

**Kuangli Bio-Tech Holdings Co., Ltd.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

The Board of Directors of Kuangli Bio-Tech Holdings Co., Ltd.:

Opinion

We have audited the consolidated balance sheet of Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries as of December 31, 2024, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries as of December 31, 2024, and their consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and related pronouncements as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in Taiwan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries in accordance with the ethical requirements relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate opinion on these matters.

The key audit matter identified for the consolidated financial statements of Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries for 2024 is described as follows:

1. Revenue Recognition

The primary source of revenue for Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries is sales of cosmetic products. Revenue is a key performance indicator and there is pressure on management

to achieve financial targets amid fierce market competition and significant customer turnover. Thus, the authenticity of revenue was identified as a key audit matter.

Our principal audit procedures related to this matter included understanding and testing the design and operating effectiveness of internal controls over revenue recognition; evaluating the appropriateness of accounting policies related to revenue recognition; performing substantive testing on revenue transactions, including inspecting supporting documents such as customer orders, shipping documents, acceptance records, and payment receipts to verify the occurrence and existence of transactions; and reviewing changes in the top ten customers' revenue. New significant customers were included in our internal control and substantive testing samples to assess the nature and reasonableness of the transactions.

Please refer to Notes 4 and 6 of the consolidated financial statements for the disclosure on revenue recognition policies.

2. Impairment Assessment of Goodwill

The goodwill acquired by Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries through business combinations is required to be tested for impairment annually or whenever there is an indication of impairment. As the assessment of the recoverable amount of the cash-generating units to which goodwill has been allocated involves significant assumptions and estimates made by management, the impairment assessment of goodwill was considered a matter of most significance in our audit of the consolidated financial statements.

Our principal audit procedures performed in respect of the above key audit matter included obtaining the impairment assessment report prepared by external specialists engaged by management, as well as management's self-assessment of the goodwill impairment test; reviewing the impairment assessment report and management's self-assessment of the goodwill impairment test, and evaluating the reasonableness of the valuation methodology adopted and the parameters and assumptions used therein; performing sensitivity analysis on the test results; and inspecting whether Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries had appropriately disclosed the relevant information regarding the impairment assessment of goodwill.

Please refer to Notes 4, 5 and 6 to the consolidated financial statements for the accounting policies on impairment of non-financial assets and the disclosures regarding the accounting estimates and uncertainties in assumptions related to the impairment assessment of goodwill.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, 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 Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries' 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 Kuangli Bio-Tech Holdings Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Chao, Yi-Chi and Huang, Chun-Yen.

Moore Stephens Dahua CPAs
Taipei, Taiwan (Republic of China)
March 11, 2025

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

Kuangli Biotech Holdings Co., Ltd. and its subsidiaries

Consolidated balance sheet

Years Ended December 31, 2025 and 2024

Unit: NT\$1,000

		Dec 31,2025		Dec 31,2024				Dec 31,2025		Dec 31,2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets :						Current Liabilities :					
1100	Cash and Cash Equivalents (Note 6(1))	208,930	18	41,586	5	2100	Short-term borrowings (Notes 6(11) & 8)	176,108	15	134,340	15
1170	Net Trade receivable (notes 6(3) and (18))	81,433	7	85,192	9	2130	Contract Liabilities - Current (Notes 6(18) & 7)	29,986	3	16,688	2
1180	Trade receivable - net related persons (notes 6(3), (18) and 7)	516	-	13,385	1	2170	Trade payables	47,815	4	53,538	6
1197	Financial lease receivables - current (note 6(4))	3,308	-	3,243	-	2180	Trade payables - Related Persons (Note 7)	1,351	-	2,993	-
1200	Other receivables (note 6(5))	384	-	1,895	-	2219	Other payables	35,024	3	31,490	3
1210	Other receivables - related persons (notes 6(5) and 7)	-	-	14,701	2	2280	Lease liabilities - current (note 6(13))	40,378	3	32,730	4
1220	Current income tax assets	21	-	114	-	2320	Long-term liabilities due within one year (Notes 6(12) & 8)	8,247	1	30,033	3
130X	Inventories (Note 6(f))	46,561	4	57,467	6	2399	Other current liabilities	3,380	-	6,142	1
1410	Advance payments (note 7)	20,970	2	31,095	3			342,289	29	307,954	34
1476	Other financial assets - current (Note 8)	101,241	9	0	-						
1479	Other current assets	476	-	525	-						
		463,840	40	249,203	26						
Non-current assets :						Non-current liabilities :					
1517	Financial assets at FVTOCI - non-current (Note 6(2))	3,000	-	-	-	2540	Long-term borrowings (notes 6(12) & 8)	6,167	1	6,247	1
1600	Property, plant and equipment (Notes 6(7) & 8)	145,891	12	169,332	19	2580	Lease liabilities - non-current (note 6(13))	256,434	22	133,473	15
1755	Right-of-use assets (Note 6(8))	272,984	23	150,523	17	2600	Other non-current liabilities (note 12)	2,122	-	2,561	-
1805	Goodwill (Notes 6(9) & (10))	98,892	8	107,171	12			264,723	23	142,281	16
1821	Other intangible assets (note 6(9))	146,113	12	166,000	18			607,012	52	450,235	50
1840	Deferred tax assets (Note 6(15))	45,798	4	45,615	5						
1915	Prepaid for equipment	225	-	403	-						
1920	Margin Deposit (Notes 8 & 12)	6,076	1	14,132	2						
194D	Financial lease receivables - non-current (note 6(4))	4,515	-	7,823	1						
		723,494	60	660,999	74						
Total Assets						Total Liabilities					
		\$ 1,187,334	100	910,202	100						
						Equity (Note 6(16)) :					
						Share capital					
						3110	Ordinary shares	973,988	82	723,988	80
						3200	Capital Surplus	274,930	23	204,326	22
						3350	Accumulated Deficit	(637,910)	(54)	(444,933)	(49)
						3400	Other Equity	(33,622)	(3)	(23,414)	(3)
							Total equity attributable to owners of parent	577,386	48	459,967	50
						36xx	Non-controlling interests	2,936	-	-	-
							Total Equity	580,322	48	459,967	50
							Total liabilities and equity	\$ 1,187,334	100	910,202	100

Kuangli Biotech Holdings Co., Ltd. and its subsidiaries
Consolidated comprehensive income statement
Years Ended December 31, 2025 and 2024

Unit: NT\$1,000

	2025		2024	
	Amount	%	Amount	%
4000 Operating income (Notes 6(18) & 7)	\$ 377,032	100	381,304	100
5000 Operating costs (Notes 6(6) & 7)	(306,621)	(81)	(312,981)	(82)
5900 Operating gross profit	70,411	19	68,323	18
6000 Operating expenses (notes 6(3), (14) and 7):				
6100 Selling expenses	(96,231)	(26)	(84,327)	(22)
6200 Management fees	(89,527)	(24)	(89,823)	(24)
6300 Research and development costs	(33,272)	(9)	(32,250)	(8)
6450 Expected credit impairment loss	(8,861)	(2)	(6,978)	(2)
Total operating expenses	(227,891)	(61)	(213,378)	(56)
6900 Operating Loss	(157,480)	(42)	(145,055)	(38)
7000 Non-operating Income and Expenses (Notes 6(20) and 7):				
7100 Interest Income	8,015	2	1,706	-
7010 Other Income	1,466	-	2,156	1
7020 Other Gains and Losses	(31,337)	(8)	(25,336)	(7)
7050 Finance Costs	(13,705)	(3)	(15,866)	(4)
Total Non-operating Income and Expenses	(35,561)	(9)	(37,340)	(10)
7900 Net Loss Before Tax from Continuing Operations	(193,041)	(51)	(182,395)	(48)
7950 Add: Income Tax Benefit (Expense) (Note 6(15))	-	-	9,604	3
8200 Net Loss for the Period	(193,041)	(51)	(172,791)	(45)
8300 Other Comprehensive Income (Loss) (Note 6(16)):				
8310 Items Not to Be Reclassified to Profit or Loss:				
8341 Exchange differences on translation to presentation currency	(8,239)	(3)	20,186	5
Total Items Not to Be Reclassified to Profit or Loss	(8,239)	(3)	20,186	5
8360 Items That May Be Subsequently Reclassified to Profit or Loss:				
8361 Exchange Differences on Translation of Foreign Operations	(1,969)	-	(693)	-
Total Items That May Be Subsequently Reclassified to Profit or Loss	(1,969)	-	(693)	-
8300 Other Comprehensive Income (Loss) for the Period, Net of Tax	(10,208)	(3)	19,493	5
Total Comprehensive Loss for the Period	\$ (203,249)	(54)	(153,298)	(40)
Net Loss Attributable to:				
8610 Owners of the Parent	\$ (192,977)	(51)	(172,791)	(45)
8620 Non-controlling interests	(64)	-	-	-
	\$ (193,041)	(51)	(172,791)	(45)
Comprehensive Loss Attributable to:				
8710 Owners of the Parent	\$ (203,185)	(54)	(153,298)	(40)
8720 Non-controlling interests	(64)	-	-	-
	\$ (203,249)	(54)	(153,298)	(40)
Loss Per Share (in New Taiwan Dollars) (Note 6(17)):				
9750 Basic Loss Per Share	\$ (2.07)		(2.52)	

Kuangli Biotech Holdings Co., Ltd. and its subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2025 and 2024

