

Abnova (Taiwan) Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

Address : 9th Fl., No. 108, Jhouzih St., Neihu District, Taipei City
Telephone : (02)8751-1888

Notice to readers.

THIS IS A TRANSLATION OF THE FINANCIAL STATEMENTS (THE "FINANCIAL STATEMENTS") OF ABNOVA (TAIWAN) CORPORATION (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE FINANCIAL STATEMENTS SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Table of Contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9
(4) Summary of significant accounting policies	11～21
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	22
(6) Explanation of significant accounts	22～44
(7) Related-party transactions	44～45
(8) Pledged assets	45
(9) Commitments and contingencies	45
(10) Losses due to major disasters	45
(11) Subsequent events	45
(12) Other	46
(13) Other disclosures	
A. Information on significant transactions	46～47
B. Information on investees	47
C. Information on investment in Mainland China	47
D. Major shareholders	48
(14) Segment information	48

Representation Letter

The entities that are required to be included in the consolidated financial statements of Abnova (Taiwan) Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Abnova (Taiwan) Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Abnova (Taiwan) Corporation
Chairman: WILBER HUANG
Date: February 26, 2025

Independent Auditors' Report

To the Board of Directors of Abnova (Taiwan) Corporation:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abnova (Taiwan) Corporation and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statement section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Inventory valuation

Please refer to Note 4(8) "Inventories"; Note 5(1) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(5) "Inventories".

Description of key audit matter:

The major business of Abnova (Taiwan) Corporation is the manufacturing and sales of antibody, protein, test reagents and testing instruments. Inventories are measured at the lower of cost and net realizable value. Due to the longer life cycle of the products, the management considers factors such as product circulation, exposure, preservation and industry information to evaluate the net realizable value of inventories. As Abnova (Taiwan) Corporation has large amount of inventories and a large number of items, and the net realizable value used in the above-mentioned evaluation involves subjective judgment, the evaluation of loss allowance for inventory valuation has been listed as the key audit matter of the year.

Our principal audit procedures included:

The key audit procedures for the above-mentioned key audit matter based on the understanding of the industrial characteristics of Abnova (Taiwan) Corporation include obtaining statistical information on the sales time and sales status of the products on the shelves in each year provided by the management in the subsequent years to evaluate the rationality of the policy used to recognize the inventory valuation loss; understanding Abnova (Taiwan) Corporation's inventory management process, reviewing the annual inventory plan and participating in the annual inventory check to evaluate the effectiveness of the management's inventory control; obtaining the inventory net realizable value calculation sheet, and spot check the correctness of the calculation.

Other matter

Abnova (Taiwan) Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Group's internal control.

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial reports, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG

Auditors :

Securities	: Financial-Supervisory-
Competent	Securities-Auditing-
Authority	1080303300
Approved-	Financial-Supervisory-
certified No.	Securities-Auditing-
	1070304941

February 26, 2025

Abnova (Taiwan) Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 448,545	32	423,515	32	2130	Contract liability-current (Note 6(15))	\$ 2,483	-	2,349	-
1170	Accounts and notes receivable, net (Note 6(3))	43,066	3	39,923	3	2170	Accounts payable	18,982	1	14,935	2
1200	Other receivables (Note 6(4))	6,803	1	31,099	2	2200	Other payables	32,338	2	34,423	3
130X	Inventories (Note 6(5))	451,886	32	408,302	30	2280	Current lease liabilities (Note 6(10))	5,508	1	5,105	-
1479	Other current assets (Note 8)	16,940	1	16,983	1	2300	Other current liabilities	5,406	-	5,790	-
Total current assets		967,240	69	919,822	68	Total current liabilities		64,717	4	62,602	5
Non-current assets:						Non-current liabilities:					
1517	Non-current financial assets measured at fair value through other comprehensive income (Note 6(2))	-	-	-	-	2570	Deferred tax liabilities (Note 6(12))	8,006	1	3,783	-
1550	Investments accounted for using equity method (Note 6(6))	64	-	251	-	2580	Non-current lease liabilities (Note 6(10))	18,498	1	2,601	-
1600	Property, plant and equipment (Note 6(7))	252,207	18	257,863	19	2600	Other non-current liabilities (Note 6(6) and 7)	427	-	438	-
1755	Right-of-use assets (Note 6(8))	23,936	2	7,649	1	Total non-current liabilities		26,931	2	6,822	-
1780	Intangible assets (Note 6(9))	62,687	4	69,640	5	Total liabilities		91,648	6	69,424	5
1840	Deferred tax assets (Note 6(12))	91,258	7	95,274	7	Equity attributable to owners of parent (Note 6(13)) :					
1900	Other non-current assets (Note 6(11) and 8)	3,656	-	5,244	-	3110	Ordinary share	605,536	43	605,536	45
Total non-current assets		433,808	31	435,921	32	3200	Capital surplus	474,527	34	474,527	35
						Retained earnings:					
						3310	Legal reserve	102,871	8	98,565	7
						3320	Unappropriated retained earnings	12,199	1	11,907	1
						3350	Special reserve	121,859	9	107,983	8
						3400	Other equity interest	(7,592)	(1)	(12,199)	(1)
						Total equity		1,309,400	94	1,286,319	95
Total assets		\$ 1,401,048	100	1,355,743	100	Total liabilities and equity		\$ 1,401,048	100	1,355,743	100

(See accompanying notes to financial statements.)

Chairman: WILBER HUANG

Manager: JIH PEI JU

Accounting supervisor: CHANG YA PING

Abnova (Taiwan) Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(15) and 7)	\$ 355,257	100	382,052	100
5000	Operating costs (Note 6(5))	<u>(191,998)</u>	<u>(54)</u>	<u>(208,137)</u>	<u>(55)</u>
5900	Net gross profit	<u>163,259</u>	<u>46</u>	<u>173,915</u>	<u>45</u>
	Operating expenses:				
6100	Marketing expenses	(42,220)	(12)	(45,261)	(12)
6200	Administrative expenses	(47,431)	(13)	(46,117)	(12)
6300	R&D expenses	(40,025)	(11)	(38,396)	(10)
6450	Gains on reversal of expected credit loss (Note 6(3))	687		3,053	
	Total operating expenses	<u>(128,989)</u>	<u>(36)</u>	<u>(126,721)</u>	<u>(33)</u>
6900	Net operating income	<u>34,270</u>	<u>10</u>	<u>47,194</u>	<u>12</u>
	Non-operating income and expenses (Note 6(17)) :				
7100	Interest income	17,315	5	10,528	3
7010	Other income	44	-	152	-
7020	Other gains and losses	21,883	6	(8,976)	(2)
7050	Finance cost	(118)	-	(142)	-
7060	Share of associates and joint ventures income accounted for using equity method (Note 6(6))	<u>(205)</u>	<u>-</u>	<u>(239)</u>	<u>-</u>
	Total non-operating income and expenses	<u>38,919</u>	<u>11</u>	<u>1,323</u>	<u>1</u>
7900	Profit from continuing operations before tax	73,189	21	48,517	13
7950	Tax expense (Note 6(12))	<u>11,582</u>	<u>3</u>	<u>4,839</u>	<u>1</u>
8200	Profit	<u>61,607</u>	<u>18</u>	<u>43,678</u>	<u>12</u>
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (Note 6(11))	465	-	(618)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>465</u>	<u>-</u>	<u>(618)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 6(13))	4,607	1	(292)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that may be reclassified to profit or loss	<u>4,607</u>	<u>1</u>	<u>(292)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>5,072</u>	<u>1</u>	<u>(910)</u>	<u>-</u>
8500	Total comprehensive income	<u><u>\$ 66,679</u></u>	<u><u>19</u></u>	<u><u>42,768</u></u>	<u><u>12</u></u>
	Earnings per share (NT dollars) (Note 6(14))				
9750	Basic earnings per share (NT dollars)	<u><u>\$ 1.02</u></u>		<u><u>0.72</u></u>	
9850	Diluted earnings per share (NT dollars)	<u><u>\$ 1.02</u></u>		<u><u>0.72</u></u>	

(See accompanying notes to financial statements.)

