However, stock dividends shall not exceed 50% of the total dividends. The Company authorizes the board of directors to distribute dividends, bonuses, legal reserves and capital surplus, in whole or in part, in the form of cash, with the approval of a majority of attending directors at a meeting attended by at least two-third of all directors. Such distribution shall be reported to the shareholders' meeting.

(a) Legal reserve

According to the Company Act, if the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash upon a resolution of the shareholders' meeting.

(b) Special reserve

The FSC requires that when distributing distributable earnings, the Company shall set aside a special reserve equivalent to the net debit balance of other shareholders' equity of the year. This reserve shall be deducted from the net income of the current period, plus amounts other than net income that are included in the undistributed earnings of the period, as well as the undistributed earnings of prior periods. For deductions to other shareholders' equity from prior periods, the special reserve appropriated from the undistributed earnings of those periods shall not be distributed.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

If such deductions are reversed in later periods, the amount of the subsequent reversals may be distributed as earnings.

(c) Earnings distribution

On March 10, 2025, and March 7, 2024, the Company's board of directors approved the cash dividend distributions for 2024 and 2023, respectively. The amounts to be distributed to shareholders were as follows:

	Years Ended December 31	
	2024	2023
Dividends to ordinary shareholders:		
Cash	\$ 69,209	19,898

Cash dividends to shareholders in the 2025 earnings distribution proposal approved in the board of directors' meeting on March 9, 2026 were as follows:

	2025
Dividends to ordinary shareholders:	
Cash	\$ 51,606

(d) Treasury shares

In 2025, the Company repurchased 501 thousand of its own shares as treasury shares in accordance with Article 28-2 of the Securities and Exchange Act to safeguard the Company's credit standing and shareholders' interests. As of December 31, 2025, all of the aforementioned treasury shares had been canceled. There were no such transactions in 2024.

Movements in treasury shares were as follows:

	2025	
	Shares (In thousands)	Amount
Beginning balance	-	\$ -
Repurchase of treasury shares	501	10,334
Cancellation of treasury shares	(501)	(10,334)
Ending balance	-	\$ -

Treasury shares held by the Company are not entitled to shareholders' rights prior to transfer in accordance with the Company Act.

(e) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Operations
Balance as of January 1, 2025	\$ 4,904
Exchange differences on translation of the net assets of foreign operations	759
Balance as of December 31, 2025	\$ 5,663

(Continued)

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

	Exchange Differences on Translation of Foreign Operations
Balance as of January 1, 2024	\$ (15,876)
Exchange differences on translation of the net assets of foreign operations	20,780
Balance as of December 31, 2024	\$ 4,904

(Concluded)

(14) Earnings per share (EPS)

The calculation of basic and diluted EPS was as follows:

	For shares: In thousand shares Years Ended December 31	
	2025	2024
Basic EPS:		
Net income attributable to ordinary shareholders of the Company	\$ 57,198	57,251
Weighted average no. of ordinary shares outstanding	86,266	86,511
Basic EPS (NT\$)	\$ 0.66	0.66
Diluted EPS:		
Net income attributable to ordinary shareholders of the Company	\$ 57,198	57,251
Weighted average no. of ordinary shares outstanding	86,266	86,511
Effect of dilutive potential ordinary shares		
Compensation to employees	258	215
Weighted average no. of ordinary shares outstanding (diluted)	86,524	86,726
Diluted EPS (NT\$)	\$ 0.66	0.66

(15) Revenue from contracts with customers

A. Disaggregation of revenue

	Years Ended December 31	
	2025	2024
Main geographical markets		
Taiwan	\$ 199,527	191,419
Singapore	43,487	69,597
Mainland China	69,374	45,993
Others	42,156	38,155
	\$ 354,544	345,164
Main products		
Selling of functional foods	\$ 354,544	345,164

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

B. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$ 3,745	5,197	6,196
Accounts receivable	42,881	25,205	34,419
Less: Loss allowance	(2,897)	(2,172)	(2,688)
Total	\$ 43,729	28,230	37,927
Contract liabilities	\$ 20,982	38,337	33,977
Refund liabilities	\$ 1,577	3,165	9,932

Please refer to Note 6(4) for disclosures on notes and accounts receivables as well as relevant impairment.

