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MICROBIO

中天生物科技股份有限公司

2025

Annual Report

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One. Letter to Shareholders

I. 2025 Business Results

(I) 2025 Business Plan Implementation Outcomes

1. <u>Biotech drug and medical material R&D</u>:

“From Micro to Macro” has been the core of Microbio’s technology in new drug development. In 2000, the Company developed proprietary “Chemo Young” Oral Solution by applying the patented technology “innovative in-vitro cultivation of anaerobic symbiotic bacteria” on “intestinal ecosystem recreation” and “Symbiota,” and was awarded the first new oral adjuvant license for cancer in Taiwan in December 2011. By recreating the intestinal ecosystem and immune system in humans, the drug lessens fatigue and lack of appetite in patients who undergo chemotherapy, and thereby improves their overall lifestyle.

Based on the potential of drugs to continue developing new indications after being marketed, in August 2024, the oral solution “Chemo Young” was approved by the Ministry of Health and Welfare to be renamed the oral solution “MICRSOY oral solution” (hereinafter referred to as “MICRSOY”). At present, “MICRSOY” is conducting exploratory clinical trial evaluations in collaboration with several large hospitals in Taiwan on related indications such as cancer immunotherapy, pancreatic cancer, and inflammatory bowel disease (IBD). Among these, “MICRSOY” combined with immune checkpoint inhibitors for adjuvant cancer therapy has shown positive unblinded results, indicating the potential for use in cancer immunotherapy. In terms of patent portfolio development, as of 2025 there are five patents under examination in the EU, Japan, Thailand, and Vietnam. In the future, global patent deployment will also be pursued based on new indications or new dosage forms currently under research and development. “MICRSOY” has obtained a Generally Recognized as Safe (GRAS) Independent/Self-affirmed safety conclusion in the United States. In September 2025, a formal submission was completed to the FDA, and it will strategically enter the U.S. market as a medical food to shorten the time to market. In summary, the oral solution “MICRSOY” has completed efficacy validation, regulatory requirements, and market access. Subsequently, Microbio plans to use this as the basis for international cooperation and to expand into international markets.

Based on the research of human gut microbiota and the extensive R&D and clinical experience of “MICRSOY,” the Company’s technology platform has developed more than 1,200 gut biobanks, and still continues to develop new indications and applies for patents subject to the maturity of the results. The application of the new generation of microecological new drugs has expanded to skin microbiome and nasal microbiome, aiming to regulate microbial communities to achieve symptom improvement and disease treatment. As drug development takes more than 10 years and costs may reach billions, market access will be strategically pursued through different regulatory pathways in accordance with the maturity of the product and the regulations of each country.

Explanation of the progress and results of Microbio’s major R&D projects

(1) Medical Food (Symbiota)

A. US GRAS Progress

(a) Symbiota has obtained a Generally Recognized as Safe (GRAS) Independent/Self-affirmed safety conclusion in the United States, which is an important strategy for the Company’s global market access. Unlike probiotics, this product is Taiwan’s first postbiotics manufactured through the symbiotic cultivation of multiple intestinal probiotics. The scope of GRAS certification covers organic soybean fermentation products composed of combinations of multiple probiotics, yeast, or mixtures of their strains, encompassing all microbiome products currently exclusively developed by Microbio. In July 2024, document preparation and expert review were completed, achieving an independent conclusion of GRAS, allowing it to be sold in the U.S. market.

(b) According to the approved scope of GRAS use, Symbiota can be used in nutritional beverages, protein and nutritional powders, smoothies and cereal beverages, regular and diet sports and energy drinks, regular and diet soft drinks, juice beverages (including non-reconstituted powders), dairy beverages and milk alternatives, gelatin confectionery, ready-to-eat cereals, and cooked cereals. The usage level can reach up to 20% in liquid form and up to 10% in powder form. The applicable population ranges from 1 to 110 years of age.

(c) In early 2025, a meeting was held with the FDA GRAS review unit to discuss the content of the GRAS submission. Subsequently, in accordance with the recommendations of FDA officials, the safety analysis conclusions for all fermentation strains were completed, and in September 2025 a formal GRAS review application was submitted to the FDA. The official review result is expected to be obtained in the second half of 2026.

B. Development of new indications for MICRSOY (cancer immunotherapy, ulcerative colitis)

(a) Completed microbiota research on key patients for the cancer immunotherapy paper and FMT experiments, successfully published in Gut Microbes (2022 Impact factor 12.2).

(b) The exploratory clinical study of MICRSOY combined with immunotherapy for advanced non-small cell lung cancer completed enrollment of 15 participants. The results showed that compared with the use of Keytruda alone, MICRSOY combined with Keytruda increased the immunotherapy response rate by three times (75%), and the median progression-free survival (PFS) increased from 4.5 months to more than 12 months. Among them, the complete response (CR) rate of tumor disappearance reached 12.5%. MICRSOY can enhance the response rate of cancer immunotherapy and improve the efficacy for advanced lung cancer by regulating the gut microbiota and increasing functional CD8 T cells in the tumor microenvironment. Subsequently, Microbio plans to use the results of this human clinical trial to pursue international cooperation and drug sales, entering the vast market of tumor immunotherapy.

(c) The exploratory clinical study of MICRSOY combined with existing therapy for ulcerative colitis completed enrollment of 30 participants. The subjects in this trial had an average disease duration of 4.6 years. In addition to achieving a significant target in the primary efficacy indicator of "clinical remission rate" after 12 weeks of treatment, 58.3% of the subjects in the "MICRSOY" combined with conventional therapy group achieved clinical remission after only 4 weeks of treatment, compared with only 7.1% in the placebo group. This indicates that significant remission can be achieved after 4 weeks of administration (P=0.009, fisher's exact test), enhancing the efficacy of conventional therapy and accelerating patients' effective response to treatment.

(d) The clinical results of the above two clinical trials will be submitted to international journals in combination with research on microbiota analysis and mechanism exploration, which will help "MICRSOY" move toward the international market.

(2) MB107 (atopic dermatitis/psoriasis cream)

A. In response to the market value assessment of medical materials, the market strategy has been flexibly adjusted by transforming development from a medical device into a high-end functional cosmetic. It targets the care needs of atopic dermatitis and psoriasis, highlighting the professional restorative value, and the cosmetic R&D code has been updated to MB701.

B. U.S. cosmetic qualification registration has been completed, and the European cosmetic registration application is being advanced to ensure the product complies with all regulatory standards.

C. Completed competitive product evaluation in the European and U.S. markets, confirming the product's competitive advantages. Currently, potential B2B strategic partners are being actively contacted to accelerate product market entry through global supply chain cooperation.

(3) MB828 (allergic rhinitis/chronic rhinosinusitis nasal spray)

A. MB828 is a new multi-functional nasal microbiome spray. The medical material biocompatibility test has been completed, and the process has been successfully scaled up and optimized, with process documentation completed and transferred to the manufacturing plant.