Unit: NT\$1,000

	Share capital			Retained Earnings	Other Equity			Unit: NT\$1,000
	Ordinary shares	Preference shares	Capital Surplus	Accumulated Deficit	Differences on Translation of Foreign Operations	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
As of January 1, 2024	572,388	113,300	187,283	(272,142)	(42,907)	557,922	-	557,922
Cash Capital Increase	38,300	-	17,043	-	-	55,343	-	55,343
Conversion of Convertible Preferred Shares	113,300	(113,300)	-	-	-	-	-	-
Net Loss for the Period	-	-	-	(172,791)	-	(172,791)	-	(172,791)
Other Comprehensive (Loss) Income for the Period	-	-	-	-	19,493	19,493	-	19,493
Total Comprehensive (Loss) Income for the Period	-	-	-	(172,791)	19,493	(153,298)	-	(153,298)
As of December 31, 2024	723,988	-	204,326	(444,933)	(23,414)	459,967	-	459,967
As of January 1, 2025	723,988	-	204,326	(444,933)	(23,414)	459,967	-	459,967
Cash Capital Increase	250,000	-	70,604	-	-	320,604	-	320,604
Net Loss for the Period	-	-	-	(192,977)	-	(192,977)	(64)	(193,041)
Other Comprehensive (Loss) Income for the Period	-	-	-	-	(10,208)	(10,208)	-	(10,208)
Total Comprehensive (Loss) Income for the Period	-	-	-	(192,977)	(10,208)	(203,185)	(64)	(203,249)
Non-controlling Interests	-	-	-	-	-	-	3,000	3,000
As of December 31, 2025	973,988	-	274,930	(637,910)	(33,622)	577,386	2,936	580,322

Kuangli Biotech Holdings Co., Ltd. and its subsidiaries

Consolidated Statement of Cash Flows
Years Ended December 31, 2025 and 2024

Unit: NT\$1,000

	2025	2024
Cash Flows from Operating Activities:		
Net Loss Before Income Tax	\$ (193,041)	(182,395)
Adjustments:		
Income and Expense Items:		
Depreciation Expense	66,983	65,144
Amortization Expense	19,894	18,779
Expected Credit Impairment Loss	8,861	6,978
Interest Expense	13,705	15,866
Interest Income	(8,015)	(1,706)
Gain on Disposal and Retirement of Property, Plant and Equipment	(7)	-
Gain on Lease Modification	-	(1,868)
Impairment Loss on Goodwill	8,394	26,006
Total Income and Expense Items	109,815	129,199
Net Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
Decrease (Increase) in Accounts Receivable (Including Related Parties)	7,767	(35,722)
Decrease (Increase) in Other Receivables	1,511	(1,711)
Decrease (Increase) in Inventories	10,906	(11,999)
Decrease (Increase) in Prepayments	10,125	(2,296)
Increase in Other Financial Assets - Current	(101,241)	-
Decrease (Increase) in Other Current Assets	49	(308)
Total Net Changes in Operating Assets	(70,883)	(52,036)
Net Changes in Operating Liabilities:		
Increase in Contract Liabilities	13,298	5,891
Increase (Decrease) in Trade payables (Including Related Parties)	(7,365)	34,177
Increase in Other Payables (Including Related Parties)	2,798	3,970
Increase (Decrease) in Other Current Liabilities	(2,762)	4,742
Decrease in Other Non-current Liabilities	(444)	(444)
Total Net Changes in Operating Liabilities	5,525	48,336
Total Net Changes in Operating Assets and Liabilities	(65,358)	(3,700)
Total Adjustments	44,457	125,499
Cash Outflows from Operating Activities	(148,584)	(56,896)
Interest Received	7,829	1,456
Interest Paid	(4,664)	(8,460)
Income Taxes Refunded (Paid)	93	(1,334)
Net Cash Outflows from Operating Activities	(145,326)	(65,234)
Cash Flows from Investing Activities:		
Acquisition of Financial Assets at FVTOCI	(3,000)	-
Proceeds from Disposal of Financial Assets Measured at Amortized Cost	-	27,617
Acquisition of Property, Plant and Equipment	(9,322)	(12,256)
Proceeds from Disposal of Property, Plant and Equipment	30	2,208
Acquisition of Intangible Assets	-	(5,000)
Decrease (Increase) in Refundable Deposits	8,056	(1,423)
Decrease (Increase) in Prepayments for Equipment	178	(186)
Decrease in Other Receivables - Related Parties	14,701	47,863
Decrease in Finance Lease Receivables	3,429	3,429
Net Cash Inflows from Investing Activities	14,072	62,252
Cash Flows from Financing Activities:		
Increase in Short-term Borrowings	256,384	222,198
Decrease in Short-term Borrowings	(214,616)	(235,226)
Proceeds from Long-term Borrowings	10,000	20,000
Repayments of Long-term Borrowings	(31,866)	(47,184)
Increase in Guarantee Deposits Received	5	516
Repayments of Principal on Lease Liabilities	(29,454)	(31,721)
Cash Capital Increase	320,604	55,343
Changes in Non-controlling Interests	3,000	-
Net Cash Inflows (Outflows) from Financing Activities	314,057	(16,074)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(15,459)	(2,574)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period	167,344	(21,630)
Cash and Cash Equivalents at Beginning of Period	41,586	63,216
Cash and Cash Equivalents at End of Period	\$ 208,930	41,586

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Kuangli Bio-Tech Holdings Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Kuangli Bio-Tech Holdings Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on July 4, 2012. On May 6, 2013, the Company underwent a corporate reorganization and acquired the shares of Novel Idea Co., Ltd. at a share exchange ratio of 1:1. Upon completion of the share exchange, the Company became the holding company of Novel Idea Co., Ltd. and its subsidiaries.

The Company and its subsidiaries, hereinafter collectively referred to as the “Group,” were principally engaged in the manufacture and sale of various types of panels (LENS), such as mobile phone panels, digital camera windows, PDA panels and instrument panels. Since June 1, 2021, in response to the Group’s operating strategies, the Group has actively expanded the scope of its business operations to include the research and development, manufacture and sale of cosmetics, skincare products and other related biotechnology products. On August 13, 2021, the shareholders’ meeting resolved to change the Company’s name to “Kuangli Bio-Tech Holdings Co., Ltd.,” and the Company obtained approval from the Taiwan Stock Exchange for the name change on November 19, 2021.

The Company’s shares have been listed and traded on the Taiwan Stock Exchange since December 2014.

The functional currency of the Company is Renminbi. As the Company’s shares are listed in Taiwan, the consolidated financial statements are presented in New Taiwan dollars to enhance the comparability and consistency of the financial statements.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 13, 2026

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

Kuangli Bio-Tech Holdings Co., Ltd. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “ Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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 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.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

Kuangli Bio-Tech Holdings Co., Ltd. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	- Management performance measures (MPMs): 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 is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

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

(4) Summary of material accounting policies:

The material 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 consolidated financial statements.

(a) 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 and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

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(b) Basis of preparation

(i) Basis of measurement

Except for significant balance sheet items such as financial assets measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. 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.

(ii) List of subsidiaries in the consolidated financial statements

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Name of investor	Name of subsidiary	Principal activity	Shareholding		Descriptions
			December 31, 2025	December 31, 2024	
The Company	Novel Idea Co., Ltd.(Mauritius)	Investment company	100%	100%	
The Company	Alliance Capital Investment Management Linc. (BVI)	Investment company	100%	100%	Note 2
The Company	Gloreau International Co., Ltd.	Trading of cosmetics, skincare products and health supplements	100%	-	Note 3
The Company	AI Biotech Co., Ltd.	Sales of computer AI hardware and information processing services	100%	-	Note 4
Kuangli Bio-Tech Holdings Co., Ltd.	G Medical Management Co., Ltd.	Health consulting services and trading of health supplements	100%	-	Note 5
Kuangli Bio-Tech Holdings Co., Ltd.	Shanghai Kuangli Chenyao Bio-Tech Co., Ltd.	Health consulting services	100%	-	Note 6
Gloreau Bio-Tech Co., Ltd.	Gloreau International Co., Ltd.	Trading of cosmetics, skincare products and health supplements	70%	-	Note 7
Alliance Capital Investment Management Inc. (BVI)	Shanghai Enlian Kaide Investment Consulting Co., Ltd.	Investment company	100%	100%	Note 8
Shanghai Enlian Kaide Investment Consulting Co., Ltd.	Shanghai Yidai Cosmetics Co., Ltd.	Research, development and production of cosmetics and skincare products	100%	100%	

Name of investor	Name of subsidiary	Principal activity	Shareholding		Descriptions
			December 31, 2025	December 31, 2024	
The Company	Kuangli Bio-Tech Holdings Co., Ltd.	Health management business	100%	100%	Note 1

Note 1: To meet its operational needs, the Group made cash capital injections of \$30,000 thousand and \$55,344 thousand to Kuangli Bio-Tech Holdings Co., Ltd. in the third quarter of 2025 and the second quarter of 2024, respectively. The Group's equity interest remained at 100%.

Note 2: To meet its operational needs, the Group made a cash capital injection of USD\$100 thousand to Alliance Capital Investment Management Inc. (BVI) in the second quarter of 2024. The Group's equity interest remained at 100%.

Note 3: To meet its operational needs, the Group incorporated Gloreau International Co., Ltd. with paid-in capital of \$20,000 thousand in the third quarter of 2025. The Group held 100% of its equity interest.

Note 4: To meet its operational needs, the Group incorporated AI Biotech Co., Ltd. with paid-in capital of \$10,000 thousand in the third quarter of 2025. The Group held 100% of its equity interest.

