Stock Code: 6936

VETNOSTRUM ANIMAL HEALTH CO., LTD.

Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2025 and 2024

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<u>Notice to Readers</u>

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Table of Contents

Independent Auditors' Report

To the Board of Directors of Vetnostrum Animal Health Co., Ltd.:

Opinion

The balance sheet of Vetnostrum Animal Health Co., Ltd. as of December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the periods from January 1 to December 31, 2025 and 2024, along with the notes to the financial statements, including a summary of significant accounting policies, have been audited by the CPA.

In our opinion, the aforementioned financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretative announcements endorsed and issued into effect by the Financial Supervisory Commission. They adequately present the financial position of Vetnostrum Animal Health Co., Ltd. as of December 31, 2025 and 2024, as well as its financial performance and cash flows for the periods from January 1 to December 31, 2025 and 2024.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by CPAs and the auditing standards. The CPA's responsibilities under those standards are further explained in the section on the CPA's Responsibility for Auditing the Financial Statements. The personnel of the CPA firm to which the CPA belongs have maintained independence from Vetnostrum Animal Health Co., Ltd. in accordance with the Code of Ethics for Professional Accountants, and have fulfilled the other responsibilities stipulated by the code. The CPA believes that sufficient and appropriate audit evidence has been obtained to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters refer to those matters that, in our professional judgment, were of the most significance in the audit of the financial statements of Vetnostrum Animal Health Co., Ltd. for the year 2025. These matters have been addressed in the context of the audit of the financial statements as a whole and in forming our audit opinion, and the CPA does not provide a separate opinion on these matters. The CPA has determined that the Key Audit Matters to be communicated in the audit report are as follows:

Revenue recognition

Please refer to Note 4(12) Revenue Recognition in the financial statements for details on the accounting policies related to Revenue recognition; for revenue-related disclosures, please see Note 6(17).

Description of Key Audit Matters:

The Sales of Vetnostrum Animal Health Co., Ltd. is an important indicator for investors and management to assess financial or business performance, inherently carrying a higher risk of material misstatement. In addition, the judgment of revenue recognition and the timing of merchandise control transfer are critically important to the presentation of the financial statements. Therefore, the CPA has identified revenue recognition for the period around the balance sheet date as one of the key audit matters for this year's financial statements.

In response to the audit procedures:

The primary audit procedures performed by the CPA on the aforementioned Key Audit Matters include:

- Understand the operational status and industry characteristics of Vetnostrum Animal Health Co., Ltd., and review significant sales contracts to evaluate whether the timing of revenue recognition and accounting treatment are appropriate.
- Test the design and implementation of internal controls related to revenue recognition.
- Conduct a trend analysis for the top ten sales customers, including comparing the current period with the most recent period and the same period last year regarding the customer list and sales revenue amount, to assess if there are any significant doubtful situations. If there are significant changes, identify and analyze the reasons.
- Select sales records for the period around the balance sheet date to evaluate the appropriateness of the timing of revenue recognition, the correctness of the revenue recognition amount, and the authenticity of the sales transactions.

Responsibilities of Management and Governing Units for Financial Reports

Management's responsibility is to prepare and fairly present financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretative announcements endorsed and issued into effect by the Financial Supervisory Commission. They must also maintain necessary internal controls related to the preparation of financial reports to ensure that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, management is also responsible for assessing the ability of Vetnostrum Animal Health Co., Ltd. to continue as a going concern, disclosing matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate Vetnostrum Animal Health Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

The governance units of Vetnostrum Animal Health Co., Ltd. (including the audit committee) are responsible for overseeing the financial reporting process.

CPA's Responsibility for Auditing the Financial Statements

The objective of the CPA's audit of the financial statements is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but an audit conducted in accordance with auditing standards cannot guarantee that a material misstatement in the financial statements will always be detected. Misstatement may result from fraud or error. If the individual amounts or aggregate sums of misstatements could reasonably be expected to influence the economic decisions of users of the financial statements, they are considered to be material.

When conducting the audit in accordance with auditing standards, we exercised professional judgment and maintained professional skepticism. The CPA also performed the following tasks:

1. Identify and assess the risks of material misstatement of the financial statements due to fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. Because fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that from error.
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 internal control of Vetnostrum Animal Health Co., Ltd.
3. Assess the appropriateness of the accounting policies adopted by management, as well as the reasonableness of the accounting estimates and related disclosures.
4. Based on the audit evidence obtained, form a conclusion on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the ability of Vetnostrum Animal Health Co., Ltd. to continue as a going concern. If the CPA believes that a material uncertainty exists regarding these events or conditions, they must draw attention to the related disclosures in the financial statements in the audit report, or modify the audit opinion if such disclosures are inadequate. The CPA's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may lead to Vetnostrum Animal Health Co., Ltd. no longer being able to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements (including the relevant notes), and whether the financial statements fairly present the related transactions and events.

The matters communicated by the CPA with the Unit in governance include the planned audit scope and timing, as well as significant audit findings, including any significant deficiencies in internal control identified during the audit.

The CPA determined the Key Audit Matters for the audit of the financial statements of Vetnostrum Animal Health Co., Ltd. for the year 2025 from the matters communicated with the governance unit. The CPA shall describe these matters in the audit report unless prohibited by law or regulation from public disclosure, or in extremely rare circumstances, the CPA determines not to communicate certain matters in the audit report because it is reasonably expected that the adverse consequences of such communication would outweigh the public interest benefits.

KPMG Taiwan

CPA:

Competent Securities Authority's Approval Document No.	：	Financial-Supervisory-Securities-Auditing No.1050036075 Financial-Supervisory-Securities-Auditing No.1130332775

March 2, 2026

VETNOSTRUM ANIMAL HEALTH CO., LTD.
BALANCE SHEETS
December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	Dec 31, 2025 Amount	%	Dec 31, 2024 Amount	%
11xx	**CURRENT ASSETS:**				
1100	Cash and cash equivalents (Note 6(1))	$ 121,926	7	96,454	7
1137	Financial assets at amortized cost - Current (Note 6(3))	292,860	18	10,000	1
1150	Notes receivable (Notes 6(4) and (17))	33,162	2	33,001	2
1170	Accounts receivable (Notes 6(4) and (17))	212,624	13	194,465	14
1180	Accounts receivable from related parties, net (Notes 6(4), (17) and 7)	1,820	-	18,128	1
1200	Other receivables (Note 6 (5))	395	-	-	-
130X	Inventories (Note 6(6))	322,865	19	395,696	27
1410	Prepayments	7,175	1	9,504	1
1470	Other current assets	-	-	3	-
	Total current assets	992,827	60	757,251	53
15xx	**NON-CURRENT ASSETS:**				
1510	Financial assets at fair value through profit or loss - Non-current (Note 6(2))	25,343	2	-	-
1600	Property, plant and equipment (Note 6(7))	613,181	37	643,448	45
1755	Right-of-use assets (Note 6(8))	23,992	1	22,870	2
1780	Intangible assets (Note 6(9))	33	-	229	-
1840	Deferred tax assets (Note 6(13))	4,738	-	4,274	-
1920	Refundable deposits	2,263	-	3,005	-
1915	Prepayments for equipment purchase (Note 6(7))	2,986	-	4,634	-
1942	Long-term other receivables from related parties (Notes 6(5) and 7)	2,633	-	2,633	-
	Total non-current assets	675,169	40	681,093	47
1xxx	**TOTAL ASSETS**	$ 1,667,996	100	1,438,344	100

Code	LIABILITIES AND EQUITY	Dec 31, 2025 Amount	%	Dec 31, 2024 Amount	%
21xx	**CURRENT LIABILITIES:**				
2150	Notes payable	6	-	390	-
2170	Accounts payable	37,042	2	67,534	5
2180	Accounts payable to related parties (Note 7)	117,047	7	75,719	5
2200	Other payables	104,651	6	102,579	7
2220	Other payables to related parties (Note 7)	1,985	-	1,155	-
2230	Current tax liabilities	16,644	1	24,912	2
2280	Lease liabilities - Current (Note 6(11) and 7)	10,912	1	9,545	1
2365	Refund liabilities - current	5,057	1	4,551	-
2399	Other current liabilities	2,085	-	2,299	-
	Total current liabilities	295,429	18	288,684	20
25xx	**NON-CURRENT LIABILITIES:**				
2570	Deferred tax liabilities (Note 6(13))	741	-	169	-
2580	Lease liabilities - Non-current (Notes 6(11) and 7)	14,010	1	14,162	1
2640	Net defined benefit liability – Non-current (Note 6(12))	5,094	-	4,838	-
2670	Other non-current liabilities — Others	483	-	-	-
	Total non-current liabilities	20,328	1	19,169	1
2xxx	**TOTAL LIABILITIES**	315,757	19	307,853	21
31xx	**Equity (Notes 6(14) (15)):**				
3110	Share Capital	728,040	44	663,390	46
3200	Capital surplus	182,894	11	31,779	2
3300	Retained earnings:				
3310	Legal reserve	127,566	7	113,906	8
3350	Unappropriated earnings	313,739	19	321,416	23
	Total retained earnings	441,305	26	435,322	31
3xxx	**TOTAL EQUITY**	1,352,239	81	1,130,491	79
2-3xx	**TOTAL LIABILITIES AND EQUITY**	$ 1,667,996	100	1,438,344	100

(Please refer to accompanying notes to financial statements for details)

Chairman: Wei Kai Chung **President: Wei Kai Chung** **Accounting Manager: Yi Fen Chen**

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

		2025		2024	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Notes 6(17) and 7)**	$ 1,416,122	100	1,294,112	100
5000	**Operating costs (Notes 6(6), (7), (12), (15), (18) and 7)**	964,249	68	853,423	66
5900	**Gross profit**	451,873	32	440,689	34
6000	**Operating expenses (Notes 6(7), (8), (9), (11), (12), (15), (18) and 7):**				
6100	Selling and marketing expenses	182,460	13	160,157	13
6200	General and administrative expenses	78,908	6	81,020	6
6300	Research and development expenses	34,381	2	28,779	2
	Total operating expenses	295,749	21	269,956	21
6900	**Income from Operations**	156,124	11	170,733	13
7000	**Non-operating income and expenses (Notes 6(11), (19) and 7):**				
7100	Interest income	3,166	-	650	-
7010	Other income	465	-	454	-
7020	Other gains and losses	195	-	(1,020)	-
7050	Finance costs	(561)	-	(1,099)	-
	Total non-operating income and expenses	3,265	-	(1,015)	-
7900	**Income before income tax**	159,389	11	169,718	13
7950	**Less: Tax expenses (Note 6(13))**	30,536	2	33,099	2
8200	**Net profit for the period**	128,853	9	136,619	11
8300	**Other comprehensive income (loss) (Notes 6(12) and (13)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(179)	-	(19)	-
8349	Less: Income tax relating to items that will not be reclassified to profit or loss	(36)	-	(3)	-
8300	**Other comprehensive income (loss) for the period**	(143)	-	(16)	-
8500	**Total comprehensive income for the period**	**$ 128,710**	**9**	**136,603**	**11**
	Earnings per share (Unit: New Taiwan Dollars, Note 6(16))				
9750	Basic earnings per share	**$ 1.82**		**2.06**	
9850	Diluted earnings per share	**$ 1.82**		**2.06**	

(Please refer to accompanying notes to financial statements for details)