Chairman: WILBER HUANG

Manager: JIH PEI JU

Accounting supervisor: CHANG YA PING

Abnova (Taiwan) Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
	Shares	Retained earnings					Other equity interest	
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 20223	\$ 605,536	474,527	85,642	-	138,196	(6,962)	(4,945)	1,291,994
Profit	-	-	-	-	43,678	-	-	43,678
Other comprehensive income	-	-	-	-	(618)	(292)	-	(910)
Total comprehensive income	-	-	-	-	43,060	(292)	-	42,768
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	12,923	-	(12,923)	-	-	-
Special reserve	-	-	-	11,907	(11,907)	-	-	-
Effect on equity of disposal of subsidiaries	-	-	-	-	(48,443)	-	-	(48,443)
Balance at December 31, 2023	605,536	474,527	98,565	11,907	107,983	(7,254)	(4,945)	1,286,319
Profit	-	-	-	-	61,607	-	-	61,607
Other comprehensive income	-	-	-	-	465	4,607	-	5,072
Total comprehensive income	-	-	-	-	62,072	4,607	-	66,679
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	4,306	-	(4,306)	-	-	-
Special reserve	-	-	-	292	(292)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(43,598)	-	-	(43,598)
Balance at December 31, 2024	\$ 605,536	474,527	102,871	12,199	121,859	(2,647)	(4,945)	1,309,400

(See accompanying notes to financial statements.)

Chairman: WILBER HUANG

Manager: JIH PEI JU

Accounting supervisor: CHANG YA PING

Abnova (Taiwan) Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before tax	\$ 73,189	48,517
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	19,913	21,491
Amortization expenses	10,050	10,820
Expected credit reversal gains	(687)	(3,053)
Interest expense	118	142
Interest income	(17,315)	(10,528)
Share of associates and joint ventures losses accounted for using equity method	205	239
Gain from disposal of property, plant and equipment	-	3,453
Total adjustments to reconcile profit (loss)	<u>12,284</u>	<u>22,564</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts and notes receivable	(2,456)	23,375
Other receivables	(166)	7,819
Inventories	(45,584)	(14,548)
Other current assets	217	(7,827)
Total changes in operating assets	<u>(47,989)</u>	<u>8,819</u>
Changes in operating liabilities:		
Contract liabilities	134	(273)
Accounts payable	4,047	(60)
Other payables	(2,208)	(7,033)
Other current liabilities	(384)	1,231
Total changes in operating liabilities	<u>1,589</u>	<u>(6,135)</u>
Total changes in operating assets and liabilities	<u>(46,400)</u>	<u>2,684</u>
Total adjustments	<u>(34,116)</u>	<u>25,248</u>
Cash inflow generated from operations	39,073	73,765
Interest received	17,329	10,072
Interest paid	(118)	(142)
Income taxes paid	(5,432)	(7,476)
Net cash flows from operating activities	<u>50,852</u>	<u>76,219</u>
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(6,620)	(19,566)
Proceeds from disposal of property, plant and equipment	-	160
Other receivables	27,597	59,760
Acquisition of intangible assets	(1,097)	(9,320)
Other financial assets	(11)	786
Other non-current assets	(81)	5,059
Other non-current liabilities	(11)	(88)
Net cash flows used in investing activities	<u>19,777</u>	<u>36,791</u>
Cash flows from financing activities:		
Repayment of lease principles	(5,494)	(7,177)
Cash dividends paid	(43,598)	(48,443)
Net cash flows from financing activities	<u>(49,092)</u>	<u>(55,620)</u>
Effect of exchange rate changes on cash and cash equivalents	3,493	(940)
Net increase in cash and cash equivalents	25,030	56,450
Cash and cash equivalents at beginning of period	423,515	367,065
Cash and cash equivalents at end of period	<u><u>\$ 448,545</u></u>	<u><u>423,515</u></u>

(See accompanying notes to financial statements.)

Chairman: WILBER HUANG

Manager: JIH PEI JU

Accounting supervisor: CHANG YA PING

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars, unless specified otherwise)

1. Company history

Abnova (Taiwan) Corporation (the “Company”) was legally established with the approval of the Ministry of Economic Affairs (R.O.C.) on January 4, 2002, with registered address at 9th Fl., No. 108, Jhouzih St., Neihu District, Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Group”) has been actively developing, manufacturing, and selling monoclonal antibody, polyclonal antibody, proteins, medical inspection instruments and testing reagents, which are mainly antibody reagents, antibody chips or related products provided to and used by academic, research institutions or pharmaceutical factories, etc. Antibodies are the most important means for understanding proteins and their functions. The products of the Group help to study the relationship between protein changes in the process of cancer, infectious diseases, metabolism and endocrine diseases, and then apply to the development of medical inspection reagents and drugs.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024.

·Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

·Amendments to IAS 1 “Non-current Liabilities with Covenants

·Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

·Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”

(2) The impact of not yet adopting IFRS accounting standards endorsed by the FSC

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements.

·Amendments to IAS 21 “Lack of Exchangeability”

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

Standards and interpretations issued and amended by the IASB, but not yet endorsed by the FSC which may be relevant to the Group are as follows:

<u>New or amended standards</u>		<u>Major amendments</u>	<u>Effective date by IASB</u>
IFRS 18	“Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and	January 1, 2027

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

<u>New or amended standards</u>	<u>Major amendments</u>	<u>Effective date by IASB</u>
	more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPM): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS accounting standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	

The Group continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Group assesses that the adoption of the following other new or amended standards, not yet endorsed by the FSC, would not have a significant impact on its financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: ”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial assets at fair value through other comprehensive income are measured at fair value; and
- (b) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(15).

B. Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars, which is the Group’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. Except for Abnova GmbH, the German subsidiary which is not included in an entity of the Group’s consolidated financial report, the rest of the subsidiaries have been included. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

B. List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

Name of investor	Name of subsidiary	Main activities	Percentage of ownership		Note
			December 31, 2024	December 31, 2023	
The Company	Abnova Holding Corporation	Investment business	100.00%	100.00%	
	AxleBio Ventures	Investment business	100.00%	100.00%	
Abnova Holding Corporation	Abnova (Cayman) Corporation	Investment business	100.00%	100.00%	
Abnova (Cayman) Corporation	Abnova (HK) Limited	Investment business	- %	100.00%	Note
"	Abnova Diagnostics	R&D, manufacturing and sales of medical device, etc., testing services	100.00%	100.00%	

Note : The liquidation procedures of Abnova (HK) Limited have been completed in November, 2024.

C. Subsidiaries excluded from the consolidated financial statements:

Name of investor	Name of subsidiary	Main activities	Percentage of ownership		Note
			December 31, 2024	December 31, 2023	
The Company	Abnova-GmbH	Distribution of biological products	100.00%	100.00%	Note

Note : Since Abnova GmbH's capital equivalent to NT\$1,210 thousand (0.2% of the Group's capital), its total assets were less than 1% of the Group's total assets, and it had no operating income, the consolidated financial report with this subsidiary had not been prepared. The Board of Directors of the Company approved the dissolution and liquidation proposal of Abnova GmbH on November 11, 2016, and the dissolution and liquidation was on December 31, 2016, as the base date. As of December 31, 2024, the liquidation hasn't been completed.