B. Completed FDA RFD to confirm the regulatory pathway for market approval.

C. Added EU regulatory evaluation and preparation for certification.

In addition to Microbio, SNS812, a nucleic acid new drug jointly developed by the subsidiaries Microbio Shanghai and Oneness Biotech, is the world's first inhalable nucleic acid drug for COVID-19. Phase II clinical trials have been completed, and efforts are currently underway to actively establish international connections and pursue international licensing cooperation. Another blockbuster nucleic acid new drug, SNS851, is a first-in-class weight loss drug with a novel mechanism of action. Through patented liver-targeted metabolism technology, it has a mechanism different from current weight loss drugs such as GLP-1 incretin. In preclinical trials, it has demonstrated the potential for synergistic effects when combined with GLP-1 drugs, which may reduce the dosage of GLP-1 drugs and lower the incidence of side effects. In February 2026, SNS851 received approval from the Human Research Ethics Committee in Australia to conduct a Phase I human clinical trial and was filed with the Australian Therapeutic Goods Administration. The goal is to complete the Phase I human clinical trial in 2026.

2. <u>Medical-grade health supplements</u>:

Backed by know-how in drug research and development and the expertise of a strong science team, Microbio brings innovation into the development of medical-grade health supplements, which has led to the successful launch of many health foods, supplements, and functional materials to date, bringing safe and high-quality products as well as a complete range of health services to the public. Currently, the Company is proactively planning e-commerce and cloud sales for key core characteristic products, in order to expand the international market entry, and create the largest niche for the sales of the Company's innovative product groups.

3. <u>Organic products</u>:

The subsidiary Cotton Field Organic adheres to a customer-oriented spirit and continues to maintain the highest proportion of organic products among retail businesses in Taiwan, establishing the market position as "the most professional organic chain brand." In 2025, driven by the dual engines of digital and physical channels, it demonstrated stable and strong operating results.

(1) In physical channels, an expansion strategy of "precise site selection and intensified network deployment" is adopted.

Recognizing that physical stores are the cornerstone of brand profitability and the core carrier of service experience, in 2025, locations in commercial districts with high consumption potential were actively targeted for site deployment. Two franchise stores, "Taipei Beitou Zunxian" and "Neihu Gangqian 737," were successfully established, strengthening community penetration. As of the end of 2025, the total number of stores nationwide reached 81, among which 68 stores are located in the Taipei metropolitan area and the Keelung and Yilan regions, ranking first in market share among industry peers. Through the establishment of a "high-density service network," it not only consolidates existing market advantages but also builds a strong competitive moat for the brand.

(2) In terms of digital revenue, efforts are fully focused on deepening the deployment of "instant retail."

By strengthening the self-operated "Store-to-Door Hourly Delivery" and the strong delivery capacity of external delivery platforms (Uber Eats, Foodpanda), the geographical limitations of physical stores have been successfully broken, effectively extending the service radius to commercial districts within 1 to 3 kilometers. This not only satisfies consumers' demand for "immediate delivery" of fresh food but also upgrades physical stores into "community instant delivery centers." At the same time, multiple online platforms, including Mo+, continue to be expanded to maximize brand exposure and reach new customers through diversified deployment. Driven by the omnichannel strategy, annual digital and instant retail sales increased significantly by 21% compared with 2024, successfully creating new momentum for revenue growth.

4. Corporate sustainable development:

Microbio continues to invest resources in promoting ESG. Exceeding the requirements of the FSC "Sustainable Development Roadmap," since 2023, it has voluntarily included subsidiaries in the consolidated financial statements within the scope of GHG inventory and verification, and has gradually reduced carbon emissions through production processes, products, and the procurement of energy-saving office equipment. Through the joint efforts of all employees, according to the results of the 11th corporate governance evaluation announced by the Taiwan Stock Exchange in April 2025, the Company has ranked in the "Top 5% of the TPEx-Listed Companies" for four consecutive terms, achieving the highest honor. It has also been recognized for three consecutive times among the "Top 10% of listed companies with a market value of over NT$10 billion in the non-financial electronics category," demonstrating Microbio's outstanding achievements in corporate governance and corporate sustainability. At the same time, it is also committed to strengthening sustainability information management and transparent disclosure. Since 2020, it has voluntarily prepared sustainability reports, and since 2022, these reports have been verified by a third-party institution, exceeding the requirements of the FSC "Sustainable Development Action Plan."

The outstanding ESG achievements have also been recognized by the internationally authoritative sustainability evaluation institution S&P Global, and in February 2026, the Company was selected for The S&P Global Sustainability Yearbook 2026. S&P Global compiles the Corporate Sustainability Assessment of global enterprises each year and publishes the Sustainability Yearbook to recognize companies with the best ESG performance in each industry. As Microbio's operating scope includes the R&D and sales of new drugs, health products, and organic product distribution channels, S&P Global classifies the Company in the Personal Products industry. Among the 24 evaluated items in this industry, Microbio ranked in the global top 10% in 14 items and achieved full scores in "Information Transparency" and "Product Quality Management." Microbio is the first and only enterprise in Taiwan selected for the Sustainability Yearbook in this industry category, demonstrating that the Company's ESG practices in implementing corporate governance, maintaining a sustainable environment, and promoting social inclusion have received international recognition.

(II) Budget implementation in 2025:

1. The consolidated revenue of Microbio mainly comes from the sales of organic food, medical health products, and pharmaceuticals. The Company's consolidated operating income for 2025 was NT$1,894,112 thousand, with Cotton Field store sales accounting for

approximately 90% of the total revenue, and the earnings achievement rate was normal.

2. The consolidated operating expenses mainly represent the marketing expenses of medicines, health supplements and Cotton Field stores, and the R&D expenses of new drugs. Consolidated operating expenses in 2025 increased compared with the same period last year, mainly due to the increase in personnel and promotion expenses for store expansion by Cotton Field Organic during the current period.
3. The changes in the consolidated non-operating income and expenses are mainly due to the decrease in investment losses recognized under the equity method and proportional to shareholding.

Unit: NTD thousand

Item \ Amount	2025 (A)	2024 (B)	Difference (A-B)
Consolidated operating revenues	1,894,112	1,722,852	171,260
Consolidated gross profit	753,455	676,082	77,373
Consolidated operating expenses	1,160,567	1,127,497	33,070
Consolidated operating losses	(406,620)	(451,143)	44,523
Consolidated non-operating income (expenses)	(544,963)	(827,245)	282,282
Consolidated net loss before tax	(951,583)	(1,278,388)	326,805
Net loss in the current period (attributable to the owners of the parent company)	(757,746)	(1,100,803)	343,057

(III) Revenue, expense, and profitability analysis:

Item \ Year		2025	2024
Profit and loss	Interest income (NTD thousands)	62,629	81,989
	Interest expense (NTD thousands)	11,725	10,133
Profitability analysis	Return on assets (%)	(7.19)	(8.87)
	Return on equity (%)	(8.64)	(10.08)
	Net profit (loss) margin (%)	(50.34)	(74.21)
	Loss per share	($1.29)	($1.87)

(IV) Research and development:

1. Consolidated R&D expenses and R&D manpower statistics for 2025 and 2024:

Item \ Year	2025	2024
R&D expenditures (in NT$ thousands)	366,713	388,658
R&D manpower	58	58

2. Explanation of R&D Results: Please refer to (I) 2025 Annual Business Plan Implementation Achievements: 1. New Drugs and Medical Materials Projects.