The beginning balances of contract liabilities reclassified to revenue amounted to NT\$31,196 thousand and NT\$26,445 thousand for the years ended December 31, 2025 and 2024, respectively.

Movements in contract liabilities mainly come from the timing difference between the time when the Company transfers goods to its customers and satisfies its performance obligations and the time when customers make the payments.

(16) Compensation to employees and remuneration to directors

Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall be between 2% and 10% of the balance and the remuneration to directors shall not be higher than 5% of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors.

The Company accrued NT\$4,089 thousand and NT\$4,012 thousand as compensation to employees and NT\$2,045 thousand and NT\$2,006 thousand as remuneration to directors for the years ended December 31, 2025 and 2024, respectively. The amounts accrued were calculated by multiplying the net profit before income tax, compensation to employees, and remuneration of directors of respective periods by the accrual rates stated in the Company's Articles of Incorporation and recognized as operating costs or operating expenses for the respective years. If the actual payments in the following year differ from the accrued amounts, the difference is recognized as a change in the accounting estimate in profit or loss. For the years ended December 31, 2025 and 2024, there was no difference between the accrued amounts and the amounts approved by the board of directors. Relevant information is available at the Market Observation Post System website.

(17) Non-operating income and expenses

A. Interest income

Details of interest income were as follows:

	Years Ended December 31	
	2025	2024
Interests on bank deposits	\$ 7,050	11,248

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

B. Other gains and losses

Details of other gains and losses were as follows:

	Years Ended December 31	
	2025	2024
Loss on disposal of property, plant and equipment	\$ (1)	-
Foreign exchange (loss) gain	(1,385)	16,234
Gain (loss) on financial assets at fair value through profit or loss	4,016	(1,230)
Dividend income	330	330
Others	1,026	466
Total	\$ 3,986	15,800

C. Finance costs

Details of finance costs were as follows:

	Years Ended December 31	
	2025	2024
Interest expense of lease liabilities	\$ (897)	(909)

(18) Financial instruments

A. Credit risk

(a) Maximum exposure to credit risk

Carrying amount of financial assets represented the maximum credit risk exposure of the Company.

(b) Credit risk concentration

The Company has a broad customer base; therefore, credit risk arising from accounts receivable is not significantly concentrated with any single customer. However, as of December 31, 2025, due to certain non-recurring factors, approximately 51% of the accounts receivable balance was attributable to two customers. The Company did not incur any significant credit losses from these customers during the reporting period. To lower the credit risk, the Company also regularly reviews the financial status of customers. However, customers are not required to provide collateral in general.

(c) Credit risk of receivables

Please refer to Note 6(4) for credit risk exposures of notes and accounts receivables as well as the provision of loss allowance.

Financial assets at amortized cost and other receivables are financial assets with low credit risk. Thus, their loss allowance equals 12-month expected credit loss. For the years ended December 31, 2025 and 2024, there was no provision nor reversal of loss allowances.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

B. Liquidity risk

The table below shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1~2 Years	2~5 Years	Over 5 Years
December 31, 2025						
Non-derivative financial liabilities						
Non-interest-bearing liabilities	\$ 43,892	43,892	43,892	-	-	-
Lease liabilities	34,600	50,157	2,603	1,526	4,577	41,451
Guarantee deposits received	2,318	2,318	-	-	2,318	-
	\$ 80,810	96,367	46,495	1,526	6,895	41,451
December 31, 2024						
Non-derivative financial liabilities						
Non-interest-bearing liabilities	\$ 42,563	42,563	42,563	-	-	-
Lease liabilities	36,665	53,115	3,299	2,263	4,577	42,976
Guarantee deposits received	2,318	2,318	-	-	2,318	-
	\$ 81,546	97,996	45,862	2,263	6,895	42,976