(4) Foreign currency

A. Foreign currency transactions

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

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

(a) an investment in equity securities designated as at fair value through other comprehensive

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

income;

- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent (as defined in IAS7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

(6) 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 are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

The periods of time deposits held by the Group are within one year from the date of acquisition, which are held for meeting short-term cash commitments, can be converted into a known amount of cash at any time, with only an insignificant risk of value changes. Therefore, time deposits are classified under cash and cash equivalents.

(7) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

(c) Impairment of financial assets

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

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

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

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

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

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

Lifetime expected credit losses are the expected credit losses resulted from all the possible defaults occurring on the financial instrument during its expected life.

12-month expected credit losses are the expected credit losses resulted from all the possible defaults occurring on the financial instrument in the 12 months after the reporting date (or a shorter period if the expected life of a financial statement is less than 12 months).

The maximum period to consider when measuring expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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

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

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

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

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

(d) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

B. Financial liabilities and equity instruments

(a) Classification of liabilities and equity

The Group shall classify the debt and equity instruments issued by the Group as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(b) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognized by the amounts equal to proceeds deducting direct issuing cost.

(c) Financial liabilities

Financial liabilities are measured at amortized costs.

(d) Other financial assets are measured at amortized costs by effective interest rate method subsequently. The interest expenses and exchange gains or losses are recognized in profit or loss. Any gains or losses at derecognition are recognized in profit or loss as well.

(e) Derecognition of financial liabilities

The Group shall remove a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability and significant difference in cash flows after the modification shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability by fair value based on the modified contractual terms.

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

(8) Inventories

The perpetual inventory system is adopted by the Group, and the acquisition costs are recorded in the account. The costs are determined by the weighted average method, and the fixed production overheads are allocated according to the normal operating capacity of the production equipment. Inventories at the end of period except for obsolete and slow-moving inventories are provided for loss allowance. Inventories are measured at the lower of cost and net realizable value. When comparing the lower of cost and net realizable value, the item-by-item comparison method is adopted. The market price of raw materials is the replacement cost (that is, the latest purchase price); the market price of work in progress, semi-finished goods, finished goods and commodity inventories is the net realizable value.

(9) Invest in associates

Associates are that in which the Group has significant influence over their financial and operating policies but is not controlling or jointly controlling.

The Group adopts the equity method to handle the interests of the associates. Under the equity method, the original acquisition is recognized at cost, and investment costs include transaction costs.

The carrying amount of investments in an associate includes the goodwill identified at the time of the

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

original investment, less any accumulated impairment loss.

The consolidated financial report includes from the date of significant influence to the date of loss of significant influence; after the adjustments made consistent with the accounting policy of the Group, the Group recognizes the profit and loss and the amount of other comprehensive income of each investment in associates based on the equity ratio. When the equity changes in non-profit or loss and other comprehensive income of an associate does not affect the shareholding ratio of the Group, the Group will recognize all changes in equity as capital reserves according to the shareholding ratio.

Unrealized gains and losses arising from transactions between the Group and associates are recognized in the corporate financial statements only within the scope of non-related party investors' interests in associates.

When the Group shall recognize the loss share of an associate proportionally equal to or exceeds its equity in the associate, it shall stop recognizing the losses, and only within the scope of a legal obligation, a constructive obligation, or a payment made on behalf of the invested company, additional losses and related liabilities shall be recognized.

(10) Property, plant and equipment

A. Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

B. Subsequent cost

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

C. Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings and structures	9 to 50 years
(b) Machinery and equipment	3 to 16 years
(c) Office equipment	3 to 8 years
(d) Leasehold improvements	3 to 10 years
(e) Other equipment	1 to 7 years

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

(11) Leases

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

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

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

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

received.

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

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

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

- (a) fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

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

- (a) there is a change in future lease payments arising from the change in an index or rate;
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset;
- (d) there is a change of its assessment on whether it will exercise a purchase, extension or termination option;
- (e) there is any lease modification.

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for office equipment with short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Intangible assets

A. Recognition and measurement

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

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

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Other intangible assets, including computer software, patent rights and customer relationships, are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

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

C. Amortization

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

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

(a) Royalty	5 to 30 years
(b) Intangible assets internally generated	3 years
(c) Customer relationships	3 years
(d) Computer software	5 to 10 years

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

(13) Impairment of non-derivative financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(14) Revenue recognition

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The description of main income items is as follows:

(a) Sales of goods

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

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

The Group offers volume discounts to customers. The Group recognizes revenue on the basis of the net amount of the contract price minus the estimated volume discount. The amount of the volume discount is estimated based on the expected value based on past cumulative experience, and revenue is recognized only in the range where there is a high probability that no significant reversal will occur.

(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of each defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

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

(16) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables, which are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that:

- A. the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, (i) affects neither accounting profit (ii) nor taxable profit (tax loss) and (ii) does not give rise to equal taxable and deductible temporary differences, or

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

- B. the temporary differences associated with investments in subsidiaries, and it is probable that the temporary differences will not reverse in the foreseeable future, or
- C. the deferred tax liabilities arise from the initial recognition of goodwill.

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

Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates or tax laws that have been enacted or substantively enacted at the reporting date.

The Group shall offset current tax assets and current tax liabilities, only if:

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

(17) Earnings per share

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

(18) Segment information

The Group's operating segments information is reported in a consistent manner with internal management reports provided to key operating decision makers. The chief operating decision maker is responsible for allocating resources to operating segments and assessing their performance.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial report requires management to make judgments, estimates, and assumptions to future (including climate-related risks and opportunities) that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions to be in consistent with the Group's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

Accounting policies involve critical judgments and have no significant impact on the amount recognized in this consolidated financial statements.

Information about uncertainties of the following assumptions and estimates which have significant risks of causing critical adjustments to the carrying amount of assets and liabilities in the next fiscal year is as follows:

(1) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for normal loss and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. In addition, the Group has also considered the industry characteristics and the liquidity of inventories to assess the loss allowance for slow-moving inventories. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the changes in industrial application technology, there may be significant changes in the net realizable value of inventories.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	\$ 489	466
Checking account	515	487
Demand deposits	161,653	131,640
Time deposits	285,888	290,922
Cash and cash equivalents listed in the consolidated statements of cash flows	<u>\$ 448,545</u>	<u>423,515</u>

Please refer to Note 6(18) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities.

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

	December 31, 2024	December 31, 2023
Equity instruments measured at fair value through other comprehensive income:		
Foreign non-listed (non-OTC-listed) stocks — Hukui Biotechnology Corporation (Samoa)	<u>\$ -</u>	<u>-</u>

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

A. Investments in equity instruments measured at fair value through other comprehensive income

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose.

Please refer to Note 6(18) for information on the carrying amount, fair value and market risks of the foreign non-listed (non-OTC-listed) stocks of Hukui Biotechnology Corporation (Samoa) held by the Group.

As the Group did not dispose any strategic investments for the years ended December 31, 2024 and 2023, the accumulated gains and losses were not transferred within equity during the period.