Note 5: To meet its operational needs, the Group's subsidiary, Kuangli Bio-Tech Holdings Co., Ltd.,

Kuangli Bio-Tech Holdings Co., Ltd. AND SUBSIDIARIES

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incorporated G Medical Management CO., Ltd. with paid-in capital of NT\$10,000 thousand in the third quarter of 2025. Kuangli Bio-Tech Holdings Co., Ltd. held 100% of its equity interest.

Note 6: To meet its operational needs, the Group's subsidiary, Kuangli Bio-Tech Holdings Co., Ltd., invested in the establishment of Shanghai Kuangli Chenyao Bio-Tech Co., Ltd., which completed its registration of incorporation on September 1, 2025. As of December 31, 2025, the related capital contribution had not yet been remitted.

Note 7: To meet its operational needs, the Group incorporated Gloreau International CO., LTD. with paid-in capital of \$10,000 thousand in the fourth quarter of 2025. The Group held 70% of its equity interest.

Note 8: To meet its operational needs, the Group made a cash capital injection of US\$100 thousand to Shanghai Enlian Kaide Investment Consulting Co., Ltd. in the third quarter of 2024. The Group's equity interest remained at 100%.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency 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

Kuangli Bio-Tech Holdings Co., Ltd. AND SUBSIDIARIES

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operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only 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 of only 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.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

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

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) 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.

(g) Financial instruments

1) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income 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.

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1) 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.

2) 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.

3) 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, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets).

Loss allowance for trade receivables and contract assets is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 30 months past due.

ECLs are a 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 and debt securities at FVOCI 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 30 months 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 a security 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 customers, 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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes the costs of purchase, production or conversion and other costs incurred in bringing the inventories to their present location and condition, and is calculated using the weighted-average method. The cost of finished goods and work in progress includes an appropriate share of manufacturing overheads allocated based on normal capacity.

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

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(i) 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.

(i) 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 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:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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:
 - there is a change in future lease payments arising from the change in an index or rate; or
 - there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
 - 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, or
 - there is a change of its assessment on whether it will exercise an extension or termination option; or
 - there are any lease modifications.

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

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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 that do not meet the definition of investment and lease liabilities 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 short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are recognized and measured using the cost model, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a condition necessary for it to be capable of operating in the manner intended by management, the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs capitalized for qualifying assets. In addition, cost also includes amounts transferred from equity in respect of effective cash flow hedges of purchases of property, plant and equipment denominated in foreign currencies. Software purchased to integrate the functionality of the related equipment is also capitalized as part of that equipment. When an item of property, plant and equipment comprises different components, and such components are significant in relation to the total cost of the item and it is appropriate to apply different depreciation rates or depreciation methods, each component is accounted for as a separate item, or major component, of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are determined as the difference between the carrying amount of the item and the disposal proceeds, and are recognized on a net basis in profit or loss under “other gains and losses.”

(ii) Subsequent expenditure

Subsequent expenditures relating to an item of property, plant and equipment are recognized as part of the carrying amount of the item if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) 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.

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

1) Mechanical equipment	1~10 years
2) Transportation equipment	4~7 years
3) Office equipment	2~10 years
4) Lease improvement	5~10 years
5) Other equipment	2~10 years

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

(k) Goodwill

Goodwill acquired in a business combination is measured at cost, being the amount of goodwill recognized at the acquisition date, less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units, collectively referred to as "cash-generating units," that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with its recoverable amount. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the current year, that unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss for the period. An impairment loss recognized for goodwill shall not be reversed in subsequent periods.

On disposal of an operation within a cash-generating unit to which goodwill has been allocated, the amount of goodwill attributable to the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

(l) Intangible assets

(i) Separately acquired

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful lives, residual values and amortization methods are reviewed at least at the end of each year, and the effects of any changes in accounting estimates are accounted for prospectively.

(ii) Acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and initially measured at their fair values at the acquisition date. Subsequent measurement is consistent with that of separately acquired intangible assets.

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(iii) Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in current profit or loss.

(iv) Amortization

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

- | | |
|---------------------------|-----------|
| 1) Technical know-how | 3~15years |
| 2) Customer relationships | 10years |
| 3) Computer software | 10years |

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) 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 or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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1) Sale of goods

Operating revenue is derived from the manufacture and sale of cosmetics and skincare products, and the sale of health supplements. Since customers obtain the right to determine the price and use of the goods when the goods are delivered to the locations designated by the customers, and bear the primary responsibility for resale and the risk of obsolescence of the goods, the Group recognizes revenue and trade receivable at that point in time. Advance receipts from the sale of goods are recognized as contract liabilities before the products are delivered.

The Group also provides processing services for certain customers using materials supplied by such customers. Since control over the ownership of inventories of the processed products is not transferred, revenue is recognized on a net basis.

1) Services

Service revenue is derived from health consulting, testing and marketing services, etc. The related revenue is recognized based on the stage of completion of the contract when the services are rendered.

2) Rental

Rental revenue is generated from the leasing of medical instruments and equipment, etc., and is recognized monthly on a straight-line basis over the lease term.

3) Brand and trademark licensing

Brand and trademark licensing revenue is generated from assisting franchisees in developing health-related businesses and providing related support to franchisees. The Group recognizes revenue when it satisfies each performance obligation under the contract.

(o) Employee benefits

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

(p) 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

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 are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the

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reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction effects neither accounting nor taxable profits (losses);
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and.
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) 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.

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.

(q) 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 potential dilutive ordinary shares.

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(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions 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. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

1. Impairment of financial assets

The estimated impairment of receivables is based on the Group's assumptions regarding the probability of default and loss given default. In making these assumptions and selecting the inputs to the impairment assessment, the Group takes into account historical experience, current market conditions and forward-looking information. If actual future cash flows are lower than expected by the Group, significant impairment losses may be incurred.

2. Impairment of inventories

The net realizable value of inventories represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are assessed based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially affect the results of such estimates.

3. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and to determine an appropriate discount rate in order to calculate the present value. Where actual cash flows are lower than expected, or changes in facts and circumstances result in downward revisions to future cash flows or upward revisions to the discount rate, significant impairment losses may be incurred.

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(6) Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 73	35
Demand deposits	93,723	41,551
Time deposits	115,134	-
Cash and cash equivalents	\$ 208,930	41,586

Time deposits with original maturities of three months or less are presented as cash and cash equivalents if they are held to meet short-term cash commitments rather than for investment or other purposes, are readily convertible to a fixed amount of cash, and are subject to an insignificant risk of changes in value.

The disclosure of the interest rate risk and sensitivity analysis for the Group's financial assets and liabilities, refer to Note 6(21).

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

	December 31, 2025	December 31, 2024
Investments in equity instruments at fair value through other comprehensive income:		
Stocks in non-listed companies	\$ 3,000	-
Non-current	\$ 3,000	-

- (i) The Group has disclosed credit, currency and interest rate exposures related to financial instruments, refer to Note 6(21).
- (ii) As of December 31, 2025 and 2024, none of the Group's financial assets had been pledged as collateral.

(3) Notes and trade receivables

	December 31, 2025	December 31, 2024
Trade receivables	\$ 98,928	93,212
Trade receivables from related parties	521	13,649
Less: Allowance for impairment loss	(17,500)	(8,284)
	\$ 81,949	98,577

- (i) The Group applies the simplified approach to measure expected credit losses for all trade receivables, using lifetime expected credit losses. For this measurement purpose, trade receivables are grouped based on shared credit risk characteristics that represent the customers' ability to pay all amounts due in accordance with the contractual terms, and forward-looking information has been incorporated.

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The analysis of expected credit losses on the Group's trade receivables was as follows :

December 31, 2025			
	Notes and trade	Weighted-	Loss allowance
	receivables	average loss	provision
		rate	
Not Past Due	\$ 77,126	6.53%	(5,036)
Under 90 days	6,949	13.50%	(938)
91 to 180 Days Past Due	7,160	46.26%	(3,312)
Over 181 Days Past Due	8,214	100.00%	(8,214)
\$	99,449		(17,500)

December 31, 2024			
	Notes and trade	Weighted-	Loss allowance
	receivables	average loss	provision
		rate	
Not Past Due	\$ 84,870	3.04%	(2,578)
Under 90 days	16,288	8.93%	(1,454)
91 to 180 Days Past Due	2,917	50.26%	(1,466)
Over 181 Days Past Due	2,786	100.00%	(2,786)
\$	106,861		(8,284)

(ii) The movements in the loss allowance for trade receivable of the Group for the years ended December 31, 2025 and 2024 were as follows :

	2025	2024
At January 1	\$ 8,284	1,242
Provision for impairment loss	8,861	6,978
Effect of foreign exchange	355	64
At December 31	\$ 17,500	8,284

The Group cooperated with Sun Shine Healthcare Ltd and OGM Clinic established by Sun Shine Healthcare Ltd. Under the cooperation arrangement, the Group provided clinic brand licensing, medical devices and products, and subleased premises to serve as the operating site of the cooperative clinic. As disagreements arose between the parties with respect to the cooperative business, the Group assessed that there was doubt over the recoverability of the related receivables and recognized a loss allowance of \$2,830 thousand for the uncollected amount in 2024.

As of December 31, 2025, trade receivable of \$2,350 thousand remained outstanding. The Group filed a civil lawsuit with the Taipei District Court on April 8, 2025, and received a notice of mediation proceedings from the court on October 20, 2025.

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(iii) Guarantees

As of December 31, 2025 and 2024, none of the Group's trade receivables had been pledged as collateral for long-term borrowings or financing facilities.

(4) Finance lease receivables

The Group subleased the office premises leased by the Group since 2023. Since the sublease term covers substantially the entire remaining term of the head lease, the Group classified the sublease as a finance lease.