Chairman: Wei Kai Chung President: Wei Kai Chung Accounting Manager: Yi Fen Chen

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

			Retained Earnings			
	Share Capital	Capital surplus	Legal reserve	Unappropriated earnings	Total	Total equity
Balance on January 1, 2024	$ 662,890	31,454	104,802	262,861	367,663	1,062,007
Appropriation of earnings:						
Legal reserve appropriated	-	-	9,104	(9,104)	-	-
Cash dividends on ordinary shares	-	-	-	(68,944)	(68,944)	(68,944)
Net profit for the period	-	-	-	136,619	136,619	136,619
Other comprehensive income (loss) for the period	-	-	-	(16)	(16)	(16)
Total comprehensive income for the period	-	-	-	136,603	136,603	136,603
Issuance of new shares for employee stock option exercises	500	325	-	-	-	825
Balance on December 31, 2024	663,390	31,779	113,906	321,416	435,322	1,130,491
Appropriation of earnings:						
Legal reserve appropriated	-	-	13,660	(13,660)	-	-
Cash dividends on ordinary shares	-	-	-	(122,727)	(122,727)	(122,727)
Net profit for the period	-	-	-	128,853	128,853	128,853
Other comprehensive income (loss) for the period	-	-	-	(143)	(143)	(143)
Total comprehensive income for the period	-	-	-	128,710	128,710	128,710
Issuance of new shares for cash capital increase	64,200	142,519	-	-	-	206,719
Issuance of new shares for employee stock option exercises	450	293	-	-	-	743
Transaction of share-based payments	-	8,303	-	-	-	8,303
Balance on December 31, 2025	**$ 728,040**	**182,894**	**127,566**	**313,739**	**441,305**	**1,352,239**

(Please refer to accompanying notes to financial statements for details)

Chairman: Wei Kai Chung President: Wei Kai Chung Accounting Manager: Yi Fen Chen

VETNOSTRUM ANIMAL HEALTH CO., LTD.
STATEMENTS OF CASH FLOWS
January 1 to December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax	$	159,389	169,718
Adjustments for:			
Profit and loss items			
Depreciation		73,492	75,939
Amortization		196	210
Loss on financial assets at fair value through profit or loss		3,787	-
Interest expenses		561	1,099
Interest income		(3,166)	(650)
Share-based remuneration payment cost		8,303	-
Loss on disposal or retirement of property, plant and equipment.		145	1,886
Property, plant and equipment transferred to expenses		264	-
Gain on disposal of investments		(131)	-
Unrealized profit on foreign exchange		(263)	(1,311)
Gains on lease modifications		(2)	-
Total profit and loss items		83,186	77,173
Changes in operating assets/liabilities:			
Net changes in operating assets:			
Notes receivable		(161)	2,627
Accounts receivable		(17,812)	(12,696)
Accounts receivable from related parties		16,064	(15,353)
Other receivables		(96)	349
Inventories		72,831	(56,191)
Prepayments		2,329	3,541
Other current assets		3	150
Total net changes in operating assets		73,158	(77,573)
Net changes in operating liabilities:			
Notes payable		(384)	390
Accounts payable		(30,344)	1,346
Accounts payable to related parties		41,319	11,257
Other payables		(2,720)	17,381
Other payables to related parties		830	48
Refund Liabilities		506	150
Other current liabilities		269	(104)
Net defined benefit liabilities		77	58
Total net changes in operating liabilities		9,553	30,526
Total net changes in assets and liabilities related to operating activities		82,711	(47,047)
Total adjustments		165,897	30,126
Cash inflow from operations		325,286	199,844
Interest received		2,867	650
Interest paid		(561)	(1,145)
Income tax paid		(38,660)	(18,961)
Net cash inflow from operating activities		288,932	180,388
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of financial assets at amortized cost		(282,860)	(10,000)
Acquisitions of Financial instruments at fair value through profit or loss		(30,000)	-
Disposal of Financial Assets at FVTPL		1,001	-
Acquisition of property, plant and equipment		(22,665)	(26,855)
Decrease (increase) in refundable deposits		742	(438)
Increase in prepayments for equipment		(2,986)	(3,348)
Net cash used in investing activities		(336,768)	(40,641)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings		60,000	350,000
Decrease in short-term borrowings		(60,000)	(420,000)
Repayment of the principal portion of lease liabilities		(11,427)	(9,085)
Cash dividends paid		(122,727)	(68,944)
Cash capital increase		206,719	-
Exercises of employee stock option		743	825
Net cash inflow (outflow) from financing activities		73,308	(147,204)
Net (decrease) increase in cash and cash equivalents		25,472	(7,457)
Balance of cash and cash equivalents at the beginning of the period		96,454	103,911
Balance of cash and cash equivalents at the end of the period	$	121,926	96,454

(Please refer to accompanying notes to financial statements for details)

Chairman: Wei Kai Chung President: Wei Kai Chung Accounting Manager: Yi Fen Chen

VETNOSTRUM ANIMAL HEALTH CO., LTD.
Notes to Financial Statements
For the Year Ended 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General Information

Vetnostrum Animal Health Co., Ltd. (hereinafter referred to as "the Company") was established on May 9, 2012, upon approval by the Ministry of Economic Affairs. The Company was originally named Zoetis Biotechnology Co., Ltd., and was renamed Vetnostrum Animal Health Co., Ltd. following a resolution passed by the Board of Directors on May 3, 2016. Furthermore, the Company has been listed and publicly traded on the Taiwan Stock Exchange (TWSE) since April 28, 2025. The Company's main business activities include importing, manufacturing, and selling veterinary drugs, health supplements, feed additives, and feed products.

On January 14, 2016, Yung Shin Pharmaceutical Industrial Co., Ltd. passed a board resolution and signed a contract to acquire 100％ equity of the Company, becoming its parent company. Yung Shin Global Holding Corporation is the ultimate parent company of the Company. On July 1, 2020, Yung Shin Pharmaceutical Industrial Co., Ltd. completed the equity transfer, resulting in Yung Shin Global Holding Corporation directly holding 100％ equity of the Company. As of December 31, 2025, its shareholding in the Company was 50.02％.

2. Approval of Financial Statements

The financial statements have been approved for issuance by the Board of Directors on March 2, 2026.

3. Application of New and Amended Standards and Interpretations

(1) Effect of adopted newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (hereafter referred to as the "FSC")

The Company has applied the following newly amended IFRS IAS effective January 1, 2025, which have not caused any material impact on its financial statements.

- Amendments to IAS 21: "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments," including Application Guidance on Section 4.1 of IFRS 9 and Related Disclosure Requirements under IFRS 7

(2) Impact of not yet adopting the International Financial Reporting Standards (IFRS) endorsed by the Financial Supervisory Commission (FSC)

The Company has assessed that the newly amended International Financial Reporting Standards (IFRS) accounting standards, effective January 1, 2026, will not have a material impact on the financial statements.

- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17

- Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments," including Application Guidance on Sections 3.1 and 3.3 of IFRS 9 and Related Disclosure Requirements under IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(3) New and amended standards and interpretations not yet endorsed by the FSC

The International Accounting Standards Board (IASB) has issued and amended standards and interpretations that have not yet been endorsed by the Financial Supervisory Commission (FSC). Those that may be relevant to the Company are summarized below:

Newly Issued or Amended Standards	**Significant Amendments**	**Effective Date of the Standards Issued by the IASB**
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standards introduce three categories of income and expenses, two subtotals in the income statement, and a single note regarding management performance measures (MPMs). These three amendments and enhancements to the guidelines for disaggregating information in the financial statements provide a foundation for improving and consistent information for users and will impact all companies. • More Structured Income Statement: Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standards adopt a more structured income statement, introducing a newly defined subtotal for "operating profit." Additionally, all income and expenses will be classified into three new distinct categories based on the Company's primary operating activities. • Management Performance Measures (MPM): The new standards introduce a definition for management performance measures and require companies to include a single note in the financial statements explaining each measure provides useful information, how it is calculated, and how the measure reconciles to amounts recognized according to International Financial Reporting Standards. • More Disaggregated Information: The new standards include guidance on how companies should enhance the grouping of information in their financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025 , the FSC issued a press release announcing that our country will adopt IFRS 18 “Presentation and Disclosure in Financial Statements” in the 2028 fiscal year. If the company has a need for early adoption, it may choose to adopt early after obtaining approval from the Financial Supervisory Commission.

The Company is currently assessing the impact of the aforementioned standards and interpretations on its financial position and operating results. The related impacts will be disclosed upon completion of the assessment.

The Company anticipates that the following newly issued and amended standards yet to be endorsed will not have significant impact on the 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 the amendments to IFRS 19
- Amendments to IAS 21: "Translation into a Hyperinflationary Presentation Currency"

4. Summary of Significant Accounting Policies

The summary of the significant accounting policies adopted in these financial statements is as follows. The following accounting policies have been consistently applied to all periods presented in these financial statements.

(1) Statement of Compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "Regulations of Preparation") and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretative announcements endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC-endorsed IFRS").

(2) Basis of preparation

1) Measurement basis

Except for the net defined benefit liabilities, which are measured as the present value of the defined benefit obligation less the fair value of plan assets and the effect of the asset ceiling described in Note 4(13), these financial statements are prepared on a historical cost basis.

2) Functional currency and presentation currency

The Corporation uses the currency of the primary economic environment in which it operates as its functional currency. The financial report is expressed in the Corporation's functional currency, TWD. All financial information expressed in TWD is presented in Thousands of New Taiwan Dollars.

(3) Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates on the transaction dates. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated into the functional currency using the exchange rate on that date.

Foreign currency non-monetary items measured at fair value are translated into the functional currency using the exchange rate on the date of fair value measurement, while foreign currency non-monetary items measured at historical cost are translated using the exchange rate on the transaction date. Exchange differences arising from translation are recognized in profit or loss.

(4) The classification standards for distinguishing between Current and Non-current ASSETS and liabilities.

The Corporation classifies an asset as a CURRENT ASSET if it meets any of the following criteria; all OTHER ASSETS not classified as CURRENT ASSETS are classified as NON-CURRENT ASSETS:

1) The asset is expected to be realized in its normal operating cycle, or intended to be sold or consumed;
2) The asset is primarily Held for trading purposes;
3) The asset is expected to be realized within twelve months after the reporting period; or
4) The asset is cash or cash equivalents (as defined in IAS 7), unless there is a restriction to exchange or use the asset to settle a liability for at least twelve months after the reporting period.

The Corporation classifies a liability as a CURRENT LIABILITY if it meets any of the following criteria; all OTHER LIABILITIES not classified as CURRENT LIABILITIES are classified as NON-CURRENT LIABILITIES:

1) The liability is expected to be settled in its normal operating cycle;
2) The liabilities are primarily held for trading purposes;
3) The liability is due to be settled within twelve months after the reporting period; or
4) It does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(5) Cash and cash equivalents

Cash included cash on hand, demand deposits and check deposits. Cash equivalents refer to 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.

(6) FINANCIAL INSTRUMENTS

Accounts receivable are recognized upon occurrence. All other financial assets and financial liabilities are initially recognized when The Corporation becomes a party to the contractual provisions of the financial instruments. Financial assets or financial liabilities not measured at FVTPL are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance.

1) Financial Assets

The Purchase or sale of Financial Assets classified as regular way trades are consistently accounted for on a trade date basis for all purchases and sales of Financial

Assets classified in the same manner by The Corporation.

The initial recognition classification of financial assets is primarily financial assets at amortized cost.

The Corporation only reclassifies all affected Financial Assets when there is a change in the business model for managing the Financial Assets, and this reclassification takes effect from the beginning of the next reporting period.

a. Financial assets at amortized costs

When financial assets meet the following conditions and are not designated as measured at FVTPL, they are measured at amortized cost:

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

These assets are subsequently measured at amortized cost, which is the original recognition amount adjusted for any accumulated amortization calculated using the effective interest method, and adjusted for any loss allowance. Interest income, gain/loss on exchange, and impairment are recognized in profit or loss. Upon derecognition, the gain or loss is included in profit or loss.

b. Financial Assets at FVTPL

Financial assets that are not classified as amortized cost or measured at FVTOCI are measured at FVTPL, including derivative financial assets. At the time of initial recognition, the Corporation may irrevocably designate financial assets that meet the conditions for amortized cost or measured at FVTOCI as Financial Assets at FVTPL to eliminate or significantly reduce accounting mismatches.

These assets are subsequently measured at fair value, with the net gain or loss (including any dividends and interest income) recognized in profit or loss.

c. Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, and refundable deposits.