B. The aforementioned financial assets were not pledged as collateral.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ -	491
Accounts receivable	47,626	44,679
Less: Loss allowance	(4,560)	(5,247)
	<u><u>\$ 43,066</u></u>	<u><u>39,923</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The loss allowance provisions for notes and accounts receivable were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current and less than 30 days past due	\$ 40,072	1.87%	751
31 to 60 days past due	2,857	24.05%	687
61 to 90 days past due	1,412	39.22%	554
91 to 120 days past due	741	55.95%	415
121 to 180 days past due	776	58.84%	457
181 to 365 days past due	306	76.44%	234
More than 365 days past due	1,462	100.00%	1,462
	<u><u>\$ 47,626</u></u>		<u><u>4,560</u></u>

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current and less than 30 days past due	\$ 37,369	1.56%	584
31 to 60 days past due	1,276	19.20%	245
61 to 90 days past due	563	31.74%	179
91 to 120 days past due	582	48.68%	283
121 to 180 days past due	1,962	53.91%	1,058
181 to 365 days past due	2,110	75.37%	1,590

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

More than 365 days past due	1,308	100.00%	1,308
	<u>\$ 45,170</u>		<u>5,247</u>

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

	2024	2023
Balance at January 1	\$ 5,247	8,152
Reversal of impairment losses	(687)	(3,053)
Others	-	148
Balance at December 31	<u>\$ 4,560</u>	<u>5,247</u>

The aforementioned financial assets were not pledged as long-term loans and financing facilities.

(4) Other receivables

	December 31, 2024	December 31, 2023
Other receivables	<u>\$ 6,803</u>	<u>31,099</u>

The Group disposed its subsidiary, Abnova Diagnostics (Dongguan) Limited, on November 3, 2022 for a total selling price of USD 3,035 thousand. Due to the weakening trend of the exchange rate between CNY and USD then, the buyer requested to revise the amount of the sale. Both parties of the sale have reached an agreement on August 30, 2023 to revise the amount to be CNY 20,600 thousand. Losses on revising the contract amounted to NT\$6,770 thousand, which were recognized under other gains and losses for the year ended December 31, 2023. The Group has collected CNY 14,500 thousand and CNY 6,100 thousand for the years ended December 31, 2024 and 2023, respectively. All the amounts have been collected in full.

(5) Inventories

	December 31, 2024	December 31, 2023
Raw materials and supplies	\$ 31,505	23,680
Semi-finished goods	257,884	250,513
Work in progress	34,414	9,954
Finished goods	121,953	118,303
Merchandise	6,107	5,163
Testing instruments	2	68
	<u>\$ 451,881</u>	<u>408,301</u>

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

The components of cost of sales for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Sales of inventories transferred	\$ 151,320	160,359
Inventory disposal loss	60,048	60,126
Inventory valuation loss	(19,370)	(12,348)
Total	<u>\$ 191,998</u>	<u>208,137</u>

As of December 31, 2024 and 2023, the inventories were not pledged as collateral.

(6) Investments accounted for using equity method

The equity method adopted by the Group at the reporting date was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary		
Abnova GmbH (Note)	<u>\$ (2,809)</u>	<u>(2,809)</u>
Associate		
Citil Pharma Incorporated	<u>\$ 64</u>	<u>251</u>

Note : The net amount deducted from receivables as of December 31, 2024 and 2023 were listed in “other non-current liabilities.” Please refer to Note 7.

Since Abnova GmbH’s capital equivalent to NT\$1,210 thousand (0.2% of the Group’s capital), its total assets were less than 1% of the Group’s total assets, and it had no operating income, the consolidated financial report with this subsidiary had not been prepared.

The Board of Directors of the Company approved the dissolution and liquidation proposal of Abnova GmbH on November 11, 2016, and the dissolution and liquidation was on December 31, 2016, as the base date. The liquidation has not completed by December 31, 2023.

The Company sold the shares of the associate, Citil Pharma Incorporated, by NT\$342 thousand to the subsidiary, AxleBio Ventures. As the transaction is the restructure under joint control, the unrealized gains on disposal of NT\$68 thousand is recognized as the deduction of investments accounted for using equity method.

Abnova Holding Corporation refunded the proceeds from capital reduction of NT\$82,467 thousand (US\$2,550 thousand) in June 2024, and the legal registration procedures have been completed.

As of December 31, 2024 and 2023, the investment adopting equity method were not pledged as collateral.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

(7) Property, plant and equipment

The details of changes in the cost and depreciation of property, plant and equipment for the years ended December 31, 2024 and 2023 are as follows:

		Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:									
Balance at January 1, 2024	\$	137,911	101,747	184,800	26,172	18,366	8,642	225	477,863
Additions		-	-	5,435	640	149	396	-	6,620
Reclassifications		-	-	2,133	-	25	-	(25)	2,133
Disposals		-	-	(10,194)	(10)	-	(260)	-	(10,464)
Effects of changes in foreign exchange rates		-	-	(59)	(34)	-	-	-	(93)
Balance at December 31, 2024	<u>\$</u>	<u>137,911</u>	<u>101,747</u>	<u>182,115</u>	<u>26,768</u>	<u>18,540</u>	<u>8,778</u>	<u>200</u>	<u>476,059</u>
Balance at January 1, 2023	\$	137,911	101,747	187,245	26,871	16,780	9,094	200	479,848
Additions		-	-	11,913	173	6,980	475	25	19,566
Disposals		-	-	(14,127)	(805)	(5,039)	(927)	-	(20,898)
Effects of changes in foreign exchange rates		-	-	(231)	(67)	(355)	-	-	(653)
Balance at December 31, 2023	<u>\$</u>	<u>137,911</u>	<u>101,747</u>	<u>184,800</u>	<u>26,172</u>	<u>18,366</u>	<u>8,642</u>	<u>225</u>	<u>477,863</u>
Depreciation and impairment loss:									
Balance at January 1, 2024	\$	-	35,799	138,257	25,891	11,833	8,220	-	220,000
Depreciation		-	5,997	7,171	208	814	216	-	14,406
Disposals		-	-	(10,194)	(10)	-	(260)	-	(10,464)
Effects of changes in foreign exchange rates		-	-	(58)	(32)	-	-	-	(90)
Balance at December 31, 2024	<u>\$</u>	<u>-</u>	<u>41,796</u>	<u>135,176</u>	<u>26,057</u>	<u>12,647</u>	<u>8,176</u>	<u>-</u>	<u>223,852</u>
Balance at January 1, 2023	\$	-	29,801	144,716	26,611	13,435	8,739	-	223,302
Depreciation		-	5,998	7,240	141	617	408	-	14,404
Disposals		-	-	(13,515)	(804)	(2,112)	(927)	-	(17,358)
Effects of changes in foreign exchange rates		-	-	(184)	(57)	(107)	-	-	(348)
Balance at December 31, 2023	<u>\$</u>	<u>-</u>	<u>35,799</u>	<u>138,257</u>	<u>25,891</u>	<u>11,833</u>	<u>8,220</u>	<u>-</u>	<u>220,000</u>
Carrying amount:									
December 31, 2024	<u>\$</u>	<u>137,911</u>	<u>59,951</u>	<u>46,939</u>	<u>711</u>	<u>5,893</u>	<u>602</u>	<u>200</u>	<u>252,207</u>
January 1, 2023	<u>\$</u>	<u>137,911</u>	<u>71,946</u>	<u>42,529</u>	<u>260</u>	<u>3,345</u>	<u>355</u>	<u>200</u>	<u>256,546</u>
December 31, 2023	<u>\$</u>	<u>137,911</u>	<u>65,948</u>	<u>46,543</u>	<u>281</u>	<u>6,533</u>	<u>422</u>	<u>225</u>	<u>257,863</u>

As of December 31, 2024 and 2023, the property, plant and equipment were not pledged as collateral.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(8) Right-of-use assets

The details of changes in the cost and depreciation of leased buildings and structures, and transportation equipment, etc. of the Group for the years ended December 31, 2024 and 2023 are as follows :