The maturity analysis of lease payments receivable after the reporting date on an undiscounted basis is set out below :

	December 31, 2025	December 31, 2024
<u>Undiscounted lease payments</u>		
Year 1	\$ 3,429	3,429
Year 2	3,429	3,429
Year 3	1,142	3,429
Year 4	-	1,142
Year 5	-	-
	<u>8,000</u>	<u>11,429</u>
Less: Unearned finance income	(177)	(363)
Less: Allowance for impairment loss	-	-
Net investment in leases presented as finance lease	<u>\$ 7,823</u>	<u>11,066</u>
receivables		
Current	<u>\$ 3,308</u>	<u>3,243</u>
Non-current	<u>\$ 4,515</u>	<u>7,823</u>

(5) Other receivables

	December 31, 2025	December 31, 2024
Other receivables	\$ 384	1,895
Other receivables - related parties	-	14,701
Less: Allowance for impairment loss	-	-
	<u>\$ 384</u>	<u>16,596</u>

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Other receivables - related parties

On December 18, 2020, Shanghai Yidai Cosmetics Co., Ltd., a subsidiary of the Group, disposed of its 49% equity interest in DOWELL&YIDAI COSMETICS FRANCE SAS, an associate, to Shanghai Quanli Biotechnology Co., Ltd., a related party. The parties agreed that the total consideration for the equity transfer amounted to EUR 2,940 thousand, equivalent to CNY 23,660 thousand translated at the exchange rate on the date of signing the equity transfer agreement. Shanghai Quanli Biotechnology Co., Ltd. remitted CNY 4,000 thousand to Shanghai Yidai Cosmetics Co., Ltd. in 2020. Due to the impact of the COVID-19 pandemic in Mainland China on the original payment plan, the parties agreed to extend the repayment schedule for the remaining balance, which was subsequently reclassified as loans to others °

The total amount of the loans to others was set at CNY 19,660 thousand, with interest imputed at a rate of 4.70%. Shanghai Bio Truly Co., Ltd. made payments successively over the years. On March 11, 2025, the loans to others and the related interest receivable were fully collected.

(6) Inventories

	December 31,	December 31,
	2025	2024
Merchandise	\$ 5,677	2,865
Raw materials	22,963	27,228
Work in progress and semi-finished goods	8,993	11,689
Finished good	8,928	15,685
	\$ 46,561	57,467

For the years ended December 31, 2025 and 2024, the Group recognized inventory write-downs to net realizable value of \$8,614 thousand and \$5,553 thousand, respectively, and losses on inventories written off due to expiration of \$3,945 thousand and \$5,857 thousand, respectively. The aforementioned amounts were recorded as cost of goods sold.

As of December 31, 2025 and 2024, the Group did not provide any inventories as collateral.

(7) Property, plant and equipment

The movements in the cost, accumulated depreciation and accumulated impairment losses of the Group's property, plant and equipment were as follows :

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	Machinery and Equipment	Transportation Equipment	Office Equipment	Lease Improvements	Total
<u>Cost</u>					
Balance on January 1, 2025	\$ 81,042	18,112	20,596	138,889	258,639
Addition	2,608	134	645	5,935	9,322
Disposal	(1,118)	-	(171)	-	(1,289)
Reclassification	(4,302)	-	4,302	-	-
Effect of Foreign Currency Exchange	365	62	75	543	1,045
Differences					
Balance on December 31, 2025	\$ 78,595	18,308	25,447	145,367	267,717
Balance on January 1, 2024	\$ 79,073	17,637	19,497	135,008	251,215
Addition	5,837	-	855	5,564	12,256
Disposal	(6,724)	-	(153)	(6,249)	(13,126)
Reclassification	2,856	475	397	4,566	8,294
Balance on December 31, 2024	\$ 81,042	18,112	20,596	138,889	258,639
<u>Accumulated Depreciation and impairment loss</u>					
Balance on January 1, 2025	\$ (30,823)	(15,106)	(10,894)	(32,484)	(89,307)
Depreciation expenses	(7,400)	(1,198)	(4,645)	(19,179)	(32,422)
Disposal	1,118	-	148	-	1,266
Reclassification	2,758	-	(2,758)	-	-
Effect of Foreign Currency Exchange	(349)	(70)	(155)	(789)	(1,363)
Differences					
Balance on December 31, 2025	\$ (34,696)	(16,374)	(18,304)	(52,452)	(121,826)
Balance on January 1, 2024	\$ (26,118)	(13,180)	(6,865)	(19,385)	(65,548)
Disposal	4,516	-	153	6,249	10,918
Depreciation expenses	(8,291)	(1,484)	(4,007)	(18,684)	(32,466)
Effect of Foreign Currency Exchange	(930)	(442)	(175)	(664)	(2,211)
Differences					
Balance on December 31, 2024	\$ (30,823)	(15,106)	(10,894)	(32,484)	(89,307)
<u>Carrying amount</u>					
December 31, 2025	\$ 43,899	1,934	7,143	92,915	145,891
December 31, 2024	\$ 50,219	3,006	9,702	106,405	169,332

For details of assets pledged as collateral for financing facilities as of December 31, 2025 and 2024, refer to Note 8.

(8) Right-of-use assets

The movements in the cost, depreciation and impairment losses of the Group's leased buildings and premises were as follows :

	Buildings	Machinery Equipment	Total
<u>Carrying amount</u>			
Balance on January 1, 2025	\$ 248,265	7,030	255,295
Addition	151,758	-	151,758
Expired and terminated	(9,032)	-	(9,032)
Effect of Foreign Currency Exchange	6,275	1	6,276
Differences			

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	Buildings	Machinery Equipment	Total
Balance on December 31, 2025	\$ 397,266	7,031	404,297
Balance on January 1, 2024	\$ 284,969	337	285,306
Addition	865	7,030	7,895
Expired and terminated	(46,319)	(347)	(46,666)
Effect of Foreign Currency Exchange	8,750	10	8,760
Differences			
Balance on December 31, 2024	\$ 248,265	7,030	255,295
<u>Accumulated depreciation and impairment losses on right-of-use assets</u>			
Balance on January 1, 2025	\$ (103,307)	(1,465)	(104,772)
Depreciation expenses	(31,046)	(3,515)	(34,561)
Expired and terminated	9,032	-	9,032
Effect of Foreign Currency Exchange	(1,012)	-	(1,012)
Differences			
Balance on December 31, 2025	\$ (126,333)	(4,980)	(131,313)
Balance on January 1, 2024	\$ (90,044)	(290)	(90,334)
Depreciation expenses	(31,165)	(1,513)	(32,678)
Expired and terminated	20,861	347	21,208
Effect of Foreign Currency Exchange	(2,959)	(9)	(2,968)
Differences			
Balance on December 31, 2024	\$ (103,307)	(1,465)	(104,772)
<u>Carrying amount</u>			
December 31, 2025	\$ 270,933	2,051	272,984
December 31, 2024	\$ 144,958	5,565	150,523

As of December 31, 2025 and 2024, the Group did not provide any right-of-use assets as collateral.

(9) Intangible assets

	Goodwill	Technical know-how	Customer Relations	Computer software cost	Total
<u>Cost</u>					
Balance on January 1, 2025	\$ 142,644	151,904	75,111	6,258	375,917
Effect of Foreign Currency Exchange Differences	574	525	350	11	1,460
Balance on December 31, 2025	\$ 143,218	152,429	75,461	6,269	377,377
Balance on January 1, 2024	\$ 137,978	137,533	72,623	6,166	354,300
Addition	-	5,000	-	-	5,000
Reclassification	-	4,524	-	-	4,524
Effect of Foreign Currency Exchange Differences	4,666	4,847	2,488	92	12,093
Balance on December 31, 2024	\$ 142,644	151,904	75,111	6,258	375,917

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	Goodwill	Technical know-how	Customer Relations	Computer software cost	Total
<u>Amortization and impairment</u>					
Balance on January 1, 2025	\$ (35,473)	(34,001)	(28,519)	(4,753)	(102,746)
Amortization expenses	-	(12,356)	(7,273)	(265)	(19,894)
Impairment loss	(8,394)	-	-	-	(8,394)
Effect of Foreign Currency Exchange Differences	(459)	(476)	(388)	(15)	(1,338)
Balance on December 31, 2025	\$ (44,326)	(46,833)	(36,180)	(5,033)	(132,372)
Balance on January 1, 2024	\$ (9,166)	(23,685)	(18,761)	(4,448)	(56,060)
Amortization expenses	-	(9,442)	(9,066)	(271)	(18,779)
Impairment loss	(26,006)	-	-	-	(26,006)
Effect of Foreign Currency Exchange Differences	(301)	(874)	(692)	(34)	(1,901)
Balance on December 31, 2024	\$ (35,473)	(34,001)	(28,519)	(4,753)	(102,746)
<u>Net carrying amount</u>					
December 31, 2025	\$ 98,892	105,596	39,281	1,236	245,005
December 31, 2024	\$ 107,171	117,903	46,592	1,505	273,171

As of December 31, 2025 and 2024, the Group did not provide any intangible assets as collateral.