The loss allowance for notes and accounts receivable is measured based on the amount of expected credit losses over the expected life. For other financial assets at amortized cost, consideration is given to reasonable and supportable information (without undue cost or effort to obtain), including qualitative and quantitative information, and analyses based on the Corporation's historical experience, credit assessments, and forward-looking information. A loss allowance is measured at 12-month expected credit losses for those whose credit risk has not significantly increased since initial recognition. If it is assessed that the credit risk has significantly increased since initial recognition, a loss allowance is measured at lifetime expected credit losses.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of loss allowance recognized or reversed is recognized in profit or loss.

The loss allowance for notes and accounts receivable is measured based on the amount of expected credit losses over the expected life.

When The Corporation has no realistic prospect of fully or partially recovering the Financial Assets, the total Carrying Amount of such Financial Assets is directly decreased. For corporate accounts, The Corporation individually analyzes the timing and amount of write-offs based on the reasonable expectation of recovery. The Corporation expects that the amounts written off will not significantly reverse. However, the written-off Financial Assets can still be enforced to comply with the procedures for The Corporation to recover overdue Amounts.

d. Derecognition of Financial Assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The Corporation continues to recognize the transferred financial asset on the balance sheets if it retains all or substantially all the risks and rewards of ownership of the transferred asset.

2) Financial liabilities

a. Financial liabilities

Financial liabilities are measured at amortized cost. The relevant net gains and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and gain/loss on exchange are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

b. Equity instruments

Equity instruments are any contracts that represent the residual equity of The Corporation in the Assets after deducting all its liabilities. Equity instruments issued by The Corporation are recognized at the amount obtained after deducting direct issuance costs from the consideration received.

c. Derecognition of Financial Liabilities

The Corporation derecognizes financial liabilities when the contractual obligations are discharged, canceled, or have expired. When the terms of financial liabilities are modified and the cash flows of the modified liability differ significantly, the original financial liabilities are derecognized, and new financial liabilities are recognized at fair value based on the modified terms.

When Financial Liabilities are derecognized, the difference between their Carrying Amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

d. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and presented on the balance sheets at net amounts only when The Corporation has a legal right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes the acquisition, production, or processing costs and other costs incurred to bring it to the location and condition necessary for use, and is calculated using the weighted average method. The cost of finished goods and work in process inventories includes manufacturing expenses allocated on a pro rata basis according to the normal capacity.

Subsequent measurement of inventories is determined by evaluating each category at the lower of cost and net realizable value. The net realizable value is calculated based on the estimated price during normal operations on the balance sheet date, minus the cost to complete and the selling expenses. When the cost of inventories exceeds the net realizable value, the cost of inventories should be written down to the net realizable value, and the amount of the write-down should be recognized as cost of sales. If the net realizable value increases in subsequent periods, the amount of the increase is reversed within the scope of the original write-down and recognized as a decrease in the cost of sales for the current period.

(8) Property, plant and equipment

1) Recognition and measurement

Property, plant and equipment items are measured at cost less accumulated depreciation and any accumulated impairment.

When the significant components of property, plant and equipment have different useful lives, they are treated as separate items of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2) Subsequent costs

Subsequent expenditures are capitalized only when it is highly probable that they will result in future economic benefits flowing into The Corporation.

3) Depreciation

Depreciation is calculated based on the cost of the assets less their residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not subject to depreciation.

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

(1)	Buildings and structures	3-45 years
(2)	Machinery and equipment	2-20 Years
(3)	Transportation equipment	5 Years
(4)	Office equipment	3-12 Years
(5)	Other equipment	2-15 Years

The Corporation reviews the depreciation method, useful lives, and residual values at each reporting date and makes adjustments as necessary.

(9) Leases Modifications

The Corporation assesses whether a contract is or contains a lease at the inception of the contract. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then the contract is or contains a lease.

1) Lessee

The Corporation recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Right-of-use assets are initially measured at cost, which includes the initial measurement amount of the lease liabilities, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and estimated costs for dismantling, removing the underlying asset, and restoring the site or asset, less any lease incentives received.

Subsequent to the commencement of the lease, the right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. In addition, the Corporation regularly assesses whether right-of-use assets are impaired and addresses any impairment losses that have occurred. In cases of remeasurement of lease liabilities, adjustments are made to the right-of-use assets accordingly.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of the lease. If the interest rate implicit in the lease is readily determinable, it is used as the discount rate. If it is not readily determinable, the Corporation's incremental borrowing rate is used. In general, the Corporation uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise:

a. Fixed payments, including in-substance fixed payments;
b. Lease payments that depend on changes in an index or rate are initially measured using the index or rate at the commencement date of the lease;
c. The expected payment of residual value guarantee amount; and
d. The exercise price of the options or penalties that shall be paid, when it is reasonably certain that purchase options or termination options will be exercised.

Lease liabilities are subsequently measured by accruing interests using the effective interest method and are remeasured in the event of the following circumstances:

a. Changes in the index or rate used to determine the lease payments result in changes in future lease payments;
b. The expected payment of residual value guarantee amount has changed;
c. The assessment of the Purchase option on underlying assets has changed;
d. Changes in the estimate of whether to exercise extension or termination options, resulting in a reassessment of the lease term;
e. Modification of the lease subject, Scope of Review, or other terms.

Lease liabilities are remeasured due to changes in the index or rate used to determine the lease payments, changes in residual value guarantees, as well as changes in the assessment of purchase, extension, or termination options. The carrying amount of right-of-use assets is adjusted accordingly, and when the carrying amount of right-of-use assets is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For a lease modification that decreases the scope of a lease, the carrying amount of the right-of-use assets is reduced to reflect the partial or full termination of the lease, and any difference with the remeasured amount of lease liabilities is recognized in profit or loss.

For leases of low-value underlying assets related to certain office equipment, the Corporation elects not to recognize right-of-use assets and lease liabilities. Instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

2) Lessor

In transactions where The Corporation acts as a lessor, lease agreements are classified at the inception date based on whether they transfer substantially all the risks and rewards incidental to ownership of the underlying assets. If Yes, they are classified as finance leases; if No, they are classified as operating leases.

(10) Intangible assets

1) Recognition and measurement

The Corporation acquires computer software with a finite useful life, which is measured at cost less accumulated amortization and accumulated impairment losses.

2) Subsequent expenditures

Subsequent expenditures are capitalized only when they can increase the future economic benefits of the specific related assets. All other expenses are recognized in profit or loss when incurred.

3) Amortization

Amortization is calculated based on the cost of the assets less the estimated residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful life of the Intangible assets starting from the time they are available for use.

Computer software is amortized on a straight-line basis over an estimated useful life of five years starting from the time it is available for use, with the amortization amount recognized in profit or loss.

The Corporation reviews the amortization method, useful lives, and residual values of intangible assets at each reporting date and makes adjustments as necessary.

(11) Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories and deferred tax assets) may be impaired. If any indication exists, the recoverable amount of the assets is estimated.

For the purpose of impairment testing, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other individual assets or groups of assets is considered as a group of assets.

The recoverable amount is the higher of an individual asset's or a cash-generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of an individual asset or a cash-generating unit is less than its Carrying Amount, the Carrying Amount of the individual asset or cash-generating unit is reduced to its recoverable amount, and the Impairment is recognized. Impairment is immediately recognized in the current profit or loss.

Reversal of impairment on non-financial assets (excluding inventories, deferred tax assets, and assets arising from employee benefits) is recognized only to the extent of the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior years.

(12) Revenue recognition

Revenue is measured based on the consideration expected to be entitled to upon the transfer of merchandise or services. The Corporation recognizes revenue when control of the merchandise or services is transferred to the customer, satisfying the performance obligation. The Corporation's main revenue items are explained as follows:

1) Sales of merchandise

The Corporation recognizes revenue when control of the products is transferred. Control of the product is considered to be transferred when the product has been delivered to the customer, the customer has full discretion over the use of the product, and there are no outstanding obligations that could affect the customer's acceptance of the product. Delivery occurs when the products are shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products according to the sales contract, the acceptance terms have lapsed, or The Corporation has objective evidence that all acceptance conditions have been satisfied.

The Corporation recognizes accounts receivable upon delivery of the merchandise, as it has the unconditional right to receive consideration at that point in time.

2) Labor revenue

The Corporation provides drug testing services. When the outcome of a service transaction can be reliably estimated, the revenue generated is recognized by the stage of completion on the reporting date. The Corporation measures the stage of completion of the transaction based on the services already performed.

3) Financial components

The Corporation expects that the time between the transfer of merchandise or services to the customer and the payment for such merchandise or services by the customer under all customer contracts will not exceed one year. Therefore, The Corporation does not adjust the transaction price for the time value of money.

(13) Employee Benefits

1) Defined contribution plans

The obligation of contributions under defined contribution plans is recognized as an expense during the period when the employee provides service.

2) Defined benefit plans

The Corporation's net obligation for defined benefit plans is calculated as the present value of future benefits earned by employees from current or prior periods of service, less the fair value of plan assets.

The defined benefit obligation is actuarially valued annually by a qualified actuary using the projected unit credit method. When the results are potentially favorable to The Corporation, an asset is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

Remeasurements of net defined benefit liabilities, including actuarial gains and losses, the return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest) are immediately recognized in other comprehensive income (loss) and accumulated in retained earnings. The Corporation determines the net interest expenses (revenue) on the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses of defined benefit plans are recognized in profit or loss.

When the plan is amended or curtailed, the benefits related to changes in past service cost or curtailment gain or loss are immediately recognized in profit or loss. The Corporation recognizes the settlement gain or loss of defined benefit plans upon settlement.

3) Short-term employee benefits

The obligation for short-term employee benefits is recognized as an expense when the service is provided. If a legal or constructive obligation arises from past employee service that can be reliably estimated, the amount is recognized as a liability.

(14) Share-based payment

In a share-based payment arrangement, expenses are recognized against an increase in equity throughout the vesting period based on fair value as at the grant date. The expense recognized is continually adjusted as service conditions and non-market value vesting conditions are met, and the final amount to be recognized is determined by the fulfillment of service conditions and non-market value vesting conditions on the grant date.

Non-vesting conditions of share-based payment have been reflected in fair value assessment on the grant date, and no adjustment was required for the differences between expected and actual results.

(15) Income tax

Income tax includes current and deferred tax. Except for those related to business combinations, directly recognized in equity, or items of other comprehensive income, current and deferred income tax should be recognized in profit or loss.

The Corporation has determined that interest or fines related to income tax (including uncertain tax treatments) do not meet the definition of income tax, and are therefore subject to the accounting treatment under IAS 37.

Current income tax includes the expected payable income tax or receivable tax refunds calculated based on the taxable income (loss) for the year, as well as any adjustments to payable income tax or receivable tax refunds for prior years. The amount is measured at the best estimate of the expected payments or receipts, using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

Deferred income tax is recognized and measured based on the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Deferred income tax is not recognized on temporary differences arising in the following situations:

1) Assets or liabilities originally recognized from transactions not part of a business combination, which at the time of the transaction (i) do not affect accounting profit or taxable income (loss) and (ii) do not give rise to equal taxable and deductible temporary differences;
2) For temporary differences arising from investments in Subsidiaries and joint ventures EQUITY, The Corporation can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
3) Taxable temporary differences arising from the initial recognition of Goodwill.

Deferred income tax is measured based on the tax rate expected to apply when the temporary differences reverse, using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

The Corporation offsets deferred tax assets and deferred tax liabilities only when all of the following conditions are met:

1) Has the legal enforceable right to offset current tax assets and current tax liabilities; and
2) Deferred tax assets and deferred tax liabilities relate to one of the taxable entities subject to Income Tax levied by the same tax authority;
   a. The same taxable entity; or
   b. Different taxable entities, but each entity intends to settle current Income Tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period when significant amounts of Deferred tax assets are expected to be recovered, and Deferred tax liabilities are expected to be settled.

Unused tax losses and unused tax credits carried forward, along with deductible temporary differences, are recognized as deferred tax assets to the extent that it is probable that future taxable income will be available to utilize them. At each reporting date, the amounts are reassessed and reduced to the extent that the related income tax benefits are no longer deemed probable; or reversed for the amounts previously reduced when it becomes probable that sufficient taxable income will be available.