In recent years, world-renowned pharmaceutical companies have turned to gut microbiota for inspirations of new therapy and ways to address medical needs that current medical solutions do not provide. Gut microbiota, also known as “the second brain,” have had a symbiotic relationship with humans and evolved to far more than hundred trillion in numbers to date. They play a critical role to the health of humans. Ever since the U.S. National Institutes of Health (NIH) started the Human Microbiome Project in 2007, the study of gut flora has grabbed the attention of modern science from microbiology, clinical medicine, basic biology and genetics to metabolomics. NIH described this project as a new milestone in the history of science after the Human Genome Project. World's reputable journals have indicated how gut microbiota and metabolites are closely related to metabolic disorders and the body's response to cancer immunotherapy. Not only is gut microbiota able to regulate immune responses of the whole body, it also has an effect on central nervous system disease through the Brain-Gut Axis. According to the survey conducted by Transparency Market Research Inc., microbiome pharmaceuticals are expected to exceed US$1.3 billion (about NT$39 billion) in market size by 2026, and will continue to grow in the future.

The new generation of microbiome new drugs will take advantage of the characteristics of metabolites being safe, non-toxic, edible, and having low side effects to conduct multiple clinical trials. At present, several candidate new drugs have been identified from the drug library. The scope of R&D includes not only gut microbiome-related diseases (inflammatory bowel disease, diabetes, and fatty liver) but also, through the obtained GRAS, skin microbiome-related diseases (atopic dermatitis and psoriasis), nasal microbiome-related diseases (chronic sinusitis), and vaginal microbiome-related diseases (bacterial vaginosis) as development targets. The skin microbiome drug currently under development has shown positive results in exploratory clinical trials for the treatment of psoriasis and atopic dermatitis. The nasal microbiome drug will also undergo exploratory clinical trials to verify the efficacy. In addition, a new microbiome product for women's vaginal health will be developed this year. Based on the characteristics of these products, Microbio has planned to apply for medical device approval (510K) first to accelerate the time to market.

Microbio has 20 years of proprietary research and system integration capacity to bring better gut microbiome care to the public. In the future, the Company will continue bringing innovation into R&D efforts and commercialize the discoveries through international licensing, while at the same time maximize value for shareholders and contribute to the society with business integrity, new technology, and sustainable practices.

II. 2026 Business Plan Summary

(I) Main Business Strategy

1. Global new drug/medical device commercialization

(1) MICRSOY oral solution

Microbio acquired the first license in Taiwan for the new orally administered anti-cancer drug for our self-developed biotech drug "MICRSOY oral solution" (Note) in December 2011. It effectively improves fatigue and loss of appetite in chemotherapy patients through reconstruction of the intestinal ecosystem and restoration of immunity, thereby enhancing their quality of life. (Note: "Chemo Young oral solution" was approved by the Ministry of Health and Welfare to be renamed the oral solution "MICRSOY oral solution" in August 2024)

Immunotherapy has been a major breakthrough in cancer treatment in recent years, offering a new opportunity for patients who do not respond to traditional drug therapies. However, not all cancer patients respond well to immunotherapy. According to data from Taiwan's National Health Insurance database, the clinical response rate varies by cancer type, ranging from 11.3% to 42.4% (European Review for Medical and Pharmacological Sciences, 2021). Therefore, improving the overall response rate and patient survival rate remains a significant unmet medical need. In 2024, the Microbio's R&D team published an article in the journal *Gut Microbes* on "MICRSOY" capable of enhancing the anti-cancer effect of anti-PD-1 antibodies used in immunotherapy. The late-stage clinical trial for non-small cell lung cancer was completed at the end of the same year. The results showed that "MICRSOY" in combination with keytruda had positive responses in 6 out of 8 subjects, with an objective response rate (ORR) of 75% and a complete response rate (CR) of 12.5%, among which one patient achieved complete disappearance of the tumor. In comparison to the objective response rate (ORR) of 25% for placebo combined with keytruda, this clinical result is an important indicator for microbiome drugs in cancer immunotherapy and is expected to facilitate the application of "MICRSOY" to a broader range of cancer patients, including those not undergoing chemotherapy.

Based on the research of human gut microbiota and the extensive clinical experience of "MICRSOY oral solution", the Company's technology platform has developed more than 1,200 gut biobanks. Further, starting from 2022, in order to increase the applicability of the new generation micro-ecological new drugs, the research and development has been expanded to the skin micro-ecology, nose micro-ecology and vaginal micro-ecology in order to achieve the purpose of symptom improvement and disease treatment by regulating the bacteria phase. As it is necessary to take more than 10 years to develop drugs, and the cost might be more than billions of dollars, the Company plans to strategically enter the market with different types of products depending on the maturity of the products.

(2) Medical Food (Symbiota)

Symbiota has obtained a Generally Recognized as Safe (GRAS) Independent/Self-affirmed safety conclusion in the United States, which is an important strategy for the Company's global market access. For 2026, the plan is to complete the US FDA New Dietary Ingredient (NDI) filing, to enter the European market with general food or health products, to publish NSCLC/UC clinical efficacy results in important international journals, and to engage in licensing or joint development with international pharmaceutical or health nutrition entities.

(3) MB701 Skin Barrier (functional raw material/cosmetic approval)

In 2026, we will include optimizing the Symbiota 701 raw material production process to ensure efficacy stability and quality standardization, while initiating global cosmetics regulatory compliance to ensure smooth sales in target markets. Additionally, we will conduct efficacy verification of raw materials and products based on different market positioning and develop diversified dosage form products according to the market demand, thereby establishing a competitive advantage from core raw materials to product applications.

(4) MB828 medical device (allergic rhinitis/chronic rhinosinusitis nasal spray)

MB828 has entered the nasal spray medical device market by positioning itself as "steroid-free" and incorporating "postbiotics". Currently, the first-line treatments for allergic rhinitis and chronic rhinosinusitis are steroids, but long-term use can raise concerns on side effects. MB828 has a unique market position for its "drug-like efficacy and medical-grade safety." Its potential lies in effectively reaching mild to moderate allergy sufferers who are hesitant to use "long-term steroids", as well as those seeking highly effective physical protection in their daily skincare routine. The Company aims to obtain U.S. medical device 510(k) approval and to proceed with pre-marketing applications for medical devices in the EU/China in 2026.

(5) MB528 vaginal micro-ecology (functional ingredients/medical device application)

In 2026, the Symbiota 528 raw material functionality verification will be completed, and the production process will be optimized to establish the final product formulation, in order to ensure the stability of the raw material and formulation processes. In addition, we will initiate pre-clinical testing for bacterial vaginosis (BV) to verify its efficacy in regulating the vaginal micro-ecology through the use of scientific data. According to the clinical data and the market environment, we will decide whether to initiate the U.S. medical device (510k) application process.

2. Expansion of organic compound channels

(1) Establish standardized franchise system and strengthen chain operation foundation: We aim to carefully assess franchisee qualifications and ensure alignment with the business philosophy, and establish a comprehensive franchise system and operation SOP covering site evaluation, education and training, merchandise management, store operation, and marketing assistance.

(2) Develop diverse recruitment channels and accelerate channel expansion: We actively participate in major domestic franchise exhibitions and entrepreneurship expos, along with digital marketing and social media to promote recruitment projects, and in order to enhance brand visibility.

(3) Realize the co-prosperity philosophy of "altruism" and establish an organic and healthy ecosystem: We aim to establish a mutually beneficial organic ecosystem with franchise partners, small farm suppliers and consumers; we also promote sustainable business practices and ESG concepts, strengthen organic certification, friendly farming methods, and environmental protection actions; we further assist franchise partners practice social responsibility and promote healthy diets while creating revenue and achieving business success.