	Buildings and structures	Transportation equipment	Total
Cost:			
Balance at January 1, 2024	\$ 41,650	2,954	44,604
Additions	20,846	948	21,794
Disposals	(33,027)	(1,552)	(34,579)
Balance at December 31, 2024	\$ 29,469	2,350	31,819
Balance at January 1, 2023	\$ 43,163	2,954	46,117
Additions	4,020	-	4,020
Disposals	(5,167)	-	(5,167)
Effects of changes in foreign exchange rates	(366)	-	(366)
Balance at December 31, 2023	\$ 41,650	2,954	44,604
Depreciation and impairment loss:			
Balance at January 1, 2024	\$ 34,078	2,877	36,955
Depreciation	5,035	472	5,507
Disposals	(33,027)	(1,552)	(34,579)
Balance at December 31, 2024	\$ 6,086	1,797	7,883
Balance at January 1, 2023	\$ 32,975	2,409	35,384
Depreciation	6,619	468	7,087
Disposals	(5,167)	-	(5,167)
Effects of changes in foreign exchange rates	(349)	-	(349)
Balance at December 31, 2023	\$ 34,078	2,877	36,955
Carrying amount:			
December 31, 2024	\$ 23,383	553	23,936
January 1, 2023	\$ 10,188	545	10,733
December 31, 2023	\$ 7,572	77	7,649

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(9) Intangible assets

The details of changes in the cost and amortization of intangible assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Development expenditure of monoclonal antibody hybridoma				Royalty	Other	Total
Cost:							
Balance at January 1, 2024	\$	321,979			75,616	7,771	405,366
Separately acquired		-			-	32	32
Internally developed		1,065			-	-	1,065
Inventories transferred to		2,000			-	-	2,000
intangible assets							
Balance at December 31, 2024	\$	325,044			75,616	7,803	408,463
Balance at January 1, 2023	\$	318,105			75,616	-	393,721
Separately acquired		-			-	7,771	7,771
Internally developed		1,549			-	-	1,549
Inventories transferred to		2,325			-	-	2,325
intangible assets							
Balance at December 31, 2023	\$	321,979			75,616	7,771	405,366
Amortization and impairment							
loss:							
Balance at January 1, 2024	\$	311,710			23,818	198	335,726
Amortization		6,663			2,408	979	10,050
Balance at December 31, 2024	\$	318,373			26,226	1,177	345,776
Balance at January 1, 2023	\$	303,497			21,409	-	324,906
Amortization		8,213			2,409	198	10,820
Balance at December 31, 2023	\$	311,710			23,818	198	335,726
Carrying amount:							
Balance at December 31, 2024	\$	6,671			49,390	6,626	62,687
January 1, 2023	\$	14,608			54,207	-	68,815
Balance at December 31, 2023	\$	10,269			51,798	7,573	69,640

The amortization expenses of intangible assets for the years ended December 2024 and 2023 were presented in the following items in the consolidated statements of comprehensive income:

	2024	2023
Operating costs	\$ 6,662	8,214
Operating expenses	3,388	2,606
	\$ 10,050	10,820

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(10) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	\$ 5,508	5,105
Non-current	\$ 18,498	2,601

For the maturity analysis, please refer to Note 6(18) Financial instruments.

The amount recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	\$ 118	137
Expenses relating to short-term leases	\$ 3,326	2,253

The amount recognized in the statements of cash flows for the Group were as follows:

	2024	2023
Total cash outflow for leases	\$ 8,938	9,567

A. Buildings and structures leases

The Group leases buildings and structures for its office space and factories for the year ended December 31, 2024, which typically run for a period of one to five years.

B. Other leases

The Group leases transportation equipment with contract terms of two to three years.

In addition, the Company leases copy machines with contract terms of five years. As these leases are short-term and/or of low-value, the Company elects the recognition exemption and does not recognize the relevant right-of-use assets and lease liabilities.

(11) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 5,075	5,609
Fair value of plan assets	(6,402)	(6,460)
Net defined benefit assets	\$ (1,327)	(851)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle retired employees to receive retirement benefits based on their years of service and average monthly salary for the six months prior to retirement.

The Company received the approval letters from the Department of Labor, Taipei City Government No. 1116069618, No. 1126041943, and No. 1136038957, of August 15, 2022, and August 29, 2023, and August 5, 2024, respectively which approved to suspend the appropriation of pension fund from September 2022 to August 2023, from September

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

2023 to August 2024, and from September 2024 to August 2025.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to NT\$6,402 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of defined benefit obligations

The movement in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Defined benefit obligations at January 1	\$ 5,609	5,743
Current service cost and interest cost	73	80
Remeasurements of net defined benefit obligations		
— Actuarial gains and losses arising from	409	575
experience adjustments		
— Actuarial gains and losses arising from	(251)	67
changes in financial assumptions		
Benefits paid	(765)	(856)
Defined benefit obligations at December 31	<u><u>\$ 5,075</u></u>	<u><u>5,609</u></u>

(c) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Fair value of plan assets at January 1	\$ (6,460)	(7,191)
Interest income	(84)	(101)
Remeasurements of net defined benefit obligations		
— Return on plan assets excluding interest	(623)	(24)
income		
Benefits paid	765	856
Fair value of plan assets at December 31	<u><u>\$ (6,402)</u></u>	<u><u>(6,460)</u></u>

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Net interest of net defined benefit liabilities (assets)	<u>\$ (11)</u>	<u>(21)</u>
	2024	2023
Operating costs	\$ (8)	(16)
Operating expenses	(3)	(5)
	<u>\$ (11)</u>	<u>(21)</u>

(e) Actuarial assumptions

The principal actuarial assumptions for determining present value of defined benefit obligations at the reporting date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.70%	1.30%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of the year ended December 31, 2024 is \$0.

The weighted average lifetime of the defined benefit plans was 12 years.

(f) Sensitivity analysis

When calculating the present value of defined benefit obligations, the Company must practice judgments and estimates to determine relevant actuarial assumptions at the balance sheets date, including discount rates and future salary changes. Any changes in actuarial assumptions may cause significant impacts on the amount of defined benefit obligations.

As of December 31, 2024 and 2023, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

	Influences of defined benefit obligations	
	Increase0.25%	Decrease0.25%
December 31, 2024		
Discount rate	(150)	155
Future salary increases rate	140	(136)
December 31, 2023		
Discount rate	(166)	172
Future salary increases rate	156	(151)

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis was consistent with the calculation of net defined benefit liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

B. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NT\$3,521 thousand and NT\$3,686 thousand for the years ended December 31, 2024 and 2023, respectively.