(16) Earnings Per Share

The Corporation presents basic and diluted earnings per share attributable to ordinary shareholders of the Corporation. The Corporation's basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the net profit attributable to ordinary shareholders of the Corporation and the weighted average number of common shares outstanding for the effects of all potential dilutive common shares. The Corporation's potentially dilutive common stock includes profit sharing bonus to employees distributed in stock and employee stock options.

(17) Segment Information

An operating segment is a component of The Corporation that engages in business activities from which it may earn revenue and incur expenses. All operating results for the operating segments are periodically reviewed by TSMC’s chief operating decision makers to make decisions about the allocation of resources to the segments and to assess their performance.

5. Critical accounting Judgments and Key Sources of Estimation Uncertainty and Assumptions

The preparation of the financial statements in accordance with the Preparation Regulations and IAS 34 "Interim Financial Reporting," as endorsed by the Financial Supervisory Commission (FSC), requires management to make judgments, estimates, and assumptions regarding future conditions, including climate-related risks and opportunities. These assessments impact the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from original estimates.

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

The financial statements do not include accounting policies that involve significant judgments which would have a material impact on the amounts recognized in these financial statements.

The following assumptions and estimates have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year. Relevant information is as follows:

(1) Valuation of inventories

Since inventories are measured at the lower of cost and net realizable value, The Corporation assesses the amount of inventories on the reporting date that is subject to normal spoilage, obsolescence, or lacks market sales value, and writes down the cost of inventories to the net realizable value. The valuation of inventories is primarily based on estimated product demand for a specific future period, which may undergo significant changes due to rapid shifts in the industry. Please refer to Note 6(6) for the valuation and estimation circumstances of inventories.

6. Descriptions of Material Accounting Items

(1) Cash and cash equivalents

	Dec 31, 2025	Dec 31, 2024
Cash dividends	$ 35	35
Demand deposits	115,340	94,416
Check deposits	6,551	2,003
	$ 121,926	96,454

Please refer to Note 6(20) for the financial assets and liability, exchange rate risks, and disclosure of sensitivity analysis.

(2) Financial assets at FVTPL - Non-current

	Dec 31, 2025	Dec 31, 2024
Financial assets mandatorily at FVTPL:		
Domestic unlisted (OTC) stocks	$ 25,343	-

The Company invested NT$30,000 thousand in Protect Animal Health Incorporation on

March 12, 2025 in order to diversify the Company's business products.

In the year 2025, the Corporation disposed of 29,000 shares of domestic unlisted (OTC) stocks with proceeds from disposal amounting to NT$1,001 thousand, recognizing a gain on disposal of investments of NT$131 thousand.

Please refer to Note 6(19) for the amount remeasured at fair value and recognized in profit or loss, as well as the disposal gains or losses on investments.

(3) Financial Assets at Amortized Costs

	Dec 31, 2025	Dec 31, 2024
Time deposits with original maturities of more than 3 months	$ 292,860	10,000

The Company assesses that the asset is held to maturity to receive contractual cash flows. The asset is classified as financial assets at amortized cost because the cash flows from the financial asset are solely the payment of principal and interest on the outstanding principal amount.

As of December 31, 2025, the Corporation held NTD time deposits with original maturities of more than three months in the amount of NT$230,000 thousand and foreign currency time deposits of NT$62,860 thousand (USD 2,000 thousand), with annual interest rates ranging from 1.42% to 1.60% and 3.98%, respectively, maturing from January 2026 to March 2026 and in January 2026, respectively.

As of December 31, 2024, The Corporation held one NTD time deposit with an original maturity of more than three months in the amount of NT$10,000 thousand, with an annual interest rate of 1.28%, maturing in March 2025.

(4) Notes Receivable and Accounts Receivable

	Dec 31, 2025	Dec 31, 2024
Notes receivable	$ 33,162	33,001
Accounts receivable	212,624	194,465
Accounts receivable from related parties	1,820	18,128
	$ 247,606	245,594

The Company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable (including related parties), that is, using the lifetime expected credit loss. For this purpose, these notes receivable and accounts receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information. Due to the historical experience of credit losses of the Company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base.

An analysis of the expected credit losses on Notes Receivable and Accounts Receivable of the Corporation as of December 31, 2025 and 2024, is as follows:

	Dec 31, 2025		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted Average expected credit loss rate (%)**	**Allowance for expected credit losses during the period**
Not past due	$ 246,306	-	-
1～ 30 days past due	833	-	-
31～ 60 days past due	458	-	-
61～ 90 days past due	9	-	-
	$ 247,606		-

	Dec 31, 2024		
	Carrying Amount of Notes Receivable and Accounts Receivable	**Weighted Average expected credit loss rate (%)**	**Allowance for expected credit losses during the period**
Not past due	$ 244,544	-	-
1～ 30 days past due	685	-	-
31～ 60 days past due	338	-	-
61～ 90 days past due	27	-	-
	$ 245,594		-

Based on the assessment, as of December 31, 2025 and 2024, there were no circumstances requiring the recognition of lifetime expected credit loss allowances.

None of the above financial assets were pledged as collateral for short-term borrowings or credit facilities.

(5) Other receivables

	Dec 31, 2025	Dec 31, 2024
Other receivables - Current	$ 395	-
Long-term other receivables from related parties－ Non-current	2,633	2,633
	$ 3,028	2,633

As of December 31, 2025 and 2024, none of the Corporation’s other receivables were past due.

As of December 31, 2025 and 2024, the Company had receivables from Yung Shin Pharmaceutical Industrial Co., Ltd. of NT$2,633 thousand, arising from employee transfer resolutions, which were recorded under long-term other receivables - related parties.

(6) Inventories

	Dec 31, 2025	Dec 31, 2024
Raw material and supplies	$ 168,503	201,122
Work in process	14,512	50,952
Semi-finished products	1,281	11,510
Finished goods	102,419	111,373
Merchandise	36,150	20,739
	$ 322,865	395,696

Details of operating costs recognized by the Company:

	2025	2024
Cost of goods sold	$ 863,143	756,281
Inventory devaluation and obsolescence loss	1,353	1,533
Losses (gains) on physical inventory	71	(69)
Loss on inventory write-off	3,302	4,542
Unallocated manufacturing overheads	96,428	91,200
Revenue from sales of scraps	(48)	(64)
Presented as operating cost	$ 964,249	853,423

None of the Corporation's inventories were pledged as collateral as of December 31, 2025 and 2024.

(7) Property, plant and equipment

Details of changes in the cost, depreciation, and impairment losses of property, plant and equipment for the periods from January 1 to June 30, 2025 and 2024 are as follows:

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment pending inspection	Total
Cost or deemed cost:								
Balance on January 1, 2025	$ 212,408	516,542	447,414	9,115	27,888	60,975	5,766	1,280,108
Additions	-	7,153	2,759	287	231	4,370	12,678	27,478
Reclassification (Note)	-	4,824	-	-	-	-	(454)	4,370
Disposal	-	-	(9,139)	-	-	-	-	(9,139)
Balance on December 31, 2025	$ 212,408	528,519	441,034	9,402	28,119	65,345	17,990	1,302,817
Balance on January 1, 2024	$ 212,408	516,261	442,700	8,521	24,381	53,538	923	1,258,732
Additions	-	2,575	6,326	594	3,507	6,711	4,951	24,664
Reclassification (Note)	-	-	572	-	-	726	(108)	1,190
Disposal	-	(2,294)	(2,184)	-	-	-	-	(4,478)
Balance on December 31, 2024	$ 212,408	516,542	447,414	9,115	27,888	60,975	5,766	1,280,108
Depreciation and impairment loss:								
Balance on January 1, 2025	$ -	278,047	284,791	6,720	21,221	45,881	-	636,660
Annual depreciation	-	27,805	25,067	1,072	2,454	5,572	-	61,970
Disposal	-	-	(8,994)	-	-	-	-	(8,994)
Balance on December 31, 2025	$ -	305,852	300,864	7,792	23,675	51,453	-	689,636
Balance on January 1, 2024	$ -	249,886	261,134	5,100	19,079	37,962	-	573,161
Annual depreciation	-	28,569	26,549	1,620	2,142	7,211	-	66,091
Reclassifications	-	-	(708)	-	-	708	-	-
Disposal	-	(408)	(2,184)	-	-	-	-	(2,592)
Balance on December 31, 2024	$ -	278,047	284,791	6,720	21,221	45,881	-	636,660
Carrying amount:								
Balance on December 31, 2025	$ 212,408	222,667	140,170	1,610	4,444	13,892	17,990	613,181
Balance on December 31, 2024	$ 212,408	238,495	162,623	2,395	6,667	15,094	5,766	643,448

Note: In 2025, a reclassification amount of NT$4,634 thousand was transferred in from prepayments for equipment, and NT$264 thousand was reclassified to expenses. In 2024, a reclassification amount of NT$1,190 thousand was transferred in from prepayments for equipment.

None of the Corporation's property, plant and equipment was pledged as collateral as of December 31, 2025 and 2024.

(8) Right-of-use assets

Changes in cost and depreciation of rented buildings and transport equipment are explained below:

		Buildings and structures	Transportation equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2025	$	6,545	37,717	44,262
Additions		3,637	9,202	12,839
Decrease (due to contract expiration and early termination)		(1,170)	(7,127)	(8,297)
Balance on December 31, 2025	**$**	**9,012**	**39,792**	**48,804**
Balance on January 1, 2024	$	4,047	26,308	30,355
Additions		2,498	23,565	26,063
Decrease (due to contract expiration and early termination)		-	(12,156)	(12,156)
Balance on December 31, 2024	**$**	**6,545**	**37,717**	**44,262**
Depreciation and impairment losses of right-of-use assets:				
Balance on January 1, 2025	$	4,485	16,907	21,392
Depreciation for the current period		2,434	9,088	11,522
Decrease (due to contract expiration and early termination)		(975)	(7,127)	(8,102)
Balance on December 31, 2025	**$**	**5,944**	**18,868**	**24,812**
Balance on January 1, 2024	$	2,628	21,072	23,700
Depreciation for the current period		1,857	7,991	9,848
Decrease (due to contract expiration and early termination)		-	(12,156)	(12,156)
Balance on December 31, 2024	**$**	**4,485**	**16,907**	**21,392**
Carrying amount:				
Balance on December 31, 2025	**$**	**3,068**	**20,924**	**23,992**
Balance on December 31, 2024	**$**	**2,060**	**20,810**	**22,870**

(9) Intangible assets

Details of the cost, amortization, and impairment losses of the Corporation's computer software for the year ended 2025 and 2024 are as follows:

		Computer Software Costs
Costs:		
Balance on December 31, 2025 (same as the balance on January 1, 2025)	$	1,089
Balance on December 31, 2024 (same as the balance on January 1, 2024)	$	1,089
Amortization and impairment loss:		
Balance on January 1, 2025	$	860
Amortization		196
Balance on December 31, 2025	$	1,056
Balance on January 1, 2024	$	650
Amortization		210
Balance on December 31, 2024	$	860
Carrying amount:		
Balance on December 31, 2025	$	33
Balance on December 31, 2024	$	229

Amortization expenses of intangible assets for the Year Ended 2025 and 2024 are reported under the following items in the statement of comprehensive income:

		2025	**2024**
Operating costs	$	-	-
Operating expenses		196	210
	$	196	210

(10) Short-term borrowings

Detailed breakdown of short-term borrowings:

		Dec 31, 2025	**Dec 31, 2024**
Unutilized amount	$	470,000	320,000
Interest Rate Range (%)		-	-

(11) Lease liabilities

The book value of lease liabilities of the Company is as follows:

		Dec 31, 2025	**Dec 31, 2024**
Current	$	10,912	9,545
Non-current		14,010	14,162
Total	$	24,922	23,707

Please refer to Note 6(20) Financial instruments for maturity analysis.

The amounts of leases recognized in profit or loss are as follows:

		2025	2024
Interest expense of lease liabilities	$	412	276
Short-term leases expense	$	1,894	1,550
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	$	536	386

Amounts recognized in the cash flow statement:

		2025	2024
Cash outflow from operating activities	$	2,842	2,212
Cash outflow from financing activities		11,427	9,085
Cash outflow for leases	$	14,269	11,297

1) Lease of buildings

The Company rents buildings for office premise. Lease for office premises are generally drawn with a tenor of two to three years; some leases include options to renew lease for the same tenor as the original contract upon expiry.