3. Business investments in China

The subsidiary, Microbio (Shanghai) Co., Ltd. ("Microbio Shanghai"), has the exclusive sales rights for the Oneness Biotech's new drug Fespixon in the regions of China, Hong Kong and Macau. In November 2023, Fespixon has been approved as a Class 1.1 natural new drug by National Medical Products Administration (NMPA) in China, making it the first new drug specialized in the treatment of diabetic foot ulcers approved in China. In August 2024, Microbio Shanghai entered into an exclusive "Commercialization Cooperation Authorization (Licensing) Agreement" with China Resources Double-Crane Pharmaceutical Co., Ltd., granting China Resources Double-Crane Pharmaceutical the exclusive sales and promotional rights for Fespixon within the licensed territory. It is expected that the post-market research of Fespixon will be completed in 2026, and the indications will be expanded. Furthermore, we will also continue to apply for inclusion in China's medical insurance.

The new drug of SNS812, jointly developed by Microbio Shanghai and Oneness Biotech, is the world's first inhalable nucleic acid COVID-19. Presently, its Phase II clinical trials have been completed, demonstrating its good safety, efficacy, and broad effectiveness. With its innovative mechanism and significant clinical efficacy, SNS812 has been unanimously recognized by European national health research institution clinical, virology, and regulatory experts for its strong and consistent pre-clinical data, good safety profile, and antiviral activity. It is a precise and promising COVID-19 treatment candidate. The Company is now actively seeking international partnerships for licensing and collaboration opportunities.

Another blockbuster nucleic acid new drug SNS851, jointed developed by Microbio Shanghai and Oneness Biotech, is a first-in-class weight loss drug with a novel mechanism of action. Through patented liver-targeted metabolism technology, it has a mechanism different from current weight loss drugs such as GLP-1 incretin. In pre-clinical trials, it has demonstrated the potential for synergistic effects when combined with GLP-1 drugs, which may reduce the dosage of GLP-1 drugs and lower the incidence of side effects. The goal is to complete Phase I human clinical trials in 2026, and international collaboration discussions are currently underway, simultaneously creating innovative R&D value.

(II) Estimated sales and the basis

With the continued efforts of the pharmaceutical team in hospitals and pharmacies, sales of "MICRSOY" have been growing positively, and in 2026, the latest data is expected to confirm its excellent synergistic effect in PD-1 immunotherapy. This will strengthen physicians' confidence in prescribing across disciplines, improve the volume of "MICRSOY" used in oncology across specialties, strengthen its presence in grassroots clinics and pharmacies, and comprehensively achieve double growth in clinical application and market share.

In terms of international business, Microbio has officially launched its international business planning in 2025, covering the Asia-Pacific region, the Americas, and the European market, and has established a cross-border e-commerce team to operate the Microbio brand, along with the addition of several medical health products and intestinal health series health products, and integrating online and offline channel resources to strengthen global market reach.

For its international business strategy, we adopt four major business models – raw material sales, raw material agency, OEM, and technical cooperation – to flexibly respond to different markets and customer needs. Furthermore, we also integrate the production capacity of our Taiwan and China facilities to build a stable and resilient supply chain system, thereby ensuring the continuous and uninterrupted supply of products and services to global customers, and laying the foundation for the Company's long-term growth.

The organic channel, Cotton Field Organic, has a total of 81 stores nationwide by the end of 2025, with 68 located in the Taipei, New Taipei, Keelung, and Yilan regions, with the highest market share among its peers in the industry. It will continue to focus on business districts with high consumption potential for site deployment and expand a variety of online platforms, maximizing brand exposure through a multi-faceted layout to generate revenue.

(III) Important Production and Marketing Policies

1. Production Policy:

(1) We have established our own technology platform in Longtan, a GMP-certified pharmaceutical factory, and a GMP-certified food factory with strict quality control, and have passed multiple certifications for ISO9001, TAF17025, ISO22000, ISO14001, and HACCP, to ensure product quality and reduce production costs.

The "climate-related financial disclosures" framework was introduced to identify the risks of climate change and the impact on the Company's operations, and to propose corresponding strategies and solutions. In 2022, the product carbon footprint certification (ISO 14067) of MICRSOY and health liquid products, and the organization's greenhouse gas certification (ISO 14064-1) were completed. In 2023, we will further comply with regulatory requirements and include subsidiaries in the consolidated financial statements in the scope of greenhouse gas inventory to facilitate early planning of energy conservation and carbon reduction actions.

In addition, the Longtan Plant has upgraded its energy efficiency through the replacement of chillers and other equipment. At the same time, we continue to promote lightweight product packaging to reduce carbon emissions during the logistics process. In addition, the Company has also included ESG into its supplier assessment indicators, proactively assessed suppliers' sustainability risks, and planned to provide suppliers with ESG training and education, in order to work with suppliers to build a "green" and "sustainable" supply chain.

(2) Cotton Field Organic:

A. Optimization of asset performance:
Conduct an inventory and phase out old revenue-generating equipment in stores (e.g., display refrigerators). This not only improves the freshness of food and the shopping experience but also significantly reduces maintenance costs.

B. Establish an intelligent information management system and improve operating decision-making efficiency:
Introduce a new generation of information management system, precisely manage accurate control over inventory turnover and sales analysis through real-time data processing capabilities, drive smart decision-making, and improve operational efficiency holistically.

C. Strengthen supply chain integration and stabilize supply to chain stores:
Plan annual production volume and item allocation in advance based on store expansion plans and franchise layouts; strengthen the production-sales coordination mechanism, in order to ensure stable merchandise supply and consistent quality for chain stores.

D. Implement organic and sustainable production to establish a mutually beneficial ecosystem:
The company adheres to the principle of "food safety first, profitability second". In addition to implementing strict source-to-table traceability and building a food

safety moat, the company will actively optimize its merchandise structure, focus on the development of high-margin proprietary health-care foods and functional foods, and promote shared prosperity among farmers, franchisees, and the entity.

2. Marketing policy:

(1) New drugs:

Microbio's marketing policy for MICRSOY is guided by three core values: broad efficacy (across specialties), professionalism (with drug certification), and convenience (easy to use), and the future marketing policy includes:

A. Collaborate with medical associations to strengthen clinical connections among specialist physicians and to increase cross-disciplinary prescribing rates in hospitals.

B. Organize cancer support group sharing activities to promote word-of-mouth and to also allow patients to experience the effects of reduced nausea and improved quality of life in person.

C. Enhance patient medication guidance and treatment follow-up to ensure treatment stability and sustained effectiveness.

(2) Medical-grade health supplements:

We invest in resources for marketing medical-grade health supplements to strengthen the core brand image and awareness of. In addition to the physical channels we have worked with, including PX Mart, convenience stores, personal goods stores, and traditional Chinese and western pharmacies, we integrate virtual and physical channels through online digital media to make the brand younger through the use of creative graphics. We also conduct multiple marketing strategies, including precise advertising on social media and cross-field industry cooperation to give full play to brand marketing.

(3) Organic/natural foods:

A. Promote data-driven segmented marketing strategies:

Utilize the member system and sales data analysis to establish a clear customer profile and consumption behavior model, and implement accurate segmented communication. For existing members, shift from price-oriented promotions to offering "health solutions", increase average order value and repurchase rates with themed combinations, strengthen core revenue sources, and enhance brand professionalism and customer loyalty.