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

C. Foreign currency risk

(a) Exposure to foreign currency risk

Details of the Company's exposure to significant foreign currency risk were as follows:

	December 31, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 560	31.430	17,589	4,754	32.785	155,872
EUR	547	36.90	20,173	546	34.14	18,644
RMB	69,211	4.496	311,174	53,881	4.478	241,279
<u>Non-monetary items</u>						
RMB	149,795	4.496	673,481	161,848	4.478	724,757

(b) Sensitivity analysis

Foreign currency risk of the Company's monetary items mainly comes from cash and cash equivalents, financial assets at amortized cost, accounts receivables, other receivables (including related parties) and other financial assets denominated in foreign currencies which result in exchange gains or losses upon translation. For the years ended December 31, 2025 and 2024, a 1% depreciation or appreciation of the New Taiwan dollar against foreign currencies (U.S. dollar, Euro and Renminbi), assuming all other factors remained constant, would have resulted in an increase or decrease of NT\$3,489 thousand and NT\$4,158 thousand, respectively, in profit before income tax. The analysis of both periods adopted the same basis.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(c) Foreign exchange gains or losses on monetary items

The exchange gains and losses (including realized and unrealized) arising from the translation of the Company's monetary items into its functional currency are as follows:

	Years Ended December 31			
	2025		2024	
	Foreign Exchange Gain (Loss)	Average Exchange Rate	Foreign Exchange Gain (Loss)	Average Exchange Rate
New Taiwan dollar	\$ (1,385)	-	16,234	-

D. Interest rate analysis

The Company was not exposed to interest rate risk as it did not have financial liabilities at floating rates.

E. Other price risk

The impact of changes in the prices of equity securities (both periods adopted the same basis and assumed other variable factors had remained constant) on the comprehensive income as of the reporting date was as follows:

Price of Securities on the Reporting Date	2024	
	Other Comprehensive Income, Net of Tax	Net Income (Loss)
3% increase	\$ -	146
3% decrease	\$ -	(146)

The Company disposed of all its shareholdings in Y-S Electronic Co., Ltd. in August 2025. As of December 31, 2025, the Company no longer held any equity securities; therefore, there was no impact on other comprehensive income arising from changes in the fair value of equity instruments.

F. Fair value information

(a) Types and fair value of financial instruments

Financial assets at fair value through profit or loss were measured at fair value on a recurring basis. The carrying amounts and fair values of all types of financial assets and liabilities, including information on fair value hierarchy, were presented below. However, financial instruments not measured at fair value with carrying amounts being reasonable estimates of the fair value and lease liabilities are not required to be disclosed.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

The Company uses observable inputs of the market whenever possible for asset and liability measurements. The level of fair value hierarchy is determined based on the inputs used in the valuation techniques as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 inputs are not based on observable market data (i.e., unobservable inputs) for an asset or liability.

- (b) Fair value valuation techniques for financial instruments not measured at fair value

The Company's financial instruments not measured at fair value are financial assets and liabilities at amortized cost. Except for ones with short maturities or with carrying amount approximate future receipts and payments, whose fair value is estimated using the carrying amount as of the balance sheet date, the methods and assumptions for fair value evaluation were as follows:

The fair value of instruments with quoted prices from transactions or market makers is measured based on the recent transaction prices and quoted prices. If market prices are not available, the fair value is measured using the discounted cash flows.

- (c) Fair value valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial instruments with quoted prices in an active market is based on the quoted prices. The market prices announced by the main exchange centers or the exchange center of central government bonds serve as the basis for the fair value of the listed equity instruments and debt instruments with quoted prices from an active market.

If the market quotes of financial instruments from the Taiwan Stock Exchange, brokers, underwriters, industrial trade unions, pricing service agencies or competent authorities can be frequently obtained on time, and the prices represent the actual and frequent transactions at arm's length, then the financial instruments are deemed to have quoted prices in an active market. If the conditions above cannot be met, the market is deemed inactive. In general, wide bid-ask spread, significant increases in bid-ask spread or extremely low trading volume are all indicators of an inactive market.