2) Other leases

The Corporation rents transportation equipment for 3 to 4 years.

(12) Employee Benefits

1) Defined benefit plans

The reconciliation of the present value of the Corporation's defined benefit obligation and the fair value of plan assets is as follows:

		Dec 31, 2025	Dec 31, 2024
Present value of defined benefit obligations	$	5,094	4,838
Fair value of plan assets		-	-
Net defined benefit liabilities	$	5,094	4,838

There were intra-group transfers of employees between the Company and Yung Shin Pharmaceutical Industrial Co., Ltd. in 2025 and 2024, and according to the defined benefit plan agreement for intra-group employee transfer, the intra-group transfer has no effect on employees' defined benefits. Defined benefits of the transferred employee will be paid upon retirement by the target entity that the employee has transferred into; any defined benefit obligations of the employee borne by the origin entity will be calculated up to the time of transfer and paid to the target entity upon employee's retirement.

Subjects of the defined benefit plan described in the preceding paragraph were former employees of Yung Shin Pharmaceutical Industrial Co., Ltd., who commenced duty before July 1, 2005 and opted for the pension scheme mentioned in the Labor Standards Act, and later transferred to the Company. For these employees, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service. This cost is allocated to the respective entities based on the duration of employees' services.

a. Changes in the present value of defined benefit obligations

Changes in the present value of defined benefit obligations for 2025 and 2024 are explained follows:

	2025	2024
Defined benefit obligations on January 1	$ 4,838	4,761
Service cost and interest for the current period	77	58
Remeasurement of net defined benefit liabilities (assets)		
—Actuarial gains or losses due to adjustment by experience	89	153
—Actuarial gains or losses due to change of financial assumption	90	(134)
The defined benefit obligation on December 31	**$ 5,094**	**4,838**

The Company had NT$2,633 thousand of receivables from Yung Shin Pharmaceutical Industrial Co., Ltd. as of December 31, 2025 and 2024. This amount was respectively presented as long-term receivables from related parties.

b. Expenses recognized in profit or loss.

Details of the expenses reported by the Corporation for the Year Ended 2025 and 2024 are as follows:

	2025	2024
Net interest on net defined benefit liabilities	**$ 77**	**58**

c. Remeasurements of net defined benefit liabilities (plan assets) recognized in other comprehensive income

The accumulated remeasurements of net defined benefit liabilities (plan assets) recognized in other comprehensive income by the Corporation for the Year Ended 2025 and 2024 are as follows:

	2025	2024
Cumulative balance on January 1	$ 490	471
Amount recognized in the current period	179	19
Cumulative balance on December 31	**$ 669**	**490**

d. Actuarial assumptions

Key actuarial assumptions used by the Corporation to determine the present value of the defined benefit obligation at the reporting date are as follows:

	Dec 31, 2025	**Dec 31, 2024**
Discount rate	1.30%	1.60%
Future salary increases	2.00%	2.00%

The Company expects to pay NT$122 thousand to the defined benefit plans within one year after the reporting date in 2025. The weighted average expected life of the defined benefit plans is 8 years.

e. Sensitivity analysis

The impact on the present value of the defined benefit obligation due to changes in the key actuarial assumptions adopted as of December 31, 2025 and 2024 is as follows:

	The impact on the defined benefit obligation	
	Additions of 0.25%	**Decrease of 0.25%**
December 31, 2025		
Discount rate	(75)	77
Rate of future salary adjustments	64	(63)
December 31, 2024		
Discount rate	(81)	83
Rate of future salary adjustments	70	(69)

The above sensitivity analysis is based on analyzing the impact of a single assumption change while assuming other assumptions remain unchanged. In practice, changes in many assumptions may be interdependent. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities in the balance sheets.

The methods and assumptions used for preparing the sensitivity analysis in the current period are consistent with those of the previous period.

2) Defined contribution plans

The Company's defined contribution plans is administered in accordance with the Labor Pension Act, under which the Company contribution 6% of employees' monthly wages to individual pension accounts maintained with the Bureau of Labor Insurance. Upon contributing the specific amount to the Bureau of Labor Insurance under the plan, the Company has no further legal or constructive obligation for any additional payments.

Details of pension cost presented according to the Company's defined contribution pension policy:

	2025	2024
Operating costs	$ 2,968	2,810
Operating expenses	4,471	4,287
Total	$ 7,439	7,097

(13) Income Tax

1) Income tax expenses

Details of the Corporation's income tax expenses for the Year Ended 2025 and 2024 are as follows:

	2025	2024
Current tax expenses		
Current income tax expenses	$ 31,774	33,596
Overestimation of income tax expenses in previous years	(1,382)	(374)
	30,392	33,222
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	144	(123)
Tax expenses	$ 30,536	33,099

The details of the income tax benefits recognized in other comprehensive income by the corporation for the Year Ended 2025 and 2024 are as follows:

		2025	2024
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan	$	(36)	(3)

The reconciliation of the Corporation's income tax expenses and income before income tax for the Year Ended 2025 and 2024 is as follows:

		2025	2024
Net income before income tax	$	159,389	169,718
Income tax based on the Company’s domestic tax	$	31,878	33,944
Adjustment accordance to tax laws		40	(471)
Overestimation of income tax expenses in previous years		(1,382)	(374)
Total	$	30,536	33,099

2) Amounts of deferred tax assets and liabilities recognized

The changes in deferred tax assets and liabilities for the Year Ended 2025 and 2024 are as follows:

Deferred tax assets:

		Leave encashment payable	Allowance for inventory devaluation	Pensions provided	Provisions for Refund Liabilities	Unrealized gain/loss on valuation	Total
January 1, 2025	$	1,116	1,204	1,044	910	-	4,274
Credit (debit) to income statement		40	271	16 1	10	-	428
Recognized in other comprehensive Income		-	-	36	-	-	36
December 31, 2025	**$**	**1,156**	**1,475**	**1,096**	**1,011**	**-**	**4,738**
January 1, 2024	$	1,037	897	1,030	880	135	3,979
Credit (debit) to income statement		79	307	11	30	(135)	292
Recognized in other comprehensive Income		-	-	3	-	-	3
December 31, 2024	**$**	**1,116**	**1,204**	**1,044**	**910**	**-**	**4,274**

Deferred tax liabilities:

		Unrealized valuation gains and losses
January 1, 2025	$	169
Debit to income statement		572
December 31, 2025	**$**	**741**
January 1, 2024	$	-
Debit to income statement		169
December 31, 2024	**$**	**169**

3) Income tax assessment status

The Corporation's income tax return has been approved by the Tax authorities up to the fiscal year 2023.

(14) Capital and other equities

1) Issuance of common stock

As of December 31, 2025 and 2024, the Corporation's authorized capital amounted to NT$2,100,000 thousand each, with a par value of NT$10 per share; the issued shares were 72,804 thousand and 66,339 thousand common stock, respectively, and all proceeds from the issued shares had been collected.

The reconciliation of the number of outstanding shares of the Corporation for the Year Ended 2025 and 2024 is as follows:

Unit: Thousand shares

	Common stock	
	2025	**2024**
Balance on January 1	66,339	66,289
Cash capital increase	6,420	-
Exercises of employee stock options	45	50
Balance on December 31	**72,804**	**66,339**

The cash capital increase for the issuance of new shares prior to the Company’s initial public listing was approved by the Board of Directors on November 26, 2024. The Company issued 6,420 thousand common stock at a par value of NT$10 per share, for a total issuance amount of NT$64,200 thousand. In accordance with Article 267 of the Company Act, 10% of the newly issued common stock, totaling 642 thousand shares, were reserved for subscription by employees. This cash capital increase became effective on December 25, 2024, upon receipt of approval from the Taiwan Stock Exchange Corporation via Correspondence, with the record date for the capital increase was April 24, 2025. The statutory registration procedures were completed on June 2, 2025, and all issued shares were fully subscribed and paid. The total subscription proceeds amounted to NT$206,719 thousand. After deducting the share capital of NT$64,200 thousand, the difference of NT$142,519 thousand was recorded under capital surplus.

In the year 2025, the Company issued 455 thousand new shares due to the exercise of employee stock options, resulting in proceeds of NT$743 thousand. After deducting the capital stock of NT$450 thousand, the difference of NT$293 thousand was recorded under capital surplus. On August 1, 2025, the Board of Directors resolved to set the same date as the record date for the capital increase. The statutory registration procedures were completed on September 22, 2025, and all issued shares were fully subscribed and paid.

In the year 2024, the Company issued 50 thousand new shares due to the exercise of employee stock options, resulting in proceeds of NT$825 thousand. After deducting the capital stock of NT$500 thousand, the difference of NT$325 thousand was recorded under capital surplus. On March 7, 2024, and August 2, 2024, the Board of Directors resolved to set these dates as the record dates for the capital increase. The statutory registration procedures were completed on April 1, 2024, and August 28, 2024, respectively, and all issued shares were fully subscribed and paid.

2) Capital surplus

The balance of the Corporation's capital surplus is as follows:

	Dec 31, 2025	Dec 31, 2024
Premium on issuance of shares	$ 182,894	31,779

According to the Company Act, capital surplus should first be used to offset losses before it can be used to issue new shares or cash based on the shareholders' original shareholding ratio from realized capital surplus. The realized capital surplus mentioned in the preceding paragraph includes the premium obtained from the issuance of stock in excess of par value and the income received from donations. According to the regulations governing the offering and issuance of marketable securities by issuers, the total amount of capital surplus that may be transferred to capital each year shall not exceed 10% of the paid-in capital.

3) Retained earnings

According to the Corporation's Articles of Incorporation, if there is a surplus in the annual financial statements, taxes should first be paid and any losses from previous years should be offset. Then, 10% should be set aside as the legal reserve, except when the legal reserve has reached the Corporation's paid-in capital. Moreover, the Corporation shall appropriate special reserve in accordance with legal regulations. If there is still a surplus, along with the unappropriated earnings at the beginning balance, the Board of Directors shall draft an appropriations of earnings proposal to be resolved in the shareholders' meeting.

According to the dividend policy set forth in the Corporation's Articles of Incorporation, the Corporation's dividend policy is determined in line with future development plans, taking into account the investment environment, capital needs, and domestic and international competition, while also considering the interests of shareholders. Dividends may be distributed to shareholders in the form of cash or stock, with cash dividends being no less than 20% of the total dividend distribution.

a. Legal reserve

According to the Company Act, the corporation shall allocate 10% of its after-tax profits as a legal reserve until it equals the total capital. If the Company incurs no loss, upon resolution by the shareholders' meeting, new shares or cash may be distributed from the legal reserve, limited to the portion that exceeds 25% of the paid-in capital.

b. Appropriations of earnings

The Company's earnings distribution proposals for 2024 and 2023 were approved by the shareholders’ meetings on June 27, 2025, and June 24, 2024, respectively. The dividend amounts allocated to owners are as follows:

	2024			2023	
	Dividend per share (NT$)	Amount		Dividend per share (NT$)	Amount
Dividends distributed to owners of ordinary shares:					
Cash dividends	$ 1.85	122,727		1.04	68,944

On April 28, 2025, in connection with its initial public offering and the issuance of new shares for cash capital increase, the Company issued 6,420 thousand new shares. The cash dividend per share was adjusted from NT$1.85 to NT$1.68676246.

On March 2, 2026, the Corporation's board of directors proposed the earnings distribution plan for the year 2025. The dividends allocated to owners are as follows:

	2025	
	Dividend per share (NT$)	Amount
Dividends distributed to owners of ordinary shares:		
Cash dividends	$ 1.33	96,829

Information regarding the earning distribution adopted by the Company's shareholders' meetings and Board of Directors is available on the Market Observation Post System(MOPS) of the Taiwan Stock Exchange.