(10) Goodwill impairment testing

For impairment testing purposes, the total carrying amount of goodwill was allocated to the respective cash-generating units as follows

	January 1, 2025	Movements	December 31, 2025
Cosmetics and Skincare Business CGU	\$ 107,171	(8,279)	98,892

	January 1, 2024	Movements	December 31, 2024
Cosmetics and Skincare Business CGU	\$ 128,812	(21,641)	107,171

On June 1, 2021, the Group acquired Alliance Capital Investment Management Inc.(BVI) (“ACIM”) and its subsidiaries, resulting in goodwill of \$139,714 thousand. The goodwill mainly arose from the expected benefits from revenue growth in the cosmetics and skincare business. For impairment testing purposes, the goodwill was related solely to the single cash-generating unit of Shanghai Yidai Cosmetics Co., Ltd. Therefore, impairment of goodwill was assessed by determining the recoverable amount of Shanghai Yidai Cosmetics Co., Ltd. and comparing it with the carrying amount of its net assets to evaluate whether any impairment loss should be recognized.

As the economic development of the China market was lower than expected, the Group assessed that the recoverable amount of Shanghai Yidai Cosmetics Co., Ltd. was less than its carrying amount. Accordingly, the Group recognized goodwill impairment losses of

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\$8,394 thousand and \$26,006 thousand for the years ended December 31, 2025 and 2024, respectively, which were recorded under other gains and losses.

The recoverable amount of the goodwill was determined based on value in use, which was calculated using cash flow projections based on the financial budgets for the next five years approved by the Group's management. Annual discount rates of 14.2% and 16.2% were used for the years ended December 31, 2025 and 2024, respectively. Cash flows beyond the five-year period were extrapolated using a growth rate of 3%. Other key assumptions included expected operating revenue and gross profit from sales. These assumptions were determined with reference to the past operating performance of the cash-generating unit and management's expectations of the market.

Based on recent experience, if the estimated discount rate for 2024 increased from 16.2% to 16.7%, it could result in the recognition of an additional impairment loss of \$21,132 thousand. If the estimated discount rate for 2025 increased from 14.2% to 14.7%, it could result in the recognition of an additional impairment loss of \$9,921 thousand.

(11) Short-term borrowings

Details of the Group's short-term borrowings were as follows

	December 31, 2025	December 31, 2024
Secured bank loans	\$ 176,108	134,340
Unused short-term credit lines	\$ 39,700	-
Range of interest rates	3.00%~3.75%	3.25%~4.10%

For details of assets pledged as collateral for bank borrowings by the Group, Refer to Notes 8 and 9.

(12) Long-term borrowings

The details of the Group's long-term borrowings were as follows:

	December 31, 2025	December 31, 2024
Long-term borrowings	\$ 8,167	-
Other long-term borrowings	6,247	36,280
Less: Current portion	(8,247)	(30,033)
	\$ 6,167	6,247
Unused long-term credit lines	\$ -	-
Range of interest rates	2.22%~2.48%	2.5%~7.82%

Since 2022, the Group has entered into borrowing arrangements with Chailease Specialty Finance Co., Ltd, Hotai Finance Co., Ltd., Sinopac Leasing Corporation and Yangtze United Financial Leasing Co., Ltd. for operating purposes. The borrowing terms range from two to five years, and the principal and interest are repayable in equal monthly installments.

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The borrowings are secured by refundable deposits and machinery and equipment. For details of the Group's assets pledged as collateral for bank borrowings, Refer to Note 8.

(13) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31,	December 31,
	2025	2024
Current	\$ 40,378	32,730
Non-current	256,434	133,473
	\$ 296,812	166,203

For the maturity analysis, please refer to Note 6(21) Financial Instruments.

The amounts recognized in profit or loss in relation to leases were as follows:

	2025	2024
Interest on lease liabilities	\$ 8,305	6,670
Expenses relating to short-term and low-value asset leases	\$ 4,294	3,142

The amounts recognized in the statement of cash flows in relation to leases were as follows:

	2025	2024
Total cash outflow for leases	\$ 29,454	31,721

(14) Post-employment benefits

Under the Group's defined contribution plans, the pension contributions payable are recognized as expenses during the period in which employees render services. The Group recognized pension costs of \$11,649 thousand and \$11,711 thousand for the years ended December 31, 2025 and 2024, respectively.

(15) Income Tax

The Company and the Group's subsidiaries, Alliance Capital Investment Management Inc and Novel Idea Co., Ltd. were incorporated in the Cayman Islands, the Cayman Islands and Mauritius, respectively, and are not subject to corporate income tax. Taiwan Kuangli Co., Ltd., Gloreau Bio-Tech Co., Ltd., Ai Bio-Tech Co., Ltd., G Medical Management Co., Ltd. and Gloreau International Co., Ltd., which are included in the Group, are subject to corporate income tax at a rate of 20%. Alliance Capital Investment Management Inc and Shanghai Yidai Cosmetics Co., Ltd. are subject to enterprise income tax at a rate of 25% pursuant to the Enterprise Income Tax Law of the People's Republic of China.

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1. The details of the Group's Income tax expense (benefit) were as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax (benefit)		
Arising in the period	-	(9,604)
Income tax expenses (benefits)	<u>\$ -</u>	<u>(9,604)</u>

2. The reconciliation of the Group's income tax expense (benefit) and loss before income tax for the years ended December 31, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Net loss before income tax	<u>\$ (193,041)</u>	<u>(182,395)</u>
Income tax calculated at domestic tax rates applicable to the Group	(32,427)	(24,718)
Effect of items not included in taxable income	(1,758)	(3,191)
Unrecognized loss carryforward	34,185	18,305
Income tax expense (benefit)	<u>\$ -</u>	<u>(9,604)</u>

3. Deferred income tax assets and Liabilities

Recognized Deferred Tax Assets and Liabilities

The movements in deferred tax assets (liabilities) for the years ended December 31, 2025 and 2024 were as follows:

For the year ended 2025

	<u>Balance at January 1</u>	<u>Recognized as profit (loss)</u>	<u>Exchange differences</u>	<u>Balance at December 31</u>
Temporary differences				
Expected credit loss recognized	\$ 1,363	1,129	48	2,540
Write-downs of inventories	1,395	2,153	87	3,635
Loss carry forward	42,857	(3,282)	48	39,623
Deferred tax expenses		-	183	
Net deferred tax	<u>\$ 45,615</u>			<u>45,798</u>
The amounts presented in the consolidated balance sheets were as follows				
Deferred income tax assets	<u>\$ 45,615</u>			<u>45,798</u>

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For the year ended 2024

	Balance at	Recognized	Exchange	Balance at
	January 1	as profit	differences	December
		(loss)		31
Temporary differences				
Expected credit loss recognized	\$ 310	1,037	16	1,363
Write-downs of inventories	2,118	(793)	70	1,395
Loss carry forward	32,266	9,360	1,231	42,857
Deferred tax expenses		<u>9,604</u>	<u>1,317</u>	
Net deferred tax	\$ 34,694			<u>45,615</u>
The amounts presented in the consolidated balance sheets were as follows				
Deferred income tax assets	\$ 34,694			<u>45,615</u>

4. Unrecognized deferred tax assets (liabilities)

Deferred tax assets have not been recognized in respect of the following items:

	December 31,	December 31,
	2025	2024
Deductible temporary differences	\$ 328	91
Loss carryforward	34,185	41,699
Total	<u>\$ 34,513</u>	<u>41,790</u>

In accordance with the income tax laws of the jurisdictions where the subsidiaries are located, tax losses, as assessed by the tax authorities, may be carried forward for ten years in Taiwan and five years in Mainland China to offset taxable profit of future years before income tax is assessed. Deferred tax assets have not been recognized in respect of these items because it is not probable that the subsidiaries will have sufficient taxable profit in the future against which such temporary differences can be utilized.

As of December 31, 2025, the information on the Group's unused tax losses is as follows:

Years of loss	Unused tax loss	Expiry date
2017 (assessed)	\$ 2,680	2027
2018 (assessed)	964	2028
2019 (assessed)	13,701	2029
2020 (assessed)	20,939	2030
2021 (assessed)	21,653	2031
2022 (filed)	34,434	2027
2022 (assessed)	20,354	2032
2023 (filed)	17,348	2028

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Years of loss	Unused tax loss	Expiry date
2023 (assessed)	29,481	2033
2024 (filed)	3,974	2029
2024 (assessed)	34,328	2034
2025 (estimated)	111,747	2030
2025 (estimated)	31,241	2035
Total	<u>\$ 342,844</u>	

5. Approval of income tax

With respect to the income tax return filings of the Company and its subsidiaries, except for the Company and Novel Idea Co., Ltd., which are exempt from income tax, the corporate income tax returns of Taiwan Kuangli Co., Ltd. have been assessed and approved by the tax authorities through 2023. The remaining companies have completed their income tax return filings within the prescribed deadlines in accordance with the regulations of the local governments of the respective countries.

(16) Capital and other equity

1. Share capital

As of December 31, 2025 and 2024, the Company's authorized capital amounted to \$1,500,000 thousand, consisting of 150,000 thousand shares with a par value of \$10 per share. The Company had issued 97,399 thousand and 72,399 thousand ordinary shares, respectively. All proceeds from the issued shares had been fully received.

The Company had issued 11,330 thousand preferred shares. For two years had elapsed from the delivery date, in accordance with the rights of preferred shareholders as stipulated in the articles of incorporation, each preferred share was convertible into one ordinary share. The preferred shareholders applied for conversion into ordinary shares on April 1, 2024, and the conversion of all preferred shares was completed on April 8, 2024.

In order to strengthen its working capital, the Company's shareholders resolved at the annual general meeting on June 21, 2023 to approve the issuance of ordinary shares by private placement, up to a maximum of 35,000 thousand shares. On February 2, 2024, the Board of Directors resolved to issue 3,830 thousand ordinary shares by private placement at \$14.45 per share, with a par value of \$10 per share, for total proceeds of \$55,343 thousand. The proceeds had been fully collected by the Company in February 2024.