TPEX-listed shares held by the Company are financial assets with standardized terms and conditions and an active market. Their fair values are determined by market quotes.

- (d) For the years ended December 31, 2025 and 2024, there was no transfer between different levels of the fair value hierarchy.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

(19) Financial risk management

A. Overview

The Company is exposed to the following risks due to its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents the Company's exposures to the risks above as well as the Company's objectives, policies and procedures of risk measurement and management. For more information on the quantitative effects of these risk exposures, please refer to the respective notes to the accompanying parent company only financial statements.

B. Financial risk management structure

The board of directors takes full responsibility on setting up and monitoring the Company's risk management structure. It also instructs the Chairman to be responsible for developing and controlling the risk management policies of the Company.

The Company's financial risk management policy aims to identify and analyze the financial risks faced by the Company, assess the impact of such risks and implement policies to avoid the risks. The policy is reviewed regularly to reflect changes in the market and the Company's operation. Through internal controls such as training and procedures, the Company is committed to develop a disciplined and constructive control environment for all employees to understand their roles and obligations.

The Company's Audit Committee oversees how the management monitors the Company's compliance with the risk management policy and procedures. The Committee also reviews the adequacy of risk management structure pertaining to risks encountered. The internal auditors assist the Audit Committee with being in the supervisory role. These personnel perform both regular and ad hoc reviews on risk management controls and procedures, and report the outcome to the Audit Committee.

C. Credit risk

Credit risk refers to the risk that a customer or a counterparty of financial instruments would default on its contractual obligations, resulting in financial losses to the Company. The risk mainly stems from the Company's receivables from customers and investments in securities.

(a) Accounts and other receivables

The Company's exposure to credit risk is influenced mostly by the status of individual customer. However, the management also considers the demographics of customer base, including the default risk of industries and countries in which the customers operate, as these factors may affect credit risk.

The Company has established credit policy where each new customer is subject to credit review before it is given the standard payment and delivery terms and conditions. Reviews performed by the Company would include external ratings, if possible, and in some circumstance, bank references. Credit limits are established for each customer and reviewed regularly. Customers failing to meet the Company's

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company has set up a loss allowance account to reflect the estimated losses incurred in respect of accounts receivables as well as investments. The main components of the allowance account include a specific loss component relating to individually significant exposures, and a collective loss component for losses incurred in similar asset groups but not yet identified. The collective loss allowance is determined based on the historical payment records of similar financial assets.

(b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. As the Company only deals with financial institutions and corporations with a credit rating of investment grade or above, there was no significant credit risk.

(c) Guarantees

The Company policy stipulates that it can provide financial guarantees only to subsidiaries in which it holds more than 50% of shares or companies it has business relationship with. As of December 31, 2025 and 2024, financial guarantees and endorsements provided by the Company to subsidiaries amounted to NT\$134,880 thousand and NT\$134,340 thousand, respectively. Bank deposits of the Company were pledged as collateral for borrowings of subsidiaries. Please refer to Note 8 for details.

D. Liquidity risk

Liquidity risk is the risk of the Company failing to fulfill its obligations of settling its financial liabilities by cash or other financial assets. The Company's liquidity management approach aims to ensure that it has sufficient liquidity to pay for liabilities when they are due, under both normal and stressed circumstances, to avoid unacceptable losses or the risk of damaging the Company's reputation.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, would affect the Company's income or the value of financial instruments held. The objective of market risk management is to control the market risk exposures within an acceptable range while optimizing investment returns.

(a) Foreign currency risk

The Company is exposed to foreign currency risk arising from sales and business transactions denominated in currencies other than the Company's functional currency, i.e., the New Taiwan dollars. Such transactions are mostly denominated in USD, EUR and RMB.

(b) Interest rate risk

The Company has no interest rate risk as it did not have financial liabilities with floating interest rates.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

(c) Other market price risk

Equity price risk refers to the risk of future price uncertainty of investments in TPEX-listed securities held by the Company. The Company manages the price risk of equity instruments through diversification and regular studies on the financial status of the issuers.