(15) Share-based payments

On January 18, 2021, the Company's Board of Directors approved the issuance of employee stock options and the stock subscription plan, setting March 1, 2021, as the actual issuance date. After issuing 5,000 thousand new shares, if there is any change in the Company's common stock, the exercise price of the stock options will be adjusted according to the prescribed formula.

Details of the Company's share-based payment for the periods from January 1 to June 30, 2025 and 2024 are as follows:

	Cash capital increase with a portion reserved for employee subscription	Equity-settled Employee stock options
Grant date	April 7, 2025	March 1, 2021
Number of shares granted (in thousand shares)	600	5,000
Contract period (years)	0.0438	5
Grant recipients	Eligible employees	Employees meeting specific criteria
Vesting conditions	Immediately vested	Service over the next two years

The warrant holder may exercise the employee stock options according to the following schedule after two years from being granted the options:

Period of employee stock options grant	Cumulative Exercisable Stock Option Percentage
two-year anniversary of the grant	60%
three-year anniversary of the grant	80%
Four-year anniversary of the grant	100%

Additionally, according to the provisions of the Corporation's first issuance of employee stock options and the subscription plan in 2021, the warrant holders may fully exercise the granted stock options after the company applies for public issuance and before the completion of the public issuance, without being limited by the application time.

1) Measurement parameters of fair value at the grant date

The Company used the Black-Scholes and binomial option pricing models to estimate the fair value of share-based payments at the grant date, with the following input values:

	Cash capital increase with a portion reserved for employee subscription	Employee stock options
Fair value at the grant date (NT$)	13.84	2.95
Exercise price (NT$)	28.01	18.90
Expected volatility (%)	50.00	39.80
Expected life of the options (years)	0.0438	5.00
Expected dividend yield (%)	-	7.00
Risk-free interest rate (%)	1.60	0.37
Early exercise multiple	-	2.20

2) Details of the employee stock option plan:

Unit: Thousand shares

	2025		2024	
	Weighted Average Exercise Price (NT$)	**Quantity of stock option**	**Weighted Average Exercise Price (NT$)**	**Quantity of stock option**
Outstanding as of January 1	$ 16.50	51	16.50	101
Quantity of options granted	16.50	(45)	16.50	(50)
Quantity of options lost	-	(6)	-	-
Outstanding as of December 31	-	-	16.50	**51**
Exercisable as of December 31	-	-	16.50	**51**

In 2025, the Company's employees exercised 45 thousand shares at a subscription price of NT$16.5 per share, resulting in proceeds of NT$743 thousand. On August 1, 2025, the Board of Directors resolved to set August 1, 2025, as the record date for the capital increase, and the related statutory registration procedures were completed on September 22, 2025.

In 2024, the Company’s employees exercised 50 thousand shares at a subscription price of NT$16.5 per share, resulting in proceeds of NT$825 thousand. On August 2, 2024, the Board of Directors resolved to set August 2, 2024, as the record date for the capital increase, and the related statutory registration procedures were completed on August 28, 2024.

3) Employee expenses

The Company recognized compensation cost of NT$8,303 thousand for employee stock options granted in connection with the cash capital increase in the year 2025.

(16) Earnings per share

		2025	2024
Basic earnings per share:			
Net profit for the period	$	128,853	136,619
Weighted average number of outstanding common stock (in thousands)		70,790	66,311
Basic earnings per share (NTD)	$	1.82	2.06
Diluted earnings per share:			
Net profit for the period	$	128,853	136,619
Weighted average number of outstanding common stock (in thousands)	$	70,790	66,311
Potentially dilutive common stock			
Employee remuneration		59	74
Effect of employee stock option		33	51
Weighted average outstanding shares (in thousands) for calculation of diluted earnings per share		70,882	66,436
Diluted earnings per share (NTD)	$	1.82	2.06

(17) Revenue from contracts with customers

1) Breakdown of revenue

		2025	2024
Major regional markets:			
Taiwan	$	1,174,581	1,069,822
U.S.A.		232,048	191,601
Malaysia		6,241	31,967
Others		3,252	722
	$	1,416,122	1,294,112
Main product/service lines:			
Revenue from sales of merchandise	$	1,416,122	1,293,077
Labor revenue		-	1,035
	$	1,416,122	1,294,112

2) Contract balances

		Dec 31, 2025	Dec 31, 2024	Jan 1, 2024
Notes and accounts receivable (including related parties)	$	247,606	245,594	218,308
Less: Loss allowance		-	-	-
Total	$	247,606	245,594	218,308

Please refer to Note 6(4) for disclosures on notes and accounts receivable and impairment.

(18) Employee Compensations and Directors' Remuneration

On June 27, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended Articles, if the Company reports a profit for the year, it shall appropriate 1% to 4% as employee compensations (of which no less than 30 % shall be allocated to junior-level employees) and no more than 1% as directors' remuneration. However, if the Company has accumulated losses, an amount shall be retained in advance to offset losses. Such employees' compensation may be distributed in the form of stock or cash, and its payable to the employees of affiliated companies who meet certain criteria. Prior to the amendment, the Articles of Incorporation stipulated that if the annual financial statements showed a profit, 1% to 4% should be appropriated as employee compensations and no more than 1% as directors' remuneration. However, if the Company has accumulated losses, an amount shall be retained in advance to offset losses.

The employee compensation provisions of the Company for 2025 and 2024 respectively amounted to NT$1,626 thousand and NT$1,732 thousand, and the respectively estimated director remuneration amounts were NT$1,626 thousand and NT$1,732 thousand . These estimates were based on the Company's income before tax before deducting employee and director compensation and multiplied by the distribution percentages prescribed in the Company's Articles of Incorporation. The amounts are reported as operating costs and operating expenses for 2025 and 2024. If there is a difference between the actual distribution amount in the following year and the estimated amount, it will be treated as a change in accounting estimate and the difference will be recognized in the profit or loss of the following year. If the Board of Directors resolves to distribute employee compensations in the form of shares, the number of shares granted is calculated based on the fair value as of the day prior to the Board resolution.

The amounts of employee compensations and directors' remuneration resolved by the Board of Directors for the Year Ended 2025 and 2024 do not differ from the estimated amounts in the Corporation's financial statements for the same years. Related information can be found on the Market Observation Post System.

(19) Non-Operating income and expanses

1) Interest income

Breakdown of interest income of the Company:

		2025	2024
Interests on bank deposits	$	3,164	649
Other interest income		2	1
	$	**3,166**	**650**

2) Other income

		2025	2024
Rental income	$	267	267
Others		198	187
	$	465	454

3) Other gains and losses

		2025	2024
Loss on disposal of property, plant and equipment.	$	(145)	(1,886)
Gain on disposal of investment		131	-
Gain on lease modification		2	-
Loss on financial assets at fair value through profit or loss		(3,787)	-
Net gain (loss) on currency exchange		4,194	867
Other losses		(200)	(1)
	$	195	(1,020)

4) Finance costs

		2025	2024
Interest expenses:			
Bank borrowings	$	149	823
Lease liabilities		412	276
	$	561	1,099

(20) Financial Instruments

1) Credit risk

a. Amount of maximum credit risk exposure

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

b. Concentration of credit risk

Except for the Company’s major customer, Company A, the Company has no significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. As of December 31, 2025 and 2024, the Company ’s credit risk concentration to Company A accounted for 29％ and 25％ of accounts receivable, respectively. Credit risk concentration to other counterparties did not exceed 10％ of accounts receivable.

c. Credit risk of receivables

For credit risk information on notes receivable and accounts receivable, please refer to Note 6(4). For details on other receivables, please refer to Note 6(5). Loss allowance for the other receivables mentioned above are measured based on 12-month expected credit loss.

2) Liquidity risk

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interests.

	Carrying Amount	Contractual cash flow	Within 1 Year	1-2 years	2-5 years	More than 5 years
December 31, 2025						
Non-derivative financial liabilities						
Notes payable and accounts payable (including related parties)	$ 154,095	154,095	154,095	-	-	-
Other payables (including related parties)	106,636	106,636	106,636	-	-	-
Lease liabilities	24,922	25,487	11,261	9,925	4,301	-
	$ 285,653	**286,218**	**271,992**	**9,925**	**4,301**	**-**
December 31, 2024						
Non-derivative financial liabilities						
Notes payable and accounts payable (including related parties)	$ 143,643	143,643	143,643	-	-	-
Other payables (including related parties)	103,734	103,734	103,734	-	-	-
Lease liabilities	23,707	24,297	9,869	7,145	7,283	-
	$ 271,084	**271,674**	**257,246**	**7,145**	**7,283**	**-**

The Company does not expect the timing of cash flows for the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3) Currency risk

a. Exchange rate risk exposure

The Company's financial assets and liabilities exposed to material exchange rate risk were as follows:

	Dec 31, 2025			Dec 31, 2024		
	Foreign Currency	Exchange Rate	TWD	Foreign Currency	Exchange Rate	TWD
Financial Assets						
Monetary items						
USD	$ 4,784	31.43	150,355	2,378	32.79	77,973
Financial liabilities						
Monetary items						
USD	440	31.43	13,835	1,291	32.79	42,330

b. Sensitivity analysis of exchange rate

The Company's exchange rate risk primarily arises from cash and cash equivalents and accounts receivable and payable in currency other than the functional currency, and foreign exchange gains and losses arise during translation. As of December 31, 2025 and 2024, assuming the New Taiwan Dollar depreciates by 1% against the US Dollar while all other factors remain constant, the pre-tax net income for the year ended 2025 and 2024 would increase by approximately NT$1,365 thousand and NT$356 thousand, respectively.

c. Foreign exchange gains and losses on monetary items

Exchange gains/losses of monetary accounts (including realized and unrealized) and information relating to the conversion of functional currency are explained below:

	2025		2024	
	Gain/loss on exchange	**Average exchange rate**	**Gain/loss on exchange**	**Average exchange rate**
TWD	$ 4,194	1.00	867	1.00

d. Other price risks

If the price of equity securities changes on the reporting date, the impact on comprehensive income items were as follows:

	2025
Securities price on reporting date	**Income before Income Tax**
Increase of 1%	$ 253
Decrease of 1%	$ (253)

4) Interest rate analysis

The Corporation's time deposits bear fixed interest rates, and therefore are not susceptible to risk of interest rate volatility and pose no material cash flow risk.

5) Fair value information

a. Categories and fair value of financial instruments

The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	Dec 31, 2025				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL					
Non-derivative financial assets mandatorily measured at FVTPL	$ 25,343	-	-	25,343	25,343
Financial assets at amortized costs					
Cash and cash equivalents	121,926	-	-	-	-
Financial assets at amortized cost - current	292,860	-	-	-	-
Notes receivable and accounts receivable (including related parties)	247,606	-	-	-	-
Other receivables	395	-	-	-	-
Refundable deposits	2,263	-	-	-	-
Long-term other receivables - related parties	2,633	-	-	-	-
Subtotal	667,683	-	-	-	-
Total	**$ 693,026**	**-**	**-**	**25,343**	**25,343**
Financial liabilities at amortized costs					
Notes payable and accounts payable (including related parties)	$ 154,095	-	-	-	-
Other payables (including related parties)	106,636	-	-	-	-
Lease liabilities	24,922	-	-	-	-
Total	**$ 285,653**	**-**	**-**	**-**	**-**

	Dec 31, 2024				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs					
Cash and cash equivalents	$ 96,454	-	-	-	-
Financial assets at amortized cost - current	10,000	-	-	-	-
Notes receivable and accounts receivable (including related parties)	245,594	-	-	-	-
Refundable deposits	3,005	-	-	-	-
Long-term other receivables - related parties	2,633	-	-	-	-
Total	**$ 357,686**	**-**	**-**	**-**	**-**
Financial liabilities at amortized costs					
Notes payable and accounts payable (including related parties)	$ 143,643	-	-	-	-
Other payables (including related parties)	103,734	-	-	-	-
Lease liabilities	23,707	-	-	-	-
Total	**$ 271,084**	**-**	**-**	**-**	**-**

There were no transfers between levels of the fair value hierarchy for any of the financial assets and liabilities as of December 31, 2025 and 2024.

b. Valuation techniques for financial instruments measured at fair value – Non-derivative financial instruments

The financial instruments held by the Company without publicly quoted prices: Their fair value is estimated using the market comparable approach, with the primary assumption based on the price-to-net asset value multiplier derived from the invested entity's net asset value and the market quotations of comparable listed (OTC) companies. This estimate of the equity securities has been adjusted for the effect of lack of market liquidity.

c. Detailed statement of changes in Level 3

	2025	2024
	Domestic unlisted (OTC) stocks	**Domestic unlisted (OTC) stocks**
Balance on January 1	$ -	-
Additions for the period	30,000	-
Disposal for the period	(1,001)	-
Total gains or losses：		
Valuation gains and losses	(3,787)	-
Gain on disposal	131	-
Balance on December 31	$ 25,343	-

The total gains or losses mentioned above are presented under "Other gains and losses."

d. Quantitative information on fair value measurement of significant unobservable inputs (Level 3).