(12) Income taxes

A. Tax expense

The components of the income tax in the years 2024 and 2023 were as follows:

	2024	2023
Current tax expense		
Current period	\$ 3,343	5,365
Adjustment for prior periods	-	(1,509)
	<u>3,343</u>	<u>3,856</u>
Deferred tax expense		
Origination and reversal of temporary differences	8,239	983
	<u>\$ 11,582</u>	<u>4,839</u>

The reconciliation of income tax expenses recognized in other comprehensive income were as below:

	2024	2023
Profit from continuing operations before tax	<u>\$ 73,189</u>	<u>48,517</u>
Income tax using the Company's domestic tax rate	\$ 14,638	9,703
Tax effect in foreign jurisdiction	31	32
Nondeductible expenses	81	91
Tax incentive	(3,168)	(5,326)
Overestimation for prior periods	-	(1,509)
Surtax on undistributed earnings of the prior year	-	1,848
Tax expense	<u>\$ 11,582</u>	<u>4,839</u>

B. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets for the years ended December 31, 2024 and 2023 were as follows:

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

	Allowance for inventory valuation and obsolescence	Gains on long- term equity investments accounted for using equity method	Total
Deferred tax liabilities:			
Balance at January 1, 2024	\$ 1,376	2,407	3,783
Recognized in profit or loss	4,293	(70)	4,223
Balance at December 31, 2024	<u>\$ 5,669</u>	<u>2,337</u>	<u>8,006</u>
Balance at January 1, 2023	\$ 1,296	4,508	5,804
Recognized in profit or loss	80	(2,101)	(2,021)
Balance at December 31, 2023	<u>\$ 1,376</u>	<u>2,407</u>	<u>3,783</u>
	Allowance for inventory valuation and obsolescence	Other	Total
Deferred tax assets:			
Balance at January 1, 2024	\$ 93,288	1,986	95,274
Recognized in profit or loss	(3,874)	(142)	(4,016)
Balance at December 31, 2024	<u>\$ 89,414</u>	<u>1,844</u>	<u>91,258</u>
Balance at January 1, 2023	\$ 95,758	2,520	98,278
Recognized in profit or loss	(2,470)	(534)	(3,004)
Balance at December 31, 2023	<u>\$ 93,288</u>	<u>1,986</u>	<u>95,274</u>

C. Assessment of tax

The Company's tax returns for the years through 2022 were assessed by the National Taiwan Bureau.

(13) Capital and other equity

A. Ordinary shares

The Company had authorized capital of NT\$800,000 thousand (80,000 thousand shares) as of December 31, 2024 and 2023, of which 60,554 thousand shares with par value of NT\$10 were issued. Payments for all issued shares had been received.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Share premium	<u><u>\$ 474,527</u></u>	<u><u>474,527</u></u>

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

C. Retained earnings

The Company's article of incorporation stipulates that any Company's profit for the period should first be used to offset the prior years' deficits (including the adjustments of the unappropriated retained earnings), allocate 10% of the remaining balance as legal reserve, unless such legal reserve has amounted to the paid-in capital, then set aside or reverse a special reserve in accordance with the laws and regulations or competent authorities. The remainder, if any, together with any undistributed retained earnings (including the adjustments of the unappropriated retained earnings) should be proposed earnings distribution by the Company's Board of Directors. Wherein the distributable dividend and bonus may be paid by cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting. Wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

The dividend distribution policy of the Company is to coordinate with the current and future development plans, consider the investment environment, capital needs, and domestic and foreign competition conditions, and take into consideration factors such as shareholders' interests. The dividends and bonus to shareholders each year shall not be less than 10% of the distributable earnings, but when the accumulated distributable earnings are lower than 3% of the paid-in capital, the distribution may not be done. When distributing dividends and bonus to shareholders, it can be done in the form of cash or stocks, and the cash dividends should not be less than 10% of the total dividends.

(a) Legal reserve

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

(b) Special reserve

According to the laws and regulations, special earnings shall be set aside from the net reduction of other shareholders' equity in current-period balance sheets during earnings distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Earnings distribution

The amount of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meetings on February 20, 2024 and February 24, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.72	<u>43,598</u>	0.80	<u>48,443</u>

The amount of dividends on the appropriation of earnings for 2024 is proposed to be approved by the board meetings on February 26, 2025. The distribution to shareholders was as follows:

	2024	
	Amount per share	Amount
Dividends distributed to ordinary shareholders		
Cash	\$ 0.90	<u>54,498</u>

D. Other equity interest

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (7,254)	(4,945)	(12,199)
Exchange differences on foreign operations	4,607	-	4,607
Balance at December 31, 2024	<u>\$ (2,647)</u>	<u>(4,945)</u>	<u>(7,592)</u>
Balance at January 1, 2023	\$ (6,962)	(4,945)	(11,907)
Exchange differences on foreign operations	(292)	-	(292)
Balance at December 31, 2023	<u>\$ (7,254)</u>	<u>(4,945)</u>	<u>(12,199)</u>

(14) Earnings per share

A. Basic earnings per share

The basic earnings per share of the Group in 2024 and 2023 were calculated based on the net profit attributable to the ordinary shareholders of the Company according to the weighted average number of ordinary shares outstanding. The calculations were as follows:

(a) Profit attributable to ordinary shareholders of the Company

	2024	2023
Profit attributable to ordinary shareholders of the Company	<u>\$ 61,607</u>	<u>43,678</u>

(b) Weighted average number of ordinary shares (in thousands)

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares at December 31 (in thousands) (the number of shares at January 1)	<u>60,554</u>	<u>60,554</u>

B. Diluted earnings per share

The diluted earnings per share in 2024 and 2023 were calculated based on the net profit attributable to the ordinary shareholders of the Company according to the weighted average number of ordinary shares outstanding after all potential ordinary shares adjusted to be diluted. The calculations were as follows:

(a) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 61,607</u>	<u>43,678</u>

(b) Weighted average number of ordinary shares (diluted) (in thousands)

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares (basic)	60,554	60,554
Effect of employee share bonus	118	78
Weighted average number of ordinary shares at December 31 (diluted)	<u>60,672</u>	<u>60,632</u>

(15) Revenue from contracts with customers

A. Details of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
America	\$ 183,229	192,568
Europe	84,043	94,885
Taiwan	15,232	12,387
Other country	72,753	82,212
	<u>\$ 355,257</u>	<u>382,052</u>
Main product/service line:		
Monoclonal antibody	\$ 120,247	121,011
Matched antibody	70,998	76,590
Protein	51,681	63,250
Polyclonal antibody	22,471	24,502
Testing instruments	5,831	7,343
Other	84,029	89,356
	<u>\$ 355,257</u>	<u>382,052</u>

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

B. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	\$ 47,626	45,170	68,397
Less: Loss allowance	(4,560)	(5,247)	(8,152)
Total	\$ 43,066	39,923	60,245
 Contract liabilities	 \$ 2,483	 2,349	 2,622

For details on accounts receivable and its loss allowance, please refer to note 6(3).
The balance of contract liabilities at January 1, 2024 and 2023 recognized as revenue for the years 2024 and 2023 were NT\$360 thousand and NT\$706 thousand, respectively.

(16) Remuneration to employees and directors

The Company's articles of incorporation, which were authorized by the Board of Directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 3% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet requirements set by the Board of Directors. The aforesaid remuneration to directors shall be distributed in cash only.

For the years ended December 31, 2024 and 2023, the Company recognized its employee remuneration amounting to NT\$3,235 thousand and NT\$2,155 thousand respectively; as well as its remuneration to directors and supervisors amounting to NT\$616 thousand and NT\$411 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If any discrepancy occurred between the actual distributions and the accrued amount for the following year, it shall be treated as a change in accounting estimates, and the difference shall be recognized as profit or loss for the next year. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the financial statements are identical to those of the actual distributions for 2024 and 2023.

(17) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

	2024	2023
Interest income from bank deposits	\$ 17,315	10,528

B. Other income

The details of other income were as follows:

	2024	2023
Other income	\$ 44	152

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

C. Other gains and losses

The details of other gains and losses were as follows:

	2024	2023
Losses on disposal of property, plant and equipment	\$ -	(3,453)
Foreign exchange gains	21,782	1,247
Miscellaneous revenue (expenses)	101	(6,770)
	<u>\$ 21,883</u>	<u>(8,976)</u>

D. Finance cost

The details of finance cost were as follows:

	2024	2023
Other finance expense	<u>\$ 118</u>	<u>142</u>

(18) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

Except for the biggest customers, the Company has no significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. As of December 31, 2024 and 2023, 8% and 13%, respectively, of accounts receivable were concentrated on the biggest customer, and 92% and 87%, respectively, of accounts receivable were concentrated on other counterparties' transactions.