B. Target the sandwich generation and develop an efficient and healthy market:

Focus on the pain points of the high-pressure, busy lifestyles of the sandwich generation aged 30~50 struggling to achieve balance work and family, and promote the value of "efficiency and health". Through leveraging of clear situational marketing, establish a fast, convenient and safe organic food solution, focus on consumers' daily needs, increase new customer penetration rate and brand planning for the young consumer group.

C. Develop a quick-cooking product line and integrate with delivery services to drive transformation:

Actively develop the RTE and RTC series of quick-cooking merchandise, strengthen the ready-to-eat and semi-finished food structure, in order to enhance the shop's unit area productivity and turnover rate. At the same time, integrate Uber Eats, Foodpanda with our self-operated "Xuandian Kuaisong" service to enter the instant food and at-home dining market, transform external platform order volume into our brand members, in order to create a positive cycle and to enhance the overall channel profitability.

(IV) Promote corporate sustainability

Microbio complies with the Financial Supervisory Commission (FSC)'s "Sustainable Development Roadmap", "Sustainable Development Action Plan", and "IFRS Sustainable Disclosure Standards Blueprint" to promote corporate sustainability in five major aspects.

1. Introduction of IFRS Sustainability Disclosure Standards: Introduce plan according to the IFRS Sustainability Disclosure Standards, identify and assess sustainability-related risks and opportunities reasonably expected to affect the Company's prospects, and complete each task as scheduled. Through cross-departmental collaboration, establish and adjust relevant operating procedures to improve the internal control system for sustainability information management.
2. Strengthen corporate governance: protect shareholders' rights and interests, strengthen the structure and operation of the Board of Directors, refine and improve according to ESG assessment requirements, and continue to achieve the ranked among the top 5% in the ESG assessments for the TPEX category. Training and promotion of ethical business practices in compliance with laws and regulations. Implement intellectual property management policies and systems, achieve annual intellectual property goals, and continue to obtain ISO 27001 information security management system certification.
3. Promote environmental sustainability: Continue to conduct greenhouse gas (GHG) inventory and certification (ISO14064-1) for Microbio and its subsidiaries indicated in the consolidated financial statements, and expand gradually to include Scope 3 inventory. Continue to promote energy management plans to improve energy efficiency, replace old equipment, and promote energy-saving and carbon-reduction measures. Continue to obtain ISO 14001 environmental management system certification, focus on improving resource utilization efficiency, increase the ratio of raw material waste recycling and reuse year by year, and promote packaging lightweight design.
4. Promote social inclusion: Emphasize workplace safety and continue to obtain ISO 45001 occupational safety and health management system certification. Provide diverse education and training courses for employees to enhance employees' professional knowledge and skills. Continue to subsidize social welfare activities, and show care for vulnerable populations and cancer patients. Analyze the sustainability risks of key suppliers and promote sustainable supply chain actions. Through the subsidiary, Cotton Field Organic, provide supports to organic farmers and producers, and promote a healthy, sustainable lifestyle.
5. Enhance information disclosure: Continue to implement the internal control system for sustainability information management in accordance with the "Sustainable Information Management Regulations" and related operating procedures. Prepare and disclose sustainability information in accordance with the requirements of the competent authority, the GRI Standards and the SASB Sustainability Accounting Standards. Align with international benchmarking requirements to improve the quality of sustainability information. Incorporate the Sustainability Report into the information of the subsidiaries indicated in the consolidated financial statements is included, and continue to implement third party verification, in order to obtain a verification statement.

III. Future Development Strategy

(I) The R&D teams of Microbio Co., Ltd. have continued to exert their innovative strength and research the fermentation metabolites of symbiotic bacteria. Based on the clinical experience of its "MICRSOY," the Company has adopted the pioneering "innovative in vitro anaerobic symbiotic culture technology" and "SymbiotaImmuRestore Platform" to successfully developed a variety of microbial pharmaceutical technology platforms to accelerate screening for new drug candidates that can regulate the "gut microenvironment" or "skin microenvironment." In the short and medium term, the goal is to apply for medical devices or medical-grade food certifications and be the first to enter the global market. The long-term goal is to develop the first novel microecological drug worldwide capable of regulating the microenvironment of the intestinal tract, skin, and even the nasal cavity.

(II) Aside from its new drug research and development efforts, Microbio has developed into a biotech holding company, with a diversified business model which covers multiple areas in the biotech industry, including new drug development, medical devices, health-care food, organic agriculture, biotech venture capital, etc. Each member of the holding company has been creating values in different biotech fields. In the future, with steady management strategies, Microbio aims to establish a comprehensive health corporate group.

(III) Microbio continues to promote its organic and health service businesses, so as to realize Cotton Field Organic's business philosophy and mission of "Health, Happiness and Love".

(IV) With a science-based and rigorous attitude, Microbio engages in research and development of various high-quality health care products, actively expands its market presence in China, Europe and America, and Southeast Asia, starts the production and export of the Shanghai plant, expands its overseas market through agents and cross-border e-commerce channels, and enhances the Company’s international presence.

IV. Susceptibility to external competition, regulatory environment, and the overall business environment

(I) Susceptibility to external competition

For new drugs, "MICRSOY" is a new medication for assisting cancer chemotherapy. It has the effects of immune reconstruction and regulation of intestinal immunity, maintaining intestinal microecological balance, and improving the immune function of chemotherapy patients, thereby alleviating fatigue and loss of appetite in cancer patients. Due to its potential for continued development of new indications for the treatment and relief of other diseases following its launch, "MICRSOY" was approved by the Ministry of Health and Welfare in August 2024 and renamed "MICRSOY" oral solution (hereinafter referred to as "MICRSOY”). Research on how intestinal flora can improve the response rate to tumor immunotherapy has progressed rapidly in recent years. The new drug, “MICRSOY”, is designed to maintain the balance of the intestinal microecology and has inherent competitive advantages. Therefore, the Company has made preemptive preparations, completed pre-clinical efficacy verification, and entered human clinical research. The goal is to help improve cancer patients’ adaptability for immunotherapy, actively expand other indications (such as improving malignant disease or inflammatory bowel disease in patients with pancreatic cancer), and develop new drug formulations or new pathways. Meanwhile, Microbio's dedicated pharmaceutical business team has been growing, actively developing medical centers and hospital sales channels, as well as pharmacy channels, in order to promote Microbio's newly launched drugs and drive sales.

As for medical devices or foods, it is necessary to take more than 10 years to develop drugs, and the cost might be more than billions of dollars, the Company plans to strategically gain market access through different regulatory pathways based on product maturity. In 2024, we completed the FDA submission of topical dermatological medical device MB107 for atopic dermatitis and allergic dermatitis, and confirmed the 510K regulations for medical device applications. The oral microbiome products qualified the expert review for GRAS certification in July 2024, equivalent to meeting GRAS standards, facilitating product sales and licensing. In addition, official GRAS documents were submitted to the FDA in September 2025. In 2026, we plan to obtaining of MB828 510(k) approval, registration in the official FDA GRAS list, and submission of MB528 vaginal gel medical device. The approved MB828 medical materials and GRAS-certified foods are planned to be launched in the United States next year. An evaluation on the insurance benefits in the United States will be conducted at the same time, in order to strive for favorable conditions to promote the entry of special medical food and innovative medical devices and products into the market.