The Company’s Level 3 fair value measurements primarily consist of financial assets measured at fair value through profit or loss.

The Corporation's Level 3 equity instruments without an active market have multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation Technique	Significant Unobservable Input	Relationship Between Significant Unobservable Input and the Fair Value
Financial assets at fair value through profit or loss - investments in equity instruments with inactive market	Approach comparable to listed companies	• Multiplier of price to book ratio: 2.89 as of Dec 31, 2025	• The higher the multiplier, the higher the fair value
		• Lack of marketability discount: Method of price to book: (20% as of Dec 31, 2025)	• The higher the discount for lack of marketability, the lower the fair value

e. For level 3 fair value measurements, sensitivity analysis of fair value for reasonably possible alternative assumptions.

The measurement of fair values of financial instruments by the Company is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the other comprehensive income in this period is as follows:

	Inputs	Upward or downward change	Changes in Fair Value Reflected in Other Comprehensive Income: Favorable change	Unfavorable change
December 31, 2025				
Financial Assets at FVTPL				
Investments in equity instruments with inactive market	Price to book ratio	5%	1,267	(1,267)

The Company's favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input value, the statement above reflects the effect of changes in the single input value, without taking the correlation and variability between the input values into account.

(21) Financial Risk Management

1) Summary

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

a. Credit risk

b. Liquidity risk

c. Market risk

This note presents the exposure information for the aforementioned risks of The Corporation, as well as the objectives, policies, and procedures for measuring and managing risks.

2) Risk management framework

The Board of Directors of the Corporation is responsible for developing and overseeing the Corporation's risk management policies. These policies are established to identify and analyze the risks faced by the Corporation, set appropriate risk limits and controls, and monitor compliance with such risks and limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the operations of The Corporation.

The Corporation's management supervises and reviews financial activities in accordance with relevant regulations and internal control systems and regularly reports the review results to the Board of Directors.

3) Credit risk

Credit risk refers to the risk that the Corporation may incur financial losses due to customers or financial instrument counterparties defaulting on their contractual obligations, primarily arising from accounts receivable and other financial assets.

a. Accounts receivable

The Corporation has established credit policies to analyze the credit status of each customer individually in order to determine their credit limits, and it regularly evaluates the financial condition of customers to reduce credit risk.

b. Deposits in banks

The credit risk of deposits in banks is measured and monitored by the Corporation's finance department. Due to the fact that the Corporation's counterparties and other parties to the contracts are banks with good creditworthiness, there is no significant credit risk.

c. Guarantee

The Corporation provided no endorsements or guarantees as of December 31, 2025 and 2024.

4) Liquidity risk

Liquidity risk refers to the risk that The Corporation may be unable to deliver cash or other financial assets to settle financial liabilities and fulfill its related obligations. The Corporation manages liquidity by ensuring, as much as possible, that it has sufficient liquid resources to meet maturing liabilities both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

5) Market risk

Market risk refers to the risk that the Company's earnings or the value of its held financial instruments may be affected by changes in market prices, such as exchange rates, interest rates, and equity investment prices. The objective of market risk management is to control the level of exposure to market risk within an acceptable range and to optimize investment returns.

a. Currency risk

The Corporation is exposed to exchange rate risk arising from transactions denominated in currencies other than its functional currency. To manage currency risk, the Corporation maintains its holdings in foreign currency within certain limits.

b. Interest rate risk

The Corporation's time deposits bear fixed interest rates, and therefore are not susceptible to risk of interest rate volatility or fair value interest rate risk.

(22) Capital management

Based on the current operational industry characteristics and future company development, while considering external environmental changes and other factors, The Corporation plans the needed operational funds, capital expenditures, and dividend distributions in future periods to ensure continuous operation, provide returns to shareholders, and also consider the interests of Other stakeholders. This is done to maintain the optimal capital structure and enhance shareholder Value over the long term. The Corporation monitors its funds through regular review of the debt-to-capital ratio. The ratio is calculated by dividing net debt by total capital. Net debt is the total liabilities presented in the BALANCE SHEETS minus Cash and cash equivalents. The total capital comprises all components of equity (i.e., capital stock, capital surplus, retained earnings, and other equity).

The liabilities to capital ratio as of December 31, 2025 and 2024 is as follows:

	Dec 31, 2025	Dec 31, 2024
Total liabilities	$ 315,757	307,853
Less: Cash and cash equivalents	(121,926)	(96,454)
Net liabilities	$ 193,831	211,399
Gross capital	$ 1,352,239	1,130,491
Debt-to-capital ratio	14.33%	18.70%

The method of the Corporation's capital management had not changed as of December 31, 2025.

(23) Non-Cash Transaction in Financing Activities

The Corporation acquired right-of-use assets through leases for the year ended 2025 and 2024. For details, please refer to Note 6(8)(11).

The reconciliation of liabilities arising from financing activities of the Company for the Year Ended 2025 and 2024 is as follows:

			Non-cash changes		
	Jan 1, 2025	Cash flow	Additions	Decrease	Dec 31, 2025
Lease liabilities	$ 23,707	(11,427)	12,839	(197)	24,922

			Non-cash changes		
	Jan 1, 2024	Cash flow	Additions	Decrease	Dec 31, 2024
Short-term borrowings	$ 70,000	(70,000)	-	-	-
Lease liabilities	6,729	(9,085)	26,063	-	23,707
Total liabilities from financing activities	$ 76,729	(79,085)	26,063	-	23,707

7. Related Parties Transactions

(1) Parent company and ultimate controlling party

Yung Shin Global Holding Corporation is parent company of the Company. As of December 31, 2025 and 2024, it held 50.02% and 55.12% of the Company’s outstanding common stock.

(2) Related Parties and Their Relationship

The related parties with transactions with the Company during the period covered by these financial statements are as follows:

Related Party Name	Related Party Categories
Yung Shin Global Holding Corporation	The Company's parent company
Yung Shin Pharmaceutical Industrial Co., Ltd.	Other related party of the Company (subsidiary of Yung Shin Global Holding Corporation)
Yung Shin TienTe (Shanghai) Pharmaceutical Trading Co., Ltd.	Other related party of the Company (2nd-tier subsidiary of Yung Shin Global Holding Corporation)
Yung Zip Chemical Ind. Co., Ltd. (Note 1)	Other related party of the Company (associated company of Yung Shin Global Holding Corporation)
Y.S.P. INDUSTRIES (M) SDN. BHD.	Other related party of the Company (associated company of Yung Shin Global Holding Corporation)
Chemix Inc.	Other related party of the Company (subsidiary of Yung Shin Global Holding Corporation)
Yung Shin Amusement Co., Ltd. (Note 2)	The legal representative is a director of the Company's parent company
Yung Shin Formosa Investment Holding Co., Ltd.	Other related party of the Company (subsidiary of Yung Shin Global Holding Corporation)

Note 1: In May 2025, Yung Zip Chemical Ind. Co., Ltd. held a full board election. Following the election, Yung Shin Global Holding Corporation did not obtain a majority of the board seats and therefore no longer has control over Yung Zip Chemical Ind. Co., Ltd. In May 2024, Yung Zip Chemical Ind. Co., Ltd. held a by-election for one board director. Following the by-election, Yung Shin Global Holding Corporation obtained a majority of the board seats and thereby gained control over Yung Zip Chemical Ind. Co., Ltd.

Note 2: In July 2025, Yung Shin Global Holding Corporation reappointed the Company's director. Accordingly, the legal representative of Yung Shin Amusement Co., Ltd. was no longer a director of the Company.

(3) Significant Transactions Between Related Parties

1) Sales of goods

The Company’s significant sales amounts to related parties are as follows:

Financial Statement Account	Type of Related Party	2025	2024
Sales	Other related parties	$ 6,274	31,967

Prices of sales to the above related parties are negotiated between two parties; the collection terms are not significantly different from ordinary customers.

2) Purchase of goods

The Company's purchase amount of goods from related parties are as follows:

	2025	2024
Yung Shin Pharmaceutical Industrial Co., Ltd.	$ 245,039	179,771
Other related parties	13,220	18,776
	$ 258,259	**198,547**

Prices of purchases from the above related parties are negotiated two parties, except for certain purchases from other related parties where prices could not be compared as the Company does not make similar purchases from ordinary suppliers. The payment terms are not significantly different from ordinary suppliers.

3) Receivables from related parties

Related party payables that arose from purchases with related parties and director remuneration are explained below:

Financial Statement Account	Type of Related Party	Dec 31, 2025	Dec 31, 2024
Accounts receivable	Other related parties	**$ 1,820**	**18,128**
Long-term other receivables	Yung Shin Pharmaceutical Industrial Co., Ltd.	**$ 2,633**	**2,633**

As of December 31, 2025 and 2024, no allowance loss was made for the above receivables.

4) Payables to related parties

Related party payables that arose from purchases with related parties and director remuneration are explained below:

Item	Related Party Categories	Dec 31, 2025	Dec 31, 2024
Accounts payable	Yung Shin Pharmaceutical Industrial Co., Ltd.	$ 115,638	75,336
Accounts payable	Other related parties	1,409	383
		$ 117,047	**75,719**
Other payables	Parent company	$ 1,284	1,155
	Other related parties	701	-
		$ 1,985	**1,155**

5) Manufacturing overhead and operating expenses

Details of technical service fees, professional service fees, and entertainment expenses paid to related parties are explained below:

	2025	2024
Other related parties	$ 5,536	2,388

6) Leases Modifications

The Company rented an office building from another related party, Yung Shin Pharmaceutical Industrial Co., Ltd., for the years ended 2025 and 2024, and on July 1, 2025, changed the counterparty to another related party, Yung Shin Formosa Investment Holding Co., Ltd. The Company signed a 3-year lease agreement, taking into consideration the rent rates of nearby offices, with a total contract price of NT$1,824 thousand. Interest expenses recognized totaled NT$8 thousand and NT$18 thousand for the years ended 2025 and 2024, respectively. The balances of lease liabilities as of December 31, 2025, and 2024 were reported at NT$207 thousand and NT$823 thousand, respectively.

(4) Key Management Compensation

	2025	2024
Short-term employee benefits	$ 8,291	6,464
Post-employment benefits	-	72
	$ 8,291	6,536

The short-term employee benefits for the year ended 2025 and 2024 include company cars provided to key management personnel, with costs amounting to NT$2,563 thousand and NT$2,193 thousand, respectively. As of December 31, 2025 and 2024, the carrying amounts were NT$2,350 thousand and NT$411 thousand, respectively, and are classified under right-of-use assets.