To meet the needs of integrating group resources, corporate restructuring and long-term business development, the Company's shareholders resolved at the annual general meeting on June 20, 2024 to approve a cash capital increase through the issuance of ordinary shares by private placement, up to a maximum of 25,000 thousand shares. On February 20, 2025, the Board of Directors resolved to issue 25,000 thousand ordinary shares by private placement at \$12.68, or USD\$0.387, per share, with a par value of \$10 per share, for total proceeds of USD\$9,679 thousand, equivalent to approximately \$320,604 thousand. The record date of the capital increase was March 6, 2025, and the proceeds had been fully collected by the Company in March 2025.

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In order to strengthen its operating assets and support future long-term business development, the Company's shareholders resolved at the annual general meeting on May 29, 2025 to approve a cash capital increase through the private placement of ordinary shares, up to a maximum of 12,000 thousand shares.

The rights and obligations of the aforementioned privately placed new shares are the same as those of the Company's issued ordinary shares. The privately placed shares may not be resold within three years from the delivery date, except under the circumstances prescribed in Article 43-8 of the Securities and Exchange Act. Upon the lapse of three years from the delivery date of the privately placed ordinary shares and any ordinary shares subsequently distributed therefrom, the Board of Directors is authorized, depending on the circumstances at that time and in accordance with the relevant regulations, to apply to the Taiwan Stock Exchange for a letter of approval confirming compliance with the listing standards, complete the supplemental public issuance procedures with the competent authority, and apply for listing and trading. Relevant information is available on the "Market Observation Post System" of the TSEC.

2. Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Share premium from issuance of ordinary shares	167,295	96,691
Share premium from issuance of preferred shares	107,635	107,635
Total	\$ 274,930	204,326

Pursuant to the R.O.C. Company Act, capital surplus arising from share premiums may be used to offset accumulated deficits first. Only after such deficits have been offset may the realized capital surplus be distributed to shareholders, in proportion to their original shareholdings, in the form of new shares or cash. However, the capitalization of such capital surplus is subject to an annual limit based on a certain percentage of paid-in capital.

3. Retained earnings

Except as otherwise provided by the Companies Act of the Cayman Islands, the Company's earnings distribution shall be made pursuant to the earnings distribution proposal approved by the Board of Directors and subsequently approved by an ordinary resolution at the annual general meeting of shareholders.

As the Company operates in a niche market with specific customer requirements and customized products and is currently in the growth stage, the Board of Directors shall, after considering the Company's earnings for the respective fiscal year, overall development, financial planning, capital requirements, industry outlook and future prospects, prepare a proposal for the distribution of dividends to shareholders and submit such proposal to the shareholders' meeting for approval.

In proposing the distribution of earnings, the Board of Directors shall first appropriate from the earnings of each fiscal year: (i) a reserve for the payment of taxes for the relevant fiscal year; (ii) an amount to offset accumulated deficits; (iii) 10% as legal reserve; and (iv)

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special reserve as required by the securities authority of the Republic of China under the regulations governing public companies. Any remaining earnings may be distributed in the following manner and order:

- (1) An amount not exceeding 15% shall be allocated as employees' compensation, including employees of subsidiaries who meet the eligibility criteria determined by the Board of Directors of the Company;
- (2) An amount not exceeding 3% shall be allocated as directors' remuneration, excluding remuneration to independent directors;
- (3) Any remaining earnings, together with all or part of accumulated undistributed earnings from prior years, may, after taking into consideration the Company's financial, business and operational factors and in accordance with the Cayman Islands Companies Act and the regulations governing public companies, be distributed as shareholders' dividends in an amount of not less than 10% of distributable earnings, in proportion to shareholders' respective shareholdings. Shareholders' dividends may be distributed in the form of share dividends, cash dividends, or a combination thereof; provided that cash dividends shall not be less than 10% of the total dividends distributed.

In accordance with the amendments to the Company Act in May 2015, dividends and bonuses may only be distributed to shareholders, and employees are not entitled to earnings distribution. As the Company is incorporated in the Cayman Islands, it is not subject to the Company Act of Taiwan. Pursuant to the Company's articles of incorporation, unless otherwise directed by the shareholders in a general meeting, the Board of Directors may exercise, on behalf of the Company, the powers and options conferred on the Company under the Cayman Islands Companies Act with respect to capital surplus. The Board of Directors may, on behalf of the Company and in accordance with applicable laws and the articles of incorporation, use capital surplus to offset accumulated deficits and distribute earnings. For the basis of estimation and actual distribution of employees' compensation and remuneration to directors and supervisors, please refer to Note 6(19), Employees' Compensation and Remuneration to Directors and Supervisors.

4. Earnings distribution

- (1) At the annual general meetings held on May 29, 2025 and June 20, 2024, the shareholders resolved not to distribute earnings for 2024 and 2023, respectively, as the Company had accumulated deficits for both years.
- (2) On March 13, 2026, the Board of Directors proposed not to distribute earnings for 2025, as the Company remained in an accumulated deficit position. The proposal for offsetting deficits for 2025 is subject to resolution at the annual general meeting of shareholders expected to be held in 2026.
- (3) Related information will be posted on the "Market Observation Post System" of the TSEC after the convening of the meeting of the shareholders.

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5. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2025	\$ (23,414)
Exchange differences on translation to the presentation currency	(8,239)
Exchange differences on the translation of the financial statements of foreign operations	(1,969)
Balance on December 31, 2025	<u>\$ (33,622)</u>
Balance on January 1, 2024	\$ (42,907)
Exchange differences on translation to the presentation currency	20,186
Exchange differences on the translation of the financial statements of foreign operations	(693)
Balance on December 31, 2024	<u><u>\$ (23,414)</u></u>

6. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ -	-
Share attributable to non-controlling interests		
Net loss attributable to non-controlling interests	(64)	-
Non-controlling interests	3,000	-
Balance on December 31	<u><u>\$ 2,936</u></u>	<u><u>-</u></u>

(17) Capital and other equity

	Year ended December 31, 2025	Year ended December 31, 2024
Basic and diluted loss per share		
Loss attributable to ordinary shareholders of the parent	\$ (192,977)	(172,791)
Weighted-average number of ordinary shares outstanding (shares in thousands)	<u>93,015</u>	<u>68,580</u>
Loss per share (in dollars)	<u><u>\$ (2.07)</u></u>	<u><u>(2.52)</u></u>

For the years ended December 31, 2025 and 2024, since the Group incurred losses from continuing operations, only basic earnings per share is disclosed in the calculation of earnings per share.

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(18) Revenue from contracts with customers

1. The Group's revenue from contracts with customers for the years ended December 31, 2025 and 2024 is disaggregated as follows:

	For the Year Ended December 31	
	2025	2024
Revenue from the sale of goods	\$ 343,689	359,504
Revenue from the rendering of services	29,250	17,852
Revenue from rental	2,207	2,519
Revenue from brand and trademark licensing	1,886	1,429
Total	\$ 377,032	381,304

2. Contract balance

	December 31, 2025	December 31, 2024
Receivable (including related parties)	\$ 81,949	98,577
Contract liabilities	\$ 29,986	16,688

Please refer to Note 6(3) for disclosures of receivables and the related impairment.

The amounts of contract liabilities as of January 1, 2025 and 2024 that were recognized as revenue during the years ended December 31, 2025 and 2024 were \$15,423 thousand and \$3,504 thousand, respectively.

The changes in contract liabilities were mainly attributable to the timing difference between the Group's transfer of goods or services to customers in satisfaction of performance obligations and the timing of customers' payments. There were no other significant changes in contract liabilities during the years ended December 31, 2025 and 2024.

(19) Remuneration for employees and directors

Pursuant to the amendments to the Company Act in May 2015, companies are required to specify in their Articles of Incorporation the distribution of employees' compensation based on a fixed amount or a percentage of current-year profit. However, as the Company is incorporated in the Cayman Islands and is not subject to the Company Act of Taiwan, it does not intend to amend its employees' compensation distribution policy accordingly.

Under the Company's current Articles of Incorporation, employees' compensation and remuneration to directors and supervisors shall not exceed 15% and 3%, respectively, of current-year distributable profit after tax. As the Company incurred losses for the years ended December 31, 2025 and 2024, no employees' compensation or directors' remuneration was accrued.

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Any changes in the amounts after the date of approval and issuance of the consolidated financial statements are accounted for as changes in accounting estimates and recognized in the following year.

Related information will be posted on the “Market Observation Post System” of the TSEC after approval by the Board of Directors.

(20) Non-operating income and expenses

1. Interest income

The details of interest income of the Group for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Interest income from demand deposits	\$ 7,823	458
Other interest income	192	1,248
	\$ 8,015	1,706

2. Other receivables

The details of other receivables of the Group for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Loans receivable	\$ 57	57
Other	1,409	2,099
	\$ 1,466	2,156

3. Other gains and losses

The details of other gains and losses of the Group for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Foreign exchange (losses) gains	\$ (9,918)	(1,194)
Gain on disposal of property, plant and equipment	7	-
Gain on lease modification	-	1,868
Compensation loss	(12,662)	-
Other impairment losses	(8,394)	(26,006)
Other expenses	(370)	(4)
	\$ (31,337)	(25,336)

Compensation losses were attributable to cash compensation and inventory losses incurred by the Group during the current period as certain products differed from customer requirements. Other impairment losses were recognized on goodwill as the recoverable amount of Shanghai Yidai Cosmetics Co., Ltd. was assessed to be less than its carrying amount.