For the dietary supplement business, since food regulations in Taiwan are becoming increasingly stringent, and due to the impact of food safety incidents in recent years, the public has had serious concerns about food safety and may become more conservative in their purchasing intentions. However, in terms of efficacy, since intestinal micro-ecology is closely related to the development of diseases, "intestinal micro-ecology" has been the focus of new drug development worldwide, as well as a key area for new product development in the global health-care food industry. Microbio has been engaged in intestinal research for over 20 years. In response to the global intestinal health trend, Microbio has planned to launch a series of enzyme products with "reshaping intestinal micro-ecology" at the core, and to target different customer groups to quickly become the leading product in the market. Moreover, Microbio will continue deepening the development of the “health supplements of Lee Herbs” brand and rigorously managing the safety and efficacy of its series of products to provide consumers with the most secure and effective care.

Since the announcement of the “Healthy China 2030” Plan Outline, China has continued to promote the development of the medical, elderly care, and health industries, with the core goal of improving national health levels. According to the latest market forecast, the Chinese health industry is expected to exceed RMB 16 trillion by 2030. In response to market trends, Microbio has actively expanded into the health-care food market in China and has established strategic partnerships with several local manufacturers to strengthen our brand presence and to capture growth opportunities in the health industry across the Taiwan Strait.

In the organic food market, in addition to existing specialty stores such as Leezen and Santa Cruz, major retailers and hypermarket channels of PX Mart and Carrefour are also competing for organic food counters, leveraging their capital advantages. In view of such trend, Cotton Field Organic has set its goal to become the "most professional organic chain brand". In 2025, Cotton Field Organic has expanded its storefronts to 81 through business transfer and franchise strategies, thereby building a high-density service network. In 2026, we will continue to assess potential business districts and focus on communities with high purchasing power for "encrypted layouts". At the same time, we will not only use store count as a key metric, but will also focus more on "optimization of per-store efficiency" and "service refinement". Through the introduction of health consultant services, we will establish professional barriers that are difficult for large channels to replicate.

(II) Susceptibility regulatory environment

Faced with the global development of biological and medical technology from disease treatment to disease prevention, prediction and cross-border cooperation in digital technology, in order to promote the development of Taiwan's biotechnology and pharmaceutical industry, Taiwan passed an amendment to the Pharmaceutical Industry Development Act in 2021, amended the R&D, capital, machinery and equipment credits and incentives, in order to promote the development of advanced medical care and high-tech threshold products, encourage cross-border cooperation between the biotechnology industry and the information and communication industries, and increased the manufacturing capacity, thereby expanding the scale of Taiwan's biotechnology and pharmaceutical industry, and cultivating emerging technologies.

The incentives provided in the "Act for the Development of Biotech and New Pharmaceuticals Industry" launched in 2007 have provided concrete support to biotech companies in new drug research and development, accumulating research and development capabilities and clinical trials of various new drugs. With Taiwan’s recent policies to promote the development of biotech and pharmaceutical industry and fostering new tech giants, coupled with China's active reform of pharmaceutical policy and promotion of internationalization in recent years, the Company believes that now is the best time to accelerate the development and internalization of new drugs.

Biotechnology and pharmaceuticals are highly technology-intensive areas. Therefore, relevant production technologies and products shall be protected with patents to ensure that their intellectual property rights are not infringed upon. The Company has mostly completed patent applications for such products to prevent infringement of rights. Moreover, to ensure successful clinical trials and new drug registration, the Company shall follow the recommendations of health authorities to consult and establish communication channels with regulatory authorities at the development stage of new drugs, ensuring that all experiments meet regulatory requirements and that the new drug development schedule will not be affected by changes in regulations. Microbio has been dedicated to the biotech and pharmaceutical industry for many years. It aims to continue establishing comprehensive new drug businesses in different disease areas, and will move forward at a steady and determined pace.

On January 28, 2014, amendments to the “Act Governing Food Sanitation” were passed by the Legislative Yuan in an extraordinary session to change the title to “Act Governing Food Safety and Sanitation”, with dedicated chapters on Risk Management for Food Safety, Food Import Control, Food Testing, and Food Examination and Control. Upon the passage of the amendment, the Act grants more powers and tasks to health authorities, aggravates responsibility of food business owners with heavier fines and criminal liabilities for violations, and establishes a sound food safety management system. The food safety issue is increasingly important to Taiwanese people. Therefore, the demand for organic products with qualified inspections has increased. Overall, the revenues and profits generated from organic products are projected to grow steadily.

In addition to our active commitment to product upgrades and acquisition of health-care food permits pursuant to the “Health Food Control Act”, we adopt autonomous controls and management in a rigorous manner for generic health-care food products. We carry out stringent systematic management pursuant to the “Good Manufacturing Practices for Health Food Manufacturers”. We strive to achieve an outstanding manufacturing environment and rigorous product hygiene and safety inspections through raw material source controls coupled with quality control checks. The goal is to ensure that consumers can trust our products and use them in a worry-free manner and turn Microbio into a benchmark enterprise and model in the biotechnology and food industry.

(III) Susceptibility to the overall business environment

Global microbiome research has completed a critical shift from basic science to clinical application over the past decade. Following the approval of live bacteria therapy by the United States and Australia, microbiome medicine has officially entered a period of rapid growth. Amidst this global trend, Taiwan, with its solid clinical medical foundation and gradually implemented policy support, is expected to enter the "greatest time period" for its industry development.

1. Upgrade of official strategy: from infrastructure to product development

Microbial development in Taiwan has been clear and focused. The database prototype was initially established by the public and academia under the "Taiwan Gut Project". Subsequently, the government took over the development in 2018, and the National Science and Technology Council and the National Applied Research Laboratories have successively promoted the "Human Microbiome Project" and has established an information platform (HMP@TW).

The two latest official milestones for the core resources most needed by the industry are:

(1) Establishment of 2023 "National Microbial Bank": With funding from the National Science and Technology Council, the "National Human Microbiome Research Collaboration and Technology Service Core Facility" was established to provide one-stop service by integrating key technologies such as microbial culture, metabolome analysis, and microbiome implantation preparation.

(2) 2024 "Research and Development and Application Plan of the Microbiome in Precision Health": This is the latest benchmark plan of the National Science Council, marking Taiwan's official entry into the "Translational Medicine" stage. The program specifically targets the "development of microbially-applied products" and promotes the development of biomarkers and therapeutic products from local strains with best effort. Microbio has been deeply involved in microbial therapy for many years and has actively responded to government programs, investing resources and collaborating with leading academic teams from top Taiwanese universities to jointly develop several microbial phase precision therapies, such as precision postbiotics for treating precocious puberty in children.

2. Industrial scale formation: 148 corporates co-establish ecosystem jointly

Driven by both policy and scientific research, Taiwan's microbial industry chain has reached a considerable scale. According to statistics, there are currently 148 companies in Taiwan with their business operations in the microbiology sector. Among which, 35 companies have been publicly listed on the stock exchange, demonstrating high market interest in this sector. The industry landscape encompasses 8 major categories of precision medicine, emerging technologies, agriculture, food and environmental protection, echoing the concept of "One Health”. Business opportunities for microorganisms extend beyond human medical treatment to encompass the entire ecosystem.

3. Future outlook: Next 3~5 golden years.

Dean of the College of Medicine at National Taiwan University, Ming-Hsien Wu,has pointed out that Taiwan possesses high-quality clinical samples, outstanding medical talents and leading AI computing capabilities, which are unique advantages for the development of microbiology. With the evolution of gene editing and synthetic biology, coupled with the integration of government regulations and industrial chains, Taiwan is expected to witness greater breakthrough progresses in the field of microorganisms in the next 3 to 5 years, such that the realization of the vision of precision health and precision medicine are accelerated.