(20) Capital management

The board of directors' policy is to maintain a sound capital base in order to sustain the confidence of investors, creditors and markets as well as future business developments. Capitals include the share capital, capital surplus and retained earnings of the Company. The board of directors oversees the return on capital and the level of dividends paid on ordinary shares.

Debt to capital ratio as of the reporting date was as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 131,623	138,349
Less: Cash and cash equivalents	102,344	99,053
Net liabilities	\$ 29,279	39,296
Total equity	\$ 1,330,881	1,351,779
Debt to capital ratio	2.20%	2.91%

As of December 31, 2025, the Company did not change its capital management approach.

(21) Non-cash investing and financing activities

Non-cash investing activities were as follows:

A. Please refer to Note 6(8) for details on right-of-use assets under leases.

B. The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2025	Cash Flows	Non-cash Movements Others	December 31, 2025
Lease liabilities	\$ 36,665	(2,762)	697	34,600
Total liabilities from financing activities	\$ 36,665	(2,762)	697	34,600

	January 1, 2024	Cash Flows	Non-cash Movements Others	December 31, 2024
Lease liabilities	\$ 35,960	(2,645)	3,350	36,665
Guarantee deposits received	2,368	(50)	-	2,318
Total liabilities from financing activities	\$ 38,328	(2,695)	3,350	38,983

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

7. Related Party Transactions

(1) Name and relationship of related parties

Related parties having transactions with the Company during the period covered by the parent company only financial statements were as follows:

Name	Relationship
GenMont Biotech (China) Co., Ltd. (GenMont (China))	A subsidiary of the Company

(2) Significant transactions with related parties

A. Endorsement and guarantee

As of December 31, 2025 and 2024, the Company pledged time deposits of NT\$134,880 thousand and NT\$134,340 thousand as collateral for bank borrowings of subsidiaries.

B. Others

As of December 31, 2025 and 2024, the Company's receivables from subsidiaries for the acquisition of equipment amounted to NT\$20,147 thousand and NT\$18,640 thousand, respectively. These amounts were recognized under other receivables - related parties.

(3) Compensation of key management

Compensation of key management included:

	Years Ended December 31	
	2025	2024
Short-term employee benefits	\$ 10,790	10,503
Post-employment benefits	108	108
	\$ 10,898	10,611

8. Pledged Assets

The carrying amount of assets pledged by the Company was as follows:

Asset	Purpose of Pledge	December 31, 2025	December 31, 2024
Other financial assets - current:			
Restricted bank deposits	Subsidiary short-term loan credit facility	\$ 67,440	67,170
Other financial assets - non-current:			
Restricted bank deposits	Subsidiary long-term loan credit facility	67,440	67,170
		\$ 134,880	134,340

9. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

10. Significant Disaster Loss: None.

11. Significant Subsequent Events: None.

GENMONT BIOTECH INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

12. Others

Employee benefits, depreciation and amortization expenses summarized by function were as follows:

Function Nature	Years Ended December 31					
	2025			2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expense						
Payroll	26,336	54,271	80,607	26,411	55,554	81,965
Labor and health insurance	3,127	6,267	9,394	3,018	5,937	8,955
Pension	1,412	2,821	4,233	1,398	2,766	4,164
Remuneration to directors	-	8,401	8,401	-	7,632	7,632
Other employee benefit expense	1,581	3,024	4,605	1,589	2,924	4,513
Depreciation	10,953	5,887	16,840	13,598	6,303	19,901
Amortization	-	120	120	-	103	103

The number of employees and additional information on employee benefit expense for the years ended December 31, 2025 and 2024 were as follows:

	Years Ended December 31	
	2025	2024
No. of employees	138	138
No. of directors who were not employees	9	9
Average employee benefit expense	\$ 766	772
Average employee payroll expense	\$ 625	635
Average employee payroll adjustment	(1.57)%	
Remuneration to supervisors (Note)	\$ -	-

Note: The Company did not have supervisors; thus, there was no remuneration to supervisors.