(c) Receivables and debt securities

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

Other financial assets measured at amortized cost, including other receivables are with low credit risk and which loss allowance for the period is measured by the twelve-month expected credit loss amount. As of December 31, 2024, the Group had no impairment on other receivables.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2024						
Non-derivative financial liabilities						
Accounts payable	\$ 18,982	18,982	18,982	-	-	-
Other payables	32,300	32,300	32,300	-	-	-
Lease liabilities	24,006	25,120	5,932	5,524	13,664	-
	\$ 75,288	76,402	57,214	5,524	13,664	-
December 31, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 14,935	14,935	14,935	-	-	-
Other payables	34,384	34,384	34,384	-	-	-
Lease liabilities	7,706	7,867	5,203	2,664	-	-
	\$ 57,025	57,186	54,522	2,664	-	-

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

C. Currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

December 31, 2024				
	<u>Foreign currency (in thousands)</u>		<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 10,974	USD : TWD	32.785	359,788
EUR	318	EUR : TWD	34.14	10,840
GBP	111	GBP : TWD	41.19	4,565
JPY	8,292	JPY : TWD	0.2099	1,741
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	372	USD : TWD	32.785	12,201
EUR	89	EUR : TWD	34.14	3,033

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2023				
	Foreign currency (in thousands)		Exchange rate	New Taiwan Dollars
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	11,048 USD : TWD	30.705	339,214
EUR		303 EUR : TWD	33.98	10,311
GBP		88 GBP : TWD	39.15	3,464
CNY		6,197 CNY : TWD	4.327	26,815
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		321 USD : TWD	30.705	9,844
EUR		86 EUR : TWD	33.98	2,909
CNY		743 CNY : TWD	4.327	3,214

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, financial assets measured at fair value through other comprehensive income and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, EUR and JPY as of December 31, 2024 and 2023 would have increased (decreased) the net profit after tax by NT\$2,894 thousand and NT\$2,911 thousand, respectively. The analysis for the two periods was on the same basis.

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to NT\$21,782 thousand and NT\$1,247 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1% basis points, the Group's net income would have increased or decreased by NT\$1,617 and NT\$1,316 thousand for the years ended December 31, 2024 and 2023, assuming all other variable factors remain constant. This is mainly due to the Group's deposits and investments in floating variable rates.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

E. Fair value of financial instruments

(a) Fair value hierarchy

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

December 31, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ -	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	448,545	-	-	-	-
Notes and accounts receivable	43,066	-	-	-	-
Other receivables	6,803	-	-	-	-
Restricted assets (as other current assets)	869	-	-	-	-
Guarantee deposits paid (as other non-current assets)	1,786	-	-	-	-
Subtotal	501,069	-	-	-	-
Total	\$ 501,069	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$ 18,982	-	-	-	-
Other payables	32,300	-	-	-	-
Lease liabilities	24,006	-	-	-	-
Total	\$ 75,288	-	-	-	-
December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ -	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	423,515	-	-	-	-
Notes and accounts receivable	39,923	-	-	-	-
Other receivables	31,099	-	-	-	-

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Restricted assets (as other current assets)	858	-	-	-	-
Guarantee deposits paid (as other non-current assets)	1,786	-	-	-	-
Subtotal	497,181	-	-	-	-
Total	\$ 497,181	-	-	-	-

Financial liabilities measured at amortized cost					
Accounts payable	\$ 14,935	-	-	-	-
Other payables	34,384	-	-	-	-
Lease liabilities	7,706	-	-	-	-
Total	\$ 57,025	-	-	-	-

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

(2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available.

The fair values of financial instruments other than those in an active market are acquired through valuation technique or referring to quotations from counterparties. The fair value acquired through valuation technique can refer to the current fair value of other financial instruments with substantial conditions and similar characteristics, discounted cash flow method or other valuation techniques.

(19) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

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

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

B. Risk management framework

The Board of Directors is fully responsible for the development and control of the risk management policy of the Group, which its establishment is to identify and analyze the risks faced by the Group, set adequate risk limits and controls and supervise the risks and compliance with risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the Group. The Group develops a disciplined and constructive control environment through training, management principles and operating procedures so that all employees understand their roles and responsibilities. The Board of Directors oversees how the managements supervision is in compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group is

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and reports the reviews to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. A credit policy of the Group is stipulated internally to assess the credit quality of customers through the internal risk controls of considering their financial conditions, past experience and other factors, and periodically monitor the use of credit lines. The main credit risk arises principally from cash and cash equivalents, deposits in banks and financial institutions and outstanding accounts receivable from customers' sales. The credits quality of the financial institutions that the Group contacts is stable, and deals with multiple institutions to diversify credit risks. The possibility of default is expected to be very low. The maximum amount of exposure to credit risk on the balance sheet date is the carrying amount of cash and deposits in banks.

D. Liquidity risk

Cash flow forecasts are summarized by the Group's finance department. The management regularly monitors rolling forecasts of working capital needs to ensure sufficient funds to cover daily operating activities and appropriate financial flexibility to maintain a balance between funding continuity and agility.

E. Market risk

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

(a) Currency risk

The Group operates transnationally, so it is subject to currency risks arising from transactions that are relatively different from the functional currency of the Company and its subsidiaries, mainly the US dollar and Euro. The related currency risk arises from future commercial transactions, assets and liabilities recognized and net investments in foreign operating institutions.

The management of the Group has established a policy, managing currency risk arises from future commercial transactions and assets and liabilities recognized, and based on the principal of natural hedging, the Group considers the funding needs and net positions in the Company and its subsidiaries' currency to hedge risks in accordance with market foreign exchange conditions. Currency risks arise when future commercial transactions and assets or liabilities recognized are denominated in a foreign currency that is not the Group's functional currency.

(b) Interest rate risk

The measures taken by the Group to respond to the risk of interest rate changes are mainly to regularly assess loan interest rates from banks and each currency and maintain good relationships with financial institutions to obtain lower financing costs, meanwhile practice methods such as strengthening working capital management to reduce the dependence on bank loans and diversify the risk of interest rate changes.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

(20) Capital management

The goal of the Group's capital management is to ensure for continuing operating, maintain an optimal capital structure to reduce capital costs, and provide remuneration to shareholders. The Group achieves the goal of capital management through monitoring whether the capital position is sufficient to meet the debt repayments.

7. Related-party transactions

(1) Names of related parties and their relationships

The transactions between the Group and other related parties within the period of this consolidated financial report were as follows:

Name of related party	Relationship with the Group
Abnova-GmbH	Subsidiary of the Group
Citil Pharma Incorporated	Associate of the Group
Wellconn Genomics	Other related party (Note)

Note: The liquidation procedures of the related party have been completed in March 2023.

(2) Significant transactions with related parties

A. Operating revenue

The significant sales amount of the Group to related parties were as follows:

	2024	2023
Associate	\$ -	448

The general sales price is no significant difference between the Group's sales to associates and other related parties, and the collection period is one month.

B. Loans to related parties

Related parties	December 31, 2024	December 31, 2023
Abnova GmbH	\$ 2,382	2,371
Less: Investment additions accounted for using equity method	(2,809)	(2,809)
Other non-current liabilities	\$ (427)	(438)

(a) The Group did not charge interest for the above-mentioned transactions of loans to related parties.

(b) The Group's maximum limit of fund lent to related parties in 2024 and 2023 were both NT\$5,000 thousand.