Presently, the government has included the biotechnology industry as one of the six core strategic industries of the 5+2 Industrial Innovation Plan, and that all government ministries and commissions are supporting the development of the biotechnology industry. The biomedical industry is a key force in Taiwan's globalization efforts. In order to strengthen the competitiveness of Taiwan’s biomedical industry, the Executive Yuan has approved the "Taiwan Precision Health Industry" in the spirit of “connecting local, international, and future”, with three major missions of “enhancing the precision health ecosystem", "fostering the precision health industry chain", and "connecting to the international market". The proposal includes five strategies: "improving the bio-data integration platform, interdisciplinary biomedical technology, optimizing industry environment, integrating and connecting industrial parks, and strengthening international connections", to promote the development of Taiwan's precision health and biotech industry, and achieve precision health for all.

According to PhRMA, it takes an average of 10 to 12 years to develop a new drug, and the investment amount and risks are vast. Based on strategic reasons, large global pharmaceutical companies often incorporate small and medium-size biotechnology companies with innovation and development capabilities to develop new drugs through cooperation and mergers and acquisitions. At Microbio, we are dedicated to creating the greatest operating value for the Company as well as shareholder equity. We continue to research and develop and put the international licensing of products into action.

Two. Corporate Governance Report

I. Information on Directors, Supervisors, Presidents, Vice Presidents, Senior Managers, and Heads of Departments and Branches

(I) Information of Directors and Supervisors

1. Directors and Supervisors

March 31, 2026; Unit: shares

Title	Nationality or place of incorporation	Name	Gender and age	Date of appointment	Term	Date of initial appointment	Shareholding when appointed		Current shares held		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C. (Taiwan)	Kingbird Tech Co., Ltd.	–	2024.5.30	3 years	2000.6.20 (Note 1)	45,412,227	8.11%	47,682,838	8.11%	0	0	0	0	None	None	None	None	None	None
	R.O.C. (Taiwan)	Representative: Chen, Cheng-Wen	Male 75	2024.5.30		2024.5.30	0	0	0	0	0	0	0	0	Ph.D., Institute of Clinical Medicine, National Yang-Ming University Head of Family Medicine, Taipei Veterans General Hospital Vice Superintendent, Taipei Municipal Gan-Dau Hospital Superintendent, Taipei Medical University Hospital Community Vice Superintendent, Taipei Medical University Hospital Chairman, CHO Pharma, Inc. Superintendent, WelGong Memorial Hospital Adjunct Professor, School of Medicine, National Yang-Ming University Adjunct Clinical Professor, National Defense Medical University	Adjunct Attending Physician of Department of Nephrology, Taipei Medical University College of Medicine Adjunct Professor of Department of Internal Medicine, Taipei Medical University College of Medicine Executive Director, WelGong Memorial Hospital Consultant and Attending Physician of Department of Nephrology, WelGong Memorial Hospital Consultant Physician, Taipei Veterans General Hospital	None	None	None	Note 3
Director	R.O.C. (Taiwan)	Li, Tsu-Te	Male 76	2024.5.30	3	2024.5.30	0	0	0	0	4,490	0	0	0	Bachelor of Dental Medicine, Taipei Medical University Chairman, Taipei Medical University	Director, Taipei Medical University Representative of Institutional Director, Diamond Biofund Inc. Representative of Institutional Directors,	None	None	None	None

Title	Nationality or place of incorporation	Name	Gender and age	Date of appointment	Term	Date of initial appointment	Shareholding when appointed		Current shares held		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
																Xin Yao Biotech Investment Co., Ltd. Corporate Director Representative, Jing Ying Investment Co., Ltd. Independent Director, China General Plastics Corporation Director, Heize Technology Co., Ltd.				
Director	R.O.C. (Taiwan)	Lu, Ching-Hung	Male 28	2024.5.30	3	2024.5.30	0	0	0	0	0	0	0	0	Department of Soil and Environmental Science, National Chung Hsing University CEO and Director, Harmony Organic Agriculture Foundation	Representative of Institutional Directors, Xin Yao Biotech Investment Co., Ltd. Director of Jing Ying Investment Co., Ltd. Vice CSO, Diamond Biofund Inc. Chairman of Harmony Organic Agriculture Foundation	None	None	None	None
Independent Director	R.O.C. (Taiwan)	Han, Li-Chun	Male 67	2024.5.30	3	2012.6.6	0	0	0	0	0	0	0	0	Department of Economics, National Chung Hsing University Vice President and Chief Supervisor of the Brokerage Department, President Securities Co., Ltd. Chairman of Uni-President Securities Investment Consulting Co., Ltd. Chairman of President Futures Corporation	Independent Director, SCI, StemCyte Taiwan Co., Ltd. Independent Director, Sinew Pharma Inc. Member of the Remuneration Committee of CHO Pharma, Inc.	None	None	None	None
Independent Director	R.O.C. (Taiwan)	Liang, Chi-Ming	Male 76	2024.5.30	3	2021.8.20	0	0	0	0	0	0	0	0	Bachelor's in Pharmacy, National Taiwan University Master, Department of Chemistry, National Taiwan University Doctor of Pharmacology, University of Arkansas for Medical Sciences Director of Public Affairs and Special Assistant to the	Director of Taiwan Bio-development Foundation Director of Asia Pacific Intellectual Property Association Representative of institutional director Yung Shin Pharmaceutical Industrial Co., Ltd.	None	None	None	None

Title	Nationality or place of incorporation	Name	Gender and age	Date of appointment	Term	Date of initial appointment	Shareholding when appointed		Current shares held		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															Dean, Academia Sinica Director of Biomedicine, TW-Biobank, Academia Sinica Distinguished Research Fellow, Genomics Research Center, Academia Sinica, and CEO of BioHub Taiwan					
Independent Director	R.O.C. (Taiwan)	Chang, Chun-Chao	Male 61	2024.5.30	3	2024.5.30	0	0	0	0	0	0	0	0	Master of Medical Science, Taipei Medical University Vice Superintendent, Taipei Medical University Hospital	Attending Physician, Department of Gastroenterology, Taipei Medical University Hospital Professor of Department of Internal Medicine, Taipei Medical University College of Medicine	None	None	None	None
Independent Director	R.O.C. (Taiwan)	Wu, Wen-Mien	Female 58	2024.5.30	3	2024.5.30	0	0	0	0	0	0	0	0	Ph.D. of Immunology Group, Institute of Microbiology, National Taiwan University College of Medicine Director, Environmental Safety and Health Center, Fu Jen Catholic University	Assistant Professor, Department of Nutritional Science, College of Human Ecology, Fu Jen Catholic University Review Committee Member and Convener, Health Foods, Food and Drug Administration, Ministry of Health and Welfare Member of the Committee of Examiners for Senior Civil Service Examinations, Examination Yuan	None	None	None	None

Note 1: Kingbird Tech Co., Ltd. was elected as a supervisor at the Company for the first time and changed to serve as a director after an election at the shareholders' meeting on June 16, 2009.

Note 2: The Company established the Audit Committee on June 20, 2012 to replace the supervisor functions in accordance with the Company's Articles of Incorporation and the Securities and Exchange Act.