The Company's compensation and remuneration policies (covering directors, managers and employees) were as follows:

- (1) Remuneration to directors include:
 - A. Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance.
 - B. Remuneration is distributed based on individual director's participation in and contribution to the Company's operation.
 - C. Travel allowances are paid to directors attending the board of directors' meeting.
- (2) Compensation to the president, vice president, managers and employees includes salaries, bonuses and compensation to employees:
 - A. Compensation to the president, vice president and managers are based on the Rules Governing the Compensation to Management approved by the Compensation Committee and the board of directors as well as these senior management's contributions to the Company.

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS--(Continued)

- B. Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall be between 2% and 10% of the balance.
- C. Bonuses are paid based on individual employee's performance and contribution to the Company's operation.

13. Additional Disclosures

(1) Information on significant transactions:

Disclosures of the Company's significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the year ended December 31, 2025 were as follows:

A. Financing provided to others: None.

B. Endorsement/guarantee provided to others:

No.	Endorser/ Guarantor	Endorsee/ Name	Relationship	Limit on Endorsement /Guarantee Provided to A Single Entity (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement /Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 2)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to Subsidiaries in China
0	The Company	GenMont (China)	(Note 3)	266,176	137,190	134,880	75,707	134,880	10.13%	665,441	Y	N	Y

Note 1: Limited to 20% of the Company's net worth.

Note 2: Limited to 50% of the Company's net worth.

Note 3: A company in which the Company directly holds over 50% of the voting rights.

- C. Material marketable securities held as of December 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): None.
- D. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital: None.
- E. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: None.

(2) Information on investees (excluding investments in mainland China): None.

(3) Information on investments in mainland China:

A. Information on investees in mainland China:

Investee in China	Main Business	Paid-in Capital	Method of Investment	Accumulated Outflows of Investment from Taiwan as of January 1, 2025 (Note 3)	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2025 (Note 3)	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss (Notes 4)	Carrying Amount as of December 31, 2025 (Note 3)	Accumulated Inward Remittances of Earnings as of December 31, 2025
					Outflow (Note 3)	Inflow						
GenMont (China)	Manufacturing and selling of functional foods	1,081,972	(Note 1)	932,470	-	-	932,470	(61,442)	85%	(52,225)	673,481	-

B. Upper limit on investment in mainland China

Accumulated Outflows of Investment from Taiwan to Mainland China as of December 31, 2025 (Note 3)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 2)
932,470 (RMB207,400 thousand)	934,269 (RMB207,800 thousand)	871,160

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)

Note 1: Direct investment in the investee.

Note 2: The upper limit is calculated based on 60% of the net worth or consolidated net worth (whichever is higher).

Note 3: Amount was translated into New Taiwan dollars using the exchange rate as of December 31, 2025.

Note 4: Amount was translated into New Taiwan dollars using the average exchange rate of 2025.

C. Significant transactions:

Please refer to “information on significant transactions” for details on significant transactions, either directly or indirectly, between the Company and the investee in China for the year ended December 31, 2025.

14. Operating Segments

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

GENMONT BIOTECH INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2025

In Thousands of New Taiwan Dollars

Item	Description	Amount
Cash	Cash on hand	\$ 124
Bank deposits	Checking deposits	260
	Demand deposits	63,250
	Foreign-currency demand deposits (Note)	38,710
Total		<u>\$ 102,344</u>

Note: Details of the foreign-currency demand deposits were as follows:

	Foreign Currency (in Thousands)	Exchange Rate	Amount
USD	\$ 559	31.43	\$ 17,600
RMB	4,695	4.496	21,110
			<u>\$ 38,710</u>

GENMONT BIOTECH INC.
STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
December 31, 2025

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Bank deposits	Time deposits (maturity date: 2026/2/19~3/30)	\$ 120,000
	Foreign-currency time deposits (maturity date: 2026/2/6~3/30) (Note)	141,624
Total		<u><u>\$ 261,624</u></u>

Note: Details of the foreign-currency time deposits were as follows:

	<u>Foreign Currency (in Thousands)</u>	<u>Exchange Rate</u>	<u>Amount</u>
RMB	\$ 31,500	4.496	<u><u>\$ 141,624</u></u>

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

<u>Customer</u>	<u>Description</u>	<u>Amount</u>
Unrelated parties		
Costco Wholesale Taiwan, Inc., Logistics Branch	Receivables from sales	\$ 12,270
Uni-President Enterprises Corp.	Receivables from sales	2,618
Shijirunhe Brand Management Consulting (Beijing) Co., Ltd.	Receivables from sales	11,572
Daiken Biomedical Co., Ltd.	Receivables from sales	3,328
Others (Customers with balances less than 5% of this account)	Receivables from sales	16,838
Subtotal		<u>46,626</u>
Less: Loss allowance		<u>2,897</u>
Total		<u><u>\$ 43,729</u></u>

GENMONT BIOTECH INC.
STATEMENT OF OTHER RECEIVABLES
December 31, 2025

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other receivables - related parties		
GenMont (China)	Receivables from payments for equipment	\$ 20,147
Other receivables - Unrelated parties	Interest receivables, etc.	738
		<u>\$ 20,885</u>

STATEMENT OF INVENTORIES

<u>Item</u>	<u>Cost</u>	<u>Market Price</u>	<u>Note</u>
Finished goods	\$ 11,602	11,602	Market price is the net realizable value
Work in progress	12,943	12,943	Market price is the net realizable value
Raw materials	13,656	13,473	Market price is the net realizable value
Less: Allowance for inventory write-downs	774		
	<u>\$ 37,427</u>		

Note: Inventories above were not pledged.

STATEMENT OF OTHER FINANCIAL ASSETS

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Restricted bank deposits - current	Time deposit pledged as collateral for subsidiary short-term loan credit facility	\$ 67,440
Restricted bank deposits - non-current	Time deposit pledged as collateral for subsidiary long-term loan credit facility	67,440
		<u>\$ 134,880</u>

GENMONT BIOTECH INC.

STATEMENT OF MOVEMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

For the Year Ended December 31, 2025

In Thousands of New Taiwan Dollars/Shares

Name of Financial Product	Beginning Balance		Increase		Decrease		Unrealized Gain (Loss)	Ending Balance		Collateral/Pledge
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value	
Shares of Y-S Electronic Co., Ltd.	300	<u>\$ 6,090</u>	-	<u>-</u>	300	<u>6,090</u>	<u>-</u>	-	<u>-</u>	None

STATEMENT OF MOVEMENTS IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	Beginning Balance		Increase		Share of Profit (Loss)	Cumulative Translation Adjustment	Ending Balance			Market Value or Net Equity Value		Collateral/Pledge
	Shares	Amount	Shares	Amount			Shares	Ownership Percentage	Amount	Unit Price	Total	
GenMont (China)	20,740	<u>\$ 724,757</u>	-	<u>-</u>	(52,225)	949	20,740	85%	<u>673,481</u>	32.47	<u>673,481</u>	None

GENMONT BIOTECH INC.
STATEMENT OF MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT
For the Year Ended December 31, 2025

Please refer to Note 6(7) for details.

STATEMENT OF MOVEMENTS IN RIGHT-OF-USE ASSETS

Please refer to Note 6(8) for details.

STATEMENT OF NOTES AND ACCOUNTS PAYABLES
December 31, 2025

Vendor	Description	Amount
Unrelated parties		
Chen Ding Enterprises Co., Ltd.	From purchases	\$ 3,925
Transworld International Exhibition Co., Ltd.	From purchases	528
Lytone Enterprise, Inc.	From purchases	445
Others (Vendors with balances less than 5% of this account)	From purchases	3,066
		\$ 7,964