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4. Finance costs

The details of finance costs of the Group for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Interest of lease liabilities	\$ 8,305	6,670
Other	5,400	9,196
	\$ 13,705	15,866

(21) Financial instruments

(1) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group reviews the recoverable amounts of receivables on an individual basis at the balance sheet date to ensure that adequate impairment losses are recognized for receivables considered unrecoverable. Accordingly, the Group's management believes that the Group's credit risk has been significantly mitigated.

(2) Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
December 31, 2025						
Non-derivative financial liabilities						
Non-interest- bearing liabilities	\$ 85,633	85,633	83,857	333	1,443	-
Variable interest rate liabilities	184,275	187,991	2,047	179,561	6,383	-
Fixed interest rate liabilities	6,247	6,372	2,124	4,248	-	-
Lease liabilities	296,812	333,554	10,637	30,482	145,046	147,389
	\$ 572,967	613,550	98,665	214,624	152,872	147,389

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	Carrying amount	Contractual cash flows	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
December 31, 2024						
Non-derivative financial liabilities						
Non-interest- bearing liabilities	\$ 89,908	89,908	87,688	333	1,776	111
Variable interest rate liabilities	134,340	138,265	36,002	102,263	-	-
Fixed interest rate liabilities	36,280	37,437	12,035	19,030	6,372	-
Lease liabilities	166,203	181,948	9,584	28,333	132,594	11,437
	\$ 426,731	447,558	145,309	149,959	140,742	11,548

The Group does not expect that the cash flows could occur significantly earlier or at significantly different amounts.

(3) Foreign currency risk

a) Foreign currency risks exposure

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchang e rate	NTD	Foreign currenc y	Exchan ge rate	NTD
Financial assets						
<u>Monetary items</u>						
USD	6,459	31.43	203,021	180	32.785	5,915
EUR	24	36.90	876	102	34.14	3,490
Financial liabilities						
<u>Monetary items</u>						
USD	-	-	-	9	32.785	286

b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables etc., resulting in foreign currency exchange gains and losses during conversion. For the years ended December 31, 2025 and 2024, a strengthening (weakening) of 1% of the NTD against the CNY. While the analysis assumes that all other variables remain constant, the net profit after tax for the years ended December 31,

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2025 and 2024 will increase or decrease by \$1,631 thousand and \$73 thousand respectively. The analysis is performed on the same basis for year 2024.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years ended December 31, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$9,918 thousand loss and \$1,194 thousand loss respectively.

(4) Interest rate risk

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 non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities 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 management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, net income would have increased/decreased by \$1,474 thousand and \$1,075 thousand, for the years ended December 31, 2025 and 2024 with all other variable factors remaining constant. This is mainly due to the changes in the interest rate of the Group's floating rate borrowings.

(5) Fair value of financial instruments

a) Fair value hierarchy

The carrying amounts and fair values of the Group's financial assets and financial liabilities, including information on the fair value hierarchy, were as follows; however, disclosure of fair value information is not required for financial instruments that are not measured at fair value and whose carrying amounts reasonably approximate their fair values, and for investments in equity instruments that do not have quoted prices in an active market and whose fair values cannot be measured reliably:

	December 31, 2025				
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Unlisted and non-OTC shares	\$ 3,000	-	-	3,000	3,000

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	December 31, 2024				
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Unlisted and non-OTC shares	\$ -	-	-	-	-

- b) Valuation techniques for financial instruments measured at fair value non-derivative financial instruments

When there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The opposite of above description could regard as inactive market. In general, indication of inactive market also includes when wide bid-ask spreads and small trading volume.

- c) Transfers between Level 1 and Level 2

For the years ended December 31, 2025 and 2024, the Group had no significant transfers between Level 1 and Level 2 of the fair value hierarchy.

- d) The following chart is the movement of Level 3

	Financial assets at fair value through other comprehensive income - non-current
	Equity instruments without quoted market prices
Balance on January 1, 2025	\$ -
Acquired	3,000
Gains or losses:	
Recognized in other comprehensive income	-
Balance on December 31, 2025	\$ 3,000
Balance on January 1, 2024	\$ -
Balance on December 31, 2024	\$ -

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- e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Investments in unquoted equity instruments measured at fair value were valued using the asset-based approach, whereby the overall value of the investee was assessed based on its assets and liabilities, with comprehensive consideration given to discounts for lack of control and liquidity risk.

(22) Financial risk management

a) Overview

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

- i credit risk
- ii liquidity risk
- iii market risk

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

b) Structure of risk management

The Group's financial risk management objectives are mainly to manage market risk, credit risk and liquidity risk arising from its operating activities, and to identify, measure and manage the aforementioned risks in accordance with its policies and risk appetite. The Group has established appropriate policies, procedures and internal controls for financial risk management in accordance with relevant regulations. Significant financial activities are subject to review by the Board of Directors in accordance with relevant regulations and the internal control system.

During the execution of financial management activities, the Group is required to duly comply with its established financial risk management policies and procedures.

To mitigate and manage relevant financial risks, the Group is committed to analyzing, identifying and assessing the potential adverse effects of relevant financial risk factors on the Group's financial position, and to formulating appropriate response measures to avoid adverse factors arising from such financial risks.

c) Market risk

The Group's market risk is the risk that changes in market prices of financial instruments may result in fluctuations in their fair value or cash flows. Market risk mainly includes foreign currency risk, interest rate risk and other price risk.

In practice, it is rare for a single risk variable to change independently, and changes in various risk variables are generally interrelated. However, the sensitivity analyses of the respective risks below do not take into account the interrelationships among such risk variables.

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A. Currency risk

The Group's foreign currency risk mainly relates to its operating activities, where the currencies in which revenue or expenses are denominated differ from the Group's functional currency, and to its net investments in foreign operations.

A portion of the Group's foreign currency receivables and foreign currency payables are denominated in the same currencies, and the corresponding positions partially give rise to a natural hedge effect. Such natural hedging does not qualify for hedge accounting; therefore, hedge accounting has not been applied. In addition, the net investments in foreign operations are strategic investments; accordingly, the Group has not hedged such exposures.

The Group's foreign currency risk mainly arises from cash, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, bank borrowings, trade payables and other payables denominated in foreign currencies, which result in foreign exchange gains or losses upon translation.

B. Interest rate risk

Interest rate risk is the risk that changes in market interest rates will result in fluctuations in the fair value or future cash flows of financial instruments. The Group's interest rate risk mainly arises from floating-rate borrowings. The Group manages interest rate risk by maintaining an appropriate portfolio of floating-rate instruments. The Group regularly evaluates its hedging activities to ensure consistency with its views on interest rates and its established risk appetite, and to ensure that the most cost-effective hedging strategies are adopted.

d) Credit risk

Credit risk is the risk that a counterparty will fail to discharge its contractual obligations, resulting in financial loss. The Group's credit risk arises from operating activities, mainly notes and trade receivables, and from financing activities, mainly bank deposits and various financial instruments.

Each unit of the Group manages credit risk in accordance with its credit risk policies, procedures and controls. The credit risk assessment of all counterparties is performed by comprehensively considering factors such as the counterparty's financial position, ratings assigned by credit rating agencies, historical transaction experience, the current economic environment and the Group's internal rating criteria.

The Group's receivables mainly represent amounts due from customers for the sale of goods. Based on past collection experience with customers, the Group's management assesses that there is no significant credit risk.

The Group's finance department manages the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Group's policies. As the Group's counterparties are determined through internal control procedures and consist of banks with good credit standing and financial institutions, corporate entities and government agencies with investment-grade ratings, there is no significant credit risk.

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e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents to meet the needs of the Group's operations and reduce the impact of cash flow fluctuations. The Group's management personnel monitor the use of bank financing lines and ensure compliance with the terms of the loan contract.

(23) Capital management

The Group manages its capital to ensure that entities within the Group are able to continue as going concerns, while maximizing returns to shareholders through the optimization of the balance between debt and equity.

The Group's capital structure consists of the Group's equity, comprising share capital, capital surplus, retained earnings and other equity components.

The Group is not subject to any other externally imposed capital requirements.

The Group's key management personnel review the Group's capital structure annually. Such review includes consideration of the cost of each class of capital and the associated risks. Based on the recommendations of key management personnel, the Group will balance its overall capital structure through the payment of dividends and the issuance of new shares.

As of December 31, 2025, there were no changes in the Group's approach to capital management.

(24) Changes in liabilities arising from financing activities

The reconciliation of the Group's liabilities arising from financing activities is as follows:

	January 1, 2025	Cash flows	Non-cash flows	December 31, 2025
Long-term borrowings	\$ 170,620	19,902	-	190,522
Lease liabilities	166,203	(29,454)	160,063	296,812
Guarantee deposits received	674	5	-	679
Total liabilities from financing activities	\$ 337,497	(9,547)	160,063	488,013

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	January 1, 2024	Cash flows	Non-cash flows	December 31, 2024
Long-term borrowings	\$ 210,832	(40,212)	-	170,620
Lease liabilities	210,685	(31,721)	(12,761)	166,203
Guarantee deposits	158	516	-	674
Total liabilities from financing activities	\$ 421,675	(71,417)	(12,761)	337,497

(7) Related-party transactions

- (a) Parent company and ultimate controlling company

The Company is the ultimate controller of the Group.

- (b) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
KUO-CHUNG, FANG	Chairman of the Company
Shanghai Fresh Biological Technology Co., Ltd.	Other related-party
Shanghai Li Biological Technology Co., Ltd.	Other related-party
Shanghai Premium Bio-cosmetics Co., Ltd.	Other related-party
DOWELL&YIDAI COSMETICS FRANCE SAS(D&Y)	Other related-party

- (c) Significant transactions with related parties

- i Sales of goods

The Group's significant sales to related parties were as follows:

Name of related party	2025	2024
Shanghai Li Biological Technology Co., Ltd.	\$ 42,664	11,786
Shanghai Fresh Biological Technology Co., Ltd.	116	6
Shanghai Premium Bio-cosmetics Co., Ltd.	42	138
D&Y	-	502
	\$ 42,822	12,432

The sales terms and credit periods of the Company's transactions with related parties are not materially different from those of the Company's other customers.