Note 3: If the Company's Chairman and the President or any person with an equivalent position (the top-level manager) are the same person, spouses, or relative within the first-degree of kinship, the reasons, reasonableness, necessity, and countermeasures (such as an increase in the number of independent directors or a requirement that there should be more than half of the directors who do not serve as employees or managers concurrently) shall be specified:

The Company's Chairman also serves as the President to improve the operational efficiency and decision-making and execution efficiency. To strengthen the independence of the Board of Directors, the Company actively trains suitable candidates within the Company; in addition, the Chairman fully communicates the Company's business conditions and plans and policies with the directors to implement corporate governance. At present, we have the following specific measures in place:

(1) We have four independent directors in place, who are specialized in financial accounting and industry fields and familiar with industrial development, thereby effectively exerting their supervisory functions.
(2) More than half of the Board members do not serve as employees or managers concurrently.
(3) We arrange all directors to participate in professional director courses offered by external institutions every year, thereby improving the operational efficiency of the Board of Directors.
(4) Independent directors can fully discuss issues in each functional committee and make suggestions for the Board of Directors to implement corporate governance.

2. Major Corporate Shareholders

March 31, 2026

Name of Corporate Shareholder	Major Corporate Shareholders
Kingbird Tech Co., Ltd.	Heng Shang Enterprise Co., Ltd. (67.42%) Yiyu Investment Co., Ltd. (10.27%) Microbio Co., Ltd. (8.80%) Baichang Investment Co., Ltd. (7.37%) Jetex Investment Co., Ltd. (4.04%) Juicy Investment Co., Ltd. (2.10%) Sun, Huo-Tsao (0.00%)

3. Major Shareholders of the Company's Corporate Shareholders

March 31, 2026

Name of corporate shareholder	Major Shareholders of the Company's Corporate Shareholders
Heng Shang Enterprise Co., Ltd.	Hesheng Industrial Co., Ltd. (100%)
Yiyu Investment Co., Ltd.	Chia Her Industrial Co., Ltd. (57.31%)
	Jetex Investment Co., Ltd. (42.67%)
	Weng, Mao-Chung (0.00%)
	Weng, Chuan-Hui (0.00%)
	Weng, Mao-Chin (0.00%)
	Weng, Mao-Jung (0.00%)
Microbio Co., Ltd.	See Three. Fund Raising: I. Capital and Shares of this Annual Report for more information. (II) List of major shareholders:
Baichang Investment Co., Ltd.	Weng, Shu-Yu (94%)
	Chou, Shu-Chen (2%)
	Weng, Yu-En (2%)
	Chen, Chun-Hung (2%)
Jetex Investment Co., Ltd.	Chia Her Industrial Co., Ltd. (97.46%)
	Yiyu Investment Co., Ltd. (1.38%)
	Weng, Mao-Lung (0.49%)
	Weng, Mao-Chung (0.32%)
	Weng, Mao-Jung (0.29%)
	Weng, Mao-Chin (0.03%)
	Weng, Shu-Chen (0.02%)
	Tu, Chia-Ni (0.00%)
	Weng, Chuan-Hui (0.00%)
Juicy Investment Co., Ltd.	Holding International Co., Ltd.(78.33%)
	Full Success International Group Limited, UK (18.00%)
	Jing Xiang International Co., Ltd. (3.67%)

4. Disclosure of professional qualification of directors and independence of independent directors:

Criteria / Name	Professional qualifications and experience	Independence status of independent directors	Number of other public companies in which the individual is concurrently serving as an independent director
Kingbird Tech Co., Ltd. Representative: Chen, Cheng-Wen	Having more than 5 years of work experience necessary for the business of the Company. Graduated with the degree of Ph.D., School of Clinical Medicine, National Yang-Ming University Served as Superintendent of Taipei Medical University Hospital and Superintendent of WelGong Memorial Hospital. Currently serving Attending Physician in the Department of Nephrology at Taipei Medical University Hospital, Director of WelGong Memorial Hospital, and Consultant Physician at Taipei Veterans General Hospital. The particulars inscribed in Article 30 of the Company Act are not applicable.	Not applicable.	0
Li, Tsu-Te	Having more than 5 years of work experience necessary for the business of the Company. Graduated with the degree of Bachelor of Dental Medicine, Taipei Medical University Served as Chairman of Taipei Medical University. Currently serving as Director of Taipei Medical University and Vice Chairman of Diamond Biofund Inc., and Vice Chairman of Investment Review Committee of Diamond Biofund Inc. The particulars inscribed in Article 30 of the Company Act are not applicable.		0
Lu, Ching-Hung	Graduated from the Department of Soil and Environmental Science of National Chung Hsing University. Served as CEO and Director, Harmony Organic Agriculture Foundation Currently serving as the Chairman of Harmony Organic Agriculture Foundation and Corporate Director Representative of Xin Yao Biotech Investment Co., Ltd. The particulars inscribed in Article 30 of the Company Act are not applicable.		0

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Independence status of independent directors</th><th>Number of other public companies in which the individual is concurrently serving as an independent director</th></tr>
<tr><td>Han, Li-Chun</td><td>Having more than 5 years of work experience necessary for the business of the Company with expertise in finance and business management.
Served as Chairmen of President Futures Corporation and Uni-President Securities Investment Consulting Co., Ltd.
Currently serving as Independent Director of the Company, Stemcyte Inc., and Sinew Pharma Inc.
The particulars inscribed in Article 30 of the Company Act are not applicable.</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliated companies.
(3) Not a natural person who holds more than 1% of the outstanding shares issued by the Company to the person, spouse, underage children or in the name of a third party, or is among the top 10 shareholders.
(4) Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of another company in which the majority of the company's director seats or voting shares are controlled by this same person.
(7) Not assuming concurrent duty as a chairman, president or equivalent role of the company, and is not a director, supervisor, or employee of another company or institution owned by spouse.
(8) Not a director, supervisor,</td><td>2</td></tr>
<tr><td>Liang, Chi-Ming</td><td>Having more than 5 years of work experience necessary for the business of the Company with expertise in pharmacology and immunology.
Graduated with a Doctor of Pharmacology degree from University of Arkansas for Medical Sciences.
Worked as a Distinguished Research Fellow at the Genomics Research Center of Academia Sinica, and as CEO of BioHub Taiwan.
Currently serving as an adjunct chair professor at College of Life Science, Kaohsiung Medical University, the representative of institutional director Yung Shin Pharmaceutical Industrial Co., Ltd. and an Independent Director and the convener of Sustainability Committee of the Company.
The particulars inscribed in Article 30 of the Company Act are not applicable.</td><td>0</td></tr>
<tr><td>Chang, Chun-Chao</td><td>Having more than 5 years of work experience necessary for the business of the Company.
Graduated with the degree of Master of Medical Science, Taipei Medical University.
Served as Deputy Superintendent of Taipei Medical University Hospital and Deputy Director of the Department of Medicine of Taipei Medical University.
Currently serving as Vice Superintendent for Teaching Affairs at Taipei Medical University Hospital.
The particulars inscribed in Article 30 of the Company Act are not applicable.</td><td>0</td></tr>
</table>

Criteria / Name	Professional qualifications and experience	Independence status of independent directors	Number of other public companies in which the individual is concurrently serving as an independent director
Wu, Wen-Mien	Having more than 5 years of work experience necessary for the business of the Company. Graduated with the degree of Ph.D. of Immunology Group, Institute of Microbiology, National