GENMONT BIOTECH INC.
STATEMENT OF CONTRACT LIABILITIES AND OTHER PAYABLES
December 31, 2025

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Contract liabilities:		
Unearned sales revenue	Advance receipts from customers	<u>\$ 20,982</u>
Other payables:		
Accrued payroll and bonus	Accrued payroll, year-end bonus, payment for unused leaves, etc.	\$ 17,231
Compensation payable to employees and directors	Compensation payable to employees and directors	6,134
Others (Items with balances less than 5% of this account)	Professional service fee, pension, sales tax, utilities expense, insurance and miscellaneous expenses	<u>12,563</u>
		<u><u>\$ 35,928</u></u>

STATEMENT OF LEASE LIABILITIES

<u>Item</u>	<u>Description</u>	<u>Lease Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Land	Land at Nanke	2019.01.01~2058.02.28	2.5375%	\$ 33,524	
Buildings	Warehouse	2025.01.01~2026.06.30	2.22%~2.31%	809	
Transportation equipment	Company cars	2023.11.10~2026.07.10	2.1%	<u>267</u>	
				<u><u>\$ 34,600</u></u>	

GENMONT BIOTECH INC.
STATEMENT OF OPERATING REVENUE
For the Year Ended December 31, 2025

Item	Quantity	Amount
Anti-allergy granule	7,784 thousand sachets	\$ 56,818
Anti-allergy capsule	9,271 thousand pcs	56,615
Anti-allergy powder and solution	6,415 Kg	36,093
Dental care powder	27,920 Kg	59,425
Immune boost granule	1,791 thousand sachets	43,751
Gastrointestinal granule	3,147 thousand sachets	23,782
Gastrointestinal powder	2,482 Kg	13,243
Others	-	75,730
Less: Sales allowances and returns	-	10,913
Net operating revenue		\$ 354,544

GENMONT BIOTECH INC.
STATEMENT OF OPERATING COSTS
For the Year Ended December 31, 2025

In Thousands of New Taiwan Dollars

Item	Amount
Raw materials, beginning balance	\$ 15,184
Add: Raw materials purchased, net	47,400
Transfers from work in progress	2,311
Gain on physical inventory of raw materials	141
Less: Raw materials sold	(11)
Scrapped	(54)
Transferred to expenses	(1,486)
Raw materials, ending balance	(13,656)
Raw materials consumed	49,829
Direct labor	17,966
Manufacturing overhead	42,955
Manufacturing cost	110,750
Work in progress, beginning balance	15,551
Add: Gain on physical inventory of work in progress	33
Less: Transferred to raw materials	(2,311)
Scrapped	(195)
Transferred to expenses	(195)
Work in progress, ending balance	(12,943)
Cost of finished goods	110,690
Finished goods, beginning balance	8,326
Less: Scrapped	(1)
Transferred to expenses	(1,595)
Finished goods, ending balance	(11,602)
Cost of sales of finished goods	105,818
Costs to sell of raw materials	11
Unallocated manufacturing overhead	4,951
Reversal of inventory write-downs	(339)
Loss on scraps	250
Gain on physical inventory	(174)
Operating costs	\$ 110,517

GENMONT BIOTECH INC.
STATEMENT OF SELLING AND MARKETING EXPENSES
For the Year Ended December 31, 2025

In Thousands of New Taiwan Dollars

Item	Amount
Payroll	\$ 19,962
Advertisement	10,249
Freight	2,990
Insurance	2,442
Others (Items with balances less than 3% of this account)	8,397
Total	\$ 44,040

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

Item	Amount
Payroll	\$ 31,688
Depreciation	4,322
Repair and maintenance	2,717
Insurance	3,068
Utilities	2,443
Professional service fee	2,182
Others (Items with balances less than 3% of this account)	13,190
Total	\$ 59,610

GENMONT BIOTECH INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
For the Year Ended December 31, 2025

In Thousands of New Taiwan Dollars

Item	Amount
Payroll	\$ 10,923
Materials	2,377
Professional service fee	1,642
Depreciation	1,342
Research	1,559
Utilities	1,093
Insurance	1,259
Others (Items with balances less than 3% of this account)	4,475
Total	\$ 24,670

STATEMENT OF NON-OPERATING INCOME AND EXPENSES, NET

Please refer to Note 6(19) for details.