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ii Purchase

The Group's purchases from related parties were as follows:

Name of related party	2025	2024
Shanghai Li Biological Technology Co., \$ Ltd.	3,442	3,413
Shanghai Li Biological Technology Co., Ltd.	184	184
Shanghai Premium Bio-cosmetics Co., Ltd.	35	104
D&Y	-	117
\$	<u>3,661</u>	<u>3,818</u>

The purchase terms and credit periods of the Company's transactions with related parties are not materially different from those of the Company's other suppliers.

iii Processing expense

The Group's subcontract processing costs paid to related parties were as follows:

Name of related party	2025	2024
Shanghai Fresh Biological Technology Co., \$ Ltd.	-	846

The subcontract processing prices were not materially different from those charged by third-party suppliers, and the payment terms were comparable to those applicable to non-related parties.

iv Receivables from related parties

The Group's receivables from related parties were as follows:

Line Item	Related party Category	December 31, 2025	December 31, 2024
Trade receivables	D&Y	\$ 519	473
Trade receivables	Shanghai Premium Bio- cosmetics Co., Ltd.	2	-
Trade receivables	Shanghai Li Biological Technology Co., Ltd.	-	13,176
Less: Allowance for impairment loss		(5)	(264)
		<u>\$ 516</u>	<u>13,385</u>

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v Payables to related parties

The Group's payables to related parties were as follows:

Line Item	Related party Category	December 31, 2025	December 31, 2024
Trade payables	Shanghai Fresh Biological Technology Co., Ltd.	\$ 1,068	2,991
Trade payables	Shanghai Li Biological Technology Co., Ltd.	283	-
Trade payables	Shanghai Premium Bio-cosmetics Co., Ltd.	-	2
		<u>\$ 1,351</u>	<u>2,993</u>

vi Loans to related parties

The Group's loans to related parties were as follows:

Line Item	Related party Category	December 31, 2025	December 31, 2024
Other receivables	Shanghai Li Biological Technology Co., Ltd.	\$ -	14,701

Line Item	Related party Category	December 31, 2025	December 31, 2024
Other interest income	Shanghai Li Biological Technology Co., Ltd.	\$ -	998

The financing provided to Shanghai Li Biological Technology Co.; Ltd. was secured and bore interest at a rate approximating the market rate. For details of the transaction, please refer to Note 6(5).

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vii Prepayments

The Group's prepayments were as follows:

Line Item	Related party Category	December 31, 2025	December 31, 2024
Prepayments for purchases	D&Y	\$ 6,797	6,770
Prepaid processing fees	Shanghai Li Biological Technology Co., Ltd.	-	2,687
		<u>\$ 6,797</u>	<u>9,457</u>

viii Advance receipts

The Group's advances received were as follows:

Line Item	Related party Category	December 31, 2025	December 31, 2024
Advance receipts	D&Y	\$ 34	34

d) Key management personnel compensation

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	\$ 19,518	20,785
Post-employment benefits	357	388
	<u>\$ 19,875</u>	<u>21,173</u>

(8) Related-party transactions

The following assets have been pledged as security for the Group's financing borrowings:

Pledged assets	December 31, 2025	December 31, 2024
Other financial assets-current	\$ 101,241	-
Machinery	-	38,259
Refundable deposits	2,000	10,262
	<u>\$ 103,241</u>	<u>48,521</u>

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(9) Significant commitments and contingencies

Item	December 31, 2025	December 31, 2024
Issued letters of credit pledged as collateral for short-term borrowings	\$ 89,920	-

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$ 43,597	77,299	120,896	\$ 49,219	77,132	126,351
Labor and health insurance	5,195	8,609	13,804	5,371	8,023	13,394
Pension	4,770	6,879	11,649	5,134	6,577	11,711
Others	1,756	2,381	4,137	1,609	2,019	3,628
Depreciation	33,202	33,781	66,983	34,398	30,746	65,144
Amortization	130	19,764	19,894	133	18,646	18,779

- (b) joint and several liability claim litigations

A customer, Company F, of the Company's subsidiary, Shanghai Yidai Cosmetics Co., Ltd., was sued by another competing company for trademark infringement on January 29, 2024. The competing company claimed damages, and on March 20, 2024, the court froze RMB5,530 thousand, equivalent to approximately \$24,375 thousand, which was recognized as refundable deposits.

Shanghai Yidai Cosmetics Co., Ltd. only provided OEM manufacturing services to Company F pursuant to the contract with Company F for products for which Company F had obtained trademarks issued by the Trademark Office. However, Shanghai Yidai Cosmetics Co., Ltd. was still claimed jointly and severally liable by the aforementioned competing company. Shanghai Yidai Cosmetics Co., Ltd. has entered into a written agreement with Company F, pursuant to which, even if Shanghai Yidai Cosmetics Co., Ltd. is ultimately required by the court judgment to assume joint and several liability, any

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corresponding losses shall be borne by Company F. Company F has also provided a guarantee deposit of the same amount to Shanghai Yidai Cosmetics Co., Ltd. for the purpose of applying to the court for the release of the asset freeze, which was recognized as other non-current liabilities.

Subsequently, Shanghai Yidai Cosmetics Co., Ltd. filed relief proceedings with the local court. On April 9, 2024, the relevant assets were released from the freeze pursuant to a civil ruling issued by the court. The frozen amount was refunded in the third quarter of 2024, and Shanghai Yidai Cosmetics Co., Ltd. returned the same amount to Company F.

(13) Other disclosures

(a) 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:

1. Loans to parties: please refer to Table 1.
2. Guarantees and endorsements for other parties: please refer to Table 2.
3. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures) : please refer to Table 3.
4. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of paid-in capital: None
5. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of paid-in capital: None
6. Business relationships and significant intercompany transactions: please refer to Table 4.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2025 (excluding information on investees in Mainland China): please refer to Table 5.

(c) Information on investment in mainland China: please refer to Table 6.

(14) Segment information

The Group is principally engaged in the research and development, manufacturing, and trading of biotechnology products, including cosmetics and skincare products, as well as the sale of health foods. The Group's chief operating decision maker evaluates performance based on the overall operating results. Accordingly, the Group's operating segments are divided into the biotechnology segment and the health management segment, with operations primarily located in Mainland China and Taiwan.

- (a) Profit or loss data of the reporting segments (including specific revenues and expenses), assets and liabilities of the segments

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The Group's operating segment information and reconciliation are as follows:

2025	Biotechnology Segment	Health Management Segment	Other Segments	Reconciliati on and elimination	Total
Revenue					
Revenue from external customers	\$ 335,128	41,904	-	-	377,032
Inter segment revenues	-	-	-	-	-
Total revenue	<u>\$ 335,128</u>	<u>41,904</u>	<u>-</u>	<u>-</u>	<u>377,032</u>
Loss	<u>\$ (72,798)</u>	<u>(36,544)</u>	<u>(244)</u>	<u>-</u>	<u>(109,586)</u>
Corporate management expenses					<u>\$ (47,894)</u>
Non-operating income and expenses					<u>\$ (35,561)</u>
Net loss before tax					<u>\$ (193,041)</u>

2024	Biotechnology Segment	Health Management Segment	Other Segments	Reconciliati on and elimination	Total
Revenue					
Revenue from external customers	\$ 351,217	30,087	-	-	381,304
Inter segment revenues	-	-	-	-	-
Total revenue	<u>\$ 351,217</u>	<u>30,087</u>	<u>-</u>	<u>-</u>	<u>381,304</u>
Loss	<u>\$ (58,878)</u>	<u>(36,429)</u>	<u>-</u>	<u>-</u>	<u>(95,307)</u>
Corporate management expenses					<u>\$ (49,748)</u>
Non-operating income and expenses					<u>\$ (37,340)</u>
Net loss before tax					<u>\$ (182,395)</u>

(b) Revenue by major product

Revenue from the Group's major products from continuing operations was as follows:

	2025	2024
Health and wellness products		
Health supplement products	\$ 8,561	8,287
Testing, consulting and other services	27,199	8,761

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	2025	2024
Others	3,937	10,520
	39,697	27,568
Cosmetics and skincare products		
Toners	47,059	103,752
Facial masks	58,913	58,999
Other cream products	155,374	162,512
Semi-finished products	64,706	19,997
Others	9,076	5,957
	335,128	351,217
Revenue from rental	2,207	2,519
	\$ 377,032	381,304

(c) Geographical information

The Group's operations are primarily located in China and Taiwan.

In presenting the information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	Revenue from external customers	
	2025	2024
China	\$ 335,128	351,217
Taiwan	41,904	30,087
	\$ 377,032	381,304

	Non-current assets	
	December 31, 2025	December 31, 2024
China	\$ 633,495	561,500
Taiwan	44,474	53,884
	\$ 677,969	615,384

Non-current assets not including financial deferred tax assets.

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(d) Major customers

For the years ended December 31, 2025 and 2024, customers accounting for 10% or more of the Group's total revenue were as follows:

	Segment	2025	2024
K20066 Company	Biotechnology Segment	\$ 42,664	11,786
K20458 Company	Biotechnology Segment	38,522	9,237
K20390 Company	Biotechnology Segment	2,852	42,572