C. Other

(a) The Group entrusted other related parties to provide cell testing services. Since there was no similar type of transaction for reference, the transaction price and payment terms were agreed according to the contract signed by both parties. The commissioned research expenses (as R&D expenses) in 2023 were NT\$360 thousand.

(b) The Group signed an office leasing contract with other related parties, which will be renewed every year after the expiration. The leasing price was negotiated by both parties, and the Group collects rent on a monthly basis according to the contract. The rent income in 2023 was NT\$135 thousand.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Key management personnel transaction

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	\$ 12,118	11,651

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Pledged time deposits (as other current assets)	Customs duty pledged,	\$ 869	858
Guarantee deposits paid (as other non-current assets)	Deposits for office and plant	1,786	1,786
		<u>\$ 2,655</u>	<u>2,644</u>

9. Commitments and contingencies

The Group's significant contractual commitments were as follows:

The Group and Louisiana State University of the United States signed an exclusive license for CHP technology on September 20, 2018, and the first payment was paid in 2018. Since the follow-up payments of the above contract must meet the requirements of conditions stipulated in the contract and the outcome obtained, whether and when it will be paid are uncertain. The Group's contractual commitments for the acquisition of intangible assets that were not recognized as of December 31, 2024 and 2023 were NT\$35,572 thousand and NT\$33,315 thousand, respectively. In addition, the Company paid the maintenance fee on an annual basis according to the contract, and paid royalty after the income was generated.

The Group and the company of non-related party signed a contract manufacturing agreement on October 11, 2023, and the lead payment and the first payment were paid. Since the follow-up payments of the above contract must meet the requirements of conditions stipulated in the contract and the outcome obtained, whether and when it will be paid are uncertain. The Group's contractual commitments for the aforementioned contract that were not recognized as of December 31, 2024 is NT\$23,250 thousand.

10. Losses due to major disasters : None.

11. Subsequent events : None.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

12. Other

The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:

By item	2024			2023		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries and wages	33,411	43,539	76,950	34,285	43,784	78,069
Labor and health insurance	3,716	3,307	7,023	3,893	3,588	7,481
Pension	1,820	1,690	3,510	1,895	1,770	3,665
Other	1,792	1,471	3,263	1,872	1,606	3,478
Depreciation expenses	6,973	12,940	19,913	7,038	14,453	21,491
Amortization expenses	6,662	3,388	10,050	8,214	2,606	10,820

13. Other disclosures

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

A. Loans to other parties:

(Expressed in Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of financing	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt Amount	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Name	Value		
0	Abnova (Taiwan) Corporation	Abnova-GmbH	Other receivables – related party (Note 4)	Yes	5,000	5,000	2,382	-	2	-	Operating turnover for insufficient working capital	-		-	130,940	523,760

Note 1 : The numbers filled in were as follows:

- The Company is ‘0’.
- The investee companies are numbered in order starting from ‘1’.

Note 2 : Financing purpose:

- ‘1’ for entities the Company has business transactions with.
- ‘2’ for entities that have short-term financing needs.

Note 3 : Limit of fund financing:

- The total amount available for financing purposes shall not exceed 40% of the Company’s net worth in the latest financial statements audited or reviewed by accountants.
- The individual financing amount to one entity that have business transaction with the Company shall not exceed the total transaction amount.
- The total amount for short-term financing to one entity shall not exceed 10% (inclusive) of the Company’s net worth in the latest financial statements audited or reviewed by auditors.

Note 4: The investee is a subsidiary of the Company, and the net amount after deducting its receivables was listed in “Other non-current liabilities”. Please refer to Note 7.

Note 5 : The aforementioned transactions have been eliminated in preparing the consolidated financial statements.

B. Guarantees and endorsements for other parties: None.

Abnova (Taiwan) Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

C. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: New Taiwan Dollars / share

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Highest percentage of ownership	Note
				Shares	Carrying amount	Percentage of ownership	Fair value		
The Company	Hukui Biotechnology Corporation (Samoa)	-	Financial assets measured at fair value through other comprehensive income	50,000	-	1.32%	-	- %	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

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

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: None.

(2) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the years ended December 31, 2024

Unit: New Taiwan Dollars / share

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (loss) of investee	Investment profit (loss) recognized by investor	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount			
The Company	Abnova GmbH (Note 4)	Germany	Distribution of biological products	854	854	(Note 4)	100.00%	(2,809)	-	-	Subsidiary
"	Abnova Holding Corporation	British Virgin Islands	Investment business	2,787	86,388	1,700	100.00%	8,050	(350)	(350)	"
"	AxleBio Ventures	Taiwan	Investment business	1,300	1,300	130,000	100.00%	944	(227)	(227)	"
AxleBio Ventures	Citil Pharma Incorporated	USA	R&D of cell therapy technology	342	342	2,890,000	40.00%	64	(514)	(205)	Associate (Note 5)
Abnova Holding Corporation	Abnova (Cayman) Corporation	Cayman Islands	Investment business	656	85,405	20,000	100.00%	7,102	(162)	(162)	Second-tier subsidiary
Abnova (Cayman) Corporation	Abnova (HK) Limited	Hong Kong	Investment business	-	54,751	-	- %	-	153	153	"
	Abnova Diagnostics	Japan	R&D, manufacturing and sales of medical device, etc., testing services	18,891	18,891	1,800,000	100.00%	984	(61)	(61)	"

Note 1 : The above transaction amount was eliminated in the consolidated financial statements.

Note 2 : The original investment amount of investees was calculated at USD1:TWD32.785 of December 31, 2024.

Note 3 : The original investment amount of investees was calculated at JPY1:TWD0.2099 of December 31, 2024.

Note 4 : The investee is a limited company with no shares issued.

Note 5 : The investee is a subsidiary of the Company, and the net amount after deducting its receivables was listed in "Other non-current liabilities". Please refer to Note 7.

Note 6 : Please refer to Note 6(6).

(3) Information on investment in Mainland China: None.

Abnova (Taiwan) Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Major shareholders :

Unit: Shares		
Shareholder's name	Shareholding	Percentage
Huang Wilber	3,651,144	6.02%

14. Segment information

(1) General information

The Group's main business is the R&D and production of biotechnology and operates only a single industry. The operating decision-makers of the Group evaluate performance and allocate resources based on the company's overall operating results, and the group is identified as a single reportable segment.

(2) Segment information

The accounting policies of the Group's operating segments are the same as 'summary of significant accounting policies' stated in Note 4 to the financial reports, and profit or loss are measured by net operating income, which is as the basis for evaluating the operating segments' performance.

(3) Reconciliation of segment's income

The Group's net operating income reported to the chief operating decision-maker adopts the same measurement method as the income and expenses in the statements of comprehensive income, so the reconciliation items of net operating income are the same as those in the statements of comprehensive income.

(4) Geographic information

In presenting information on the basis of geography, segment revenue was based on the geographical location of customers, while non-current assets were based on the geographical location of the assets. Please refer to Note 6(15) for the revenue from external customers. Non-current assets include property, plant and equipment, intangible assets and other assets, excluding financial instruments, deferred tax assets, assets of post-employment benefits and guarantee deposits paid.

<u>Non-current assets</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current assets:		
Taiwan	\$ 339,414	337,896
Japan	23	114
Total	<u>\$ 339,437</u>	<u>338,010</u>

(5) Major customers

The Group's income from a single customer accounted for 10% of the operating revenue for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Customer A	\$ 35,443	44,423
Customer B	34,093	29,188
Total	<u>\$ 69,536</u>	<u>73,611</u>