8. Pledged assets: None.

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

10. Losses due to Major Disasters: None.

11. Significant Subsequent Events: Note 6(14).

12. Others

Employee benefits, depreciation, depletion, and amortization expenses by functions are summarized as follows:

By function / By nature	2025 Operating Costs	2025 Operating Expenses	2025 Total	2024 Operating Costs	2024 Operating Expenses	2024 Total
Employee benefits expenses						
Salaries	71,886	131,662	203,548	64,659	121,110	185,769
Labor and health insurance premiums	6,255	9,622	15,877	5,540	8,795	14,335
Pension expenses	2,968	4,548	7,516	2,810	4,345	7,155
Directors' remuneration	-	4,692	4,692	-	3,829	3,829
Other employee benefit expenses	3,707	5,849	9,556	3,231	6,003	9,234
Depreciation	58,624	14,868	73,492	62,153	13,786	75,939
Amortization	-	196	196	-	210	210

Additional information on the number of employees and Employee benefits expenses of the Corporation for the Year Ended 2025 and 2024 is as follows:

	2025	2024
Number of employees	195	185
Number of directors not concurrently serving as employees	8	9
Average employee benefits expenses	$ 1,265	1,230
Average employee salaries	$ 1,088	1,056
Average employee salaries adjustment situation	3.03%	
Compensation to supervisors	$ -	-

The Corporation's compensation policy (including directors, executive officers, and employees) is as follows:

(1) Compensation policy for directors

According to Article 40 of the Company's Articles of Incorporation, if the company reports a profit for the year, no more than 1% shall be allocated as compensation to directors.

In setting compensation procedures, considerations include industry-standard payment levels, the company's operational performance, and the rationality of future risk correlations. Additionally, directors' performance evaluations are referenced to determine remuneration. The reasonableness of the related salaries is submitted for approval by the Compensation Committee and the Board of Directors. The remuneration system is reviewed in a timely manner based on actual operating conditions and relevant laws to balance the company's sustainable operations and risk management.

(2) Compensation policy for executive officers

The amounts of compensation allocated to the Corporation's executive officers, based on their duties, contributions, the company's operational performance for the year, and consideration of future risks, are submitted for review by the Compensation Committee and resolution by the Board of Directors.

(3) Compensation policy for executive officers and employees

The Corporation's employee compensation includes monthly salaries and year-end bonuses, as well as profit sharing bonus to employees distributed based on annual profits and operational results. Profit sharing bonus to employees is considered based on individual work experience and performance, serving as the basis for distribution calculation after performance evaluation.

13. Separately Disclosed Items

(1) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports of Securities Issuers for the year 2025, the Company is required to disclose additional information regarding significant transactions as follows:

1) Financing provided to others: None.

2) Endorsement or guarantee provided to others: None.

3) Major marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Remarks
				Number of Shares/Units	Carrying Amount	Shareholding Ratio (%)	Fair Value	
The Corporation	Stock - Protect Animal Health Incorporation Protect Animal Health Incorporation	－	Financial assets at fair value through profit or loss - non-current	971	25,343	0.99	25,343	

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Unit: In Thousands of New Taiwan Dollars

Purchasing (selling) company	Counter-party	Relationship	Transaction Details				Payment Terms and Reason for Abnormal Transaction		Accounts/Notes Receivable (Payable)		Remarks
			Purchase (Sale) of goods	Amount	Percentage of total purchases (sales) %	Credit term	Unit Price	Credit term	Balance	Percentage of notes and accounts receivable (payable)	
The Corporation	Yung Shin Pharmaceutical Industrial Co., Ltd.	Other related parties	Purchase of goods	245,039	36.88	120 days	-	-	(115,638)	(75.04)	

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

(2) Information on Investees: None.

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

14. Segment Information

(1) General information

The Company is mainly involved in the sale of animal pharmaceuticals, medicated feed additives, and feeds and the rendering of drug testing services. These business activities are classified under a single reporting segment; therefore, the segment information is consistent with the financial statement information. Accounting policies adopted by various operating segments are consistent with those described in Note 4.

(2) Information on reportable segment profit or loss, segment assets, segment liabilities, and their measurement basis and reconciliation.

The information on the Corporation's segment profit or loss, segment assets, and segment liabilities is consistent with the financial report. Please refer to the balance sheets and statements of comprehensive income.

(3) Overall Corporate Information

1) Product Information

The Company is mainly involved in the sale of animal pharmaceuticals, medicated feed additives, and feeds and the rendering of drug testing services. The product information is consistent with the financial reports. Please refer to the statements of comprehensive income.

2) Geography Information

The Corporation's geography information is as follows, with revenue categorized based on the geographic location of the customers, and non-current assets categorized based on the geographic location of the assets.

Revenue from External Customers:

Geography	2025	2024
Taiwan	$ 1,174,581	1,069,822
U.S.A.	232,048	191,601
Malaysia	6,241	31,967
Others	3,252	722
Total	$ 1,416,122	1,294,112

Non-Current assets

Geography	Dec 31, 2025	Dec 31, 2024
Taiwan	$ 640,192	671,181

Non-Current assets include property, plant and equipment, right-of-use assets, intangible assets, and prepayments for equipment purchase, but do not include financial instruments, deferred tax assets, and refundable deposits classified as non-current assets.

3) Information of Important Customers

Details of customers whose sales account for more than 10% of the Corporation's net revenue in the Statements of Comprehensive Income are as follows:

	2025	2024
Company A	$ 232,046	191,601

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF CASH AND CASH EQUIVALENTS

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

or Units of the Respective Foreign Currency

Item	Description	Amount
Cash	Petty cash	$ 35
Bank deposits	Check deposits	6,551
	Demand deposits	89,505
	U.S. Dollars (USD749,818.36 @31.430)	23,567
	Renminbi (CNY497,868.59 @4.472)	2,226
	Japanese Yen (JPY210,755 @0.2008)	42
	Subtotal	121,891
		$ 121,926

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF NOTES AND ACCOUNTS RECEIVABLE

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Customer Name	Description	Amount	Remarks
Notes receivable:			
Non-related parties:			
Company B		$ 3,338	
Company C		2,809	
Company D		2,179	
Company E		1,832	
Others (items that individually represent less than 5% of account balance)		23,004	
Total		33,162	
Accounts receivable:			
Related parties:			
Y.S.P. Industries (M) Sdn. Bhd.		1,820	
Non-related parties:			
Company A		61,399	
Company F		19,349	
Others (items that individually represent less than 5% of account balance)		131,876	
Subtotal		212,624	
Less: Doubtful debt provision		-	
Total		214,444	
Total		**$ 247,606**	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF INVENTORY

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Amount		Remarks
	Cost	Net realizable value	
Raw material and supplies	$ 171,082	178,768	
Work in process	14,517	87,586	
Semi-finished goods	1,281	5,779	
Finished goods	103,736	242,691	
Merchandise	39,623	54,772	
Total	330,239	569,596	
Less: Allowance for inventory devaluation loss	7,374		
	$ 322,865		

STATEMANT OF PREPAYMENTS

Item	Description	Amount	Remarks
Prepayments		$ 3,106	
Office supplies		3,328	
Prepayments for material purchases		602	
Others (items that individually represent less than 5% of account balance)		139	
		$ 7,175	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF LONG-TERM RECEIVABLES

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Customer Name	Description	Amount	Remarks
Related parties:			
Yung Shin Pharmaceutical Industrial Co., Ltd.		$ 2,633	

STATEMANT OF NOTES AND ACCOUNTS PAYABLE

Customer Name	Description	Amount	Remarks
Notes payable:			
Non-related parties:			
Company G		$ 6	
Accounts payable:			
Related parties:			
Yung Shin Pharmaceutical Industrial Co., Ltd.		$ 115,638	
Yung Shin TienTe (Shanghai) Pharmaceutical Trading Co., Ltd.		1,041	
		368	
Subtotal		117,047	
Non-related parties:			
Company H		10,597	
Others (items that individually represent less than 5% of account balance)		26,445	
Subtotal		37,042	
		$ 154,089	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF OTHER PAYABLES

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount	Remarks
Non-related parties:			
Salary and bonus payable		$ 62,309	
Royalty payable		6,596	
Others (items that individually represent less than 5% of account balance)		35,746	
Subtotal		104,651	
Related parties:			
Director remuneration payable		1,284	
Other payables		701	
Subtotal		1,985	
		$ 106,636	

STATEMANT OF THER CURRENT LIABILITIES

Item	Description	Amount	Remarks
Receipts under custody		$ 1,732	
Temporary receipts		144	
Other advance receipts		209	
		$ 2,085	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF OPERATING REVENUES

January 1 to December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Quantity	Amount	Remarks
Income from sale of products:			
Therapeutic drug		$ 478,815	
Non-medicated feed additive		495,710	
Medicated feed additive		412,854	
Pharmaceuticals and supplements for companion animals		28,710	
Others (items that individually represent less than 5% of account balance)		33	
		$ 1,416,122	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF OPERATING COSTS

January 1 to December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Amount: Subtotal	Amount: Total
Direct raw material and supplies		
Opening Inventory	$ 202,927	
Plus: Purchases for the current period	412,056	
Gain on physical of raw materials and supplies	(129)	
Less: Closing raw materials and supplies	(171,082)	
Loss on write-off	(1,720)	
Amount reclassified to operating expenses	(2,267)	
Subtotal of direct materials and supplies	439,785	
Direct labor	24,939	
Manufacturing overhead	201,837	
Manufacturing costs		
Plus: Opening work-in-progress	62,799	
Purchase of goods for the period	1,211	
Write-off of work in process	(61)	
Less: Closing work-in-progress	(15,798)	
Less: Amount reclassified to operating expenses	(272)	
Subtotal of cost of finished goods	714,440	
Plus: Opening finished goods	115,252	
Less: Closing finished goods	(103,736)	
Amount reclassified to operating expenses	(6,026)	
Inventory overage	58	
Inventory write-off	(1,521)	
Total cost of self- produced products		718,467
Merchandise		
Opening Inventory	20,739	
Plus: Purchases for the current period	251,180	
Less: Closing merchandise	(39,623)	
Subtotal of merchandise		232,296
Total cost of sales		950,763
Loss on inventory write-off		3,302
Inventory devaluation loss		1,353
Other costs		8,808
Gain on physical inventories		71
Revenue from sales of scraps		(48)
Total operating costs		**$ 964,249**

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF SELLING AND MARKETING EXPENSES

January 1 to December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount	Remarks
Salary expenses		$ 84,522	
Transportation expenses		11,335	
Advertising expenses		17,735	
Depreciation		11,735	
Other expenses-promotion expenses		13,550	
Others (items that individually represent less than 5% of account balance)		43,583	
		$ 182,460	

STATEMANT OF MANAGEMENT EXPENSES

Item	Description	Amount	Remarks
Salary expenses		$ 36,629	
Taxes		22,539	
Others (items that individually represent less than 5% of account balance)		19,740	
		$ 78,908	

VETNOSTRUM ANIMAL HEALTH CO., LTD.

STATEMANT OF R&D EXPENSES

January 1 to December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount	Remarks
Salary expenses		$ 15,203	
Consumables		7,239	
Commissioned Research Expenses		4,891	
Others (items that individually represent less than 5% of account balance)		7,048	
		$ 34,381	

Please refer to Note 6(2) of the Notes to Financial Statements for the schedule of Financial Assets at FVTPL.

Please refer to Note 6(3) of the Notes to Financial Statements for the schedule of financial assets at amortized costs.

Please refer to Note 6(7) of the Notes to Financial Statements for the schedule of changes in property, plant and equipment.

Please refer to Note 6(7) of the Notes to Financial Statements for the schedule of accumulated depreciation changes in property, plant and equipment.

Please refer to Note 6(8) of the Notes to Financial Statements for the schedule of changes in right-of-use assets.

Please refer to Note 6(8) of the Notes to Financial Statements for the schedule of accumulated depreciation of changes in right-of-use assets.

Please refer to Note 6(9) of the Notes to Financial Statements for the schedule of changes in intangible assets.

Please refer to Note 6(11) of the Notes to Financial Statements for the schedule of lease liabilities.

Please refer to Note 6(13) of the Notes to Financial Statements for the schedule of Deferred tax assets.

Please refer to Note 6(13) of the Notes to Financial Statements for the schedule of Deferred tax liabilities.

Please refer to Note 6(19) of the Notes to Financial Statements for the schedule of interest income.

Please refer to Note 6(19) of the Notes to Financial Statements for the schedule of other income.

Please refer to Note 6(19) of the Notes to Financial Statements for the schedule of other gains and losses.

Please refer to Note 6(19) of the Notes to Financial Statements for the schedule of finance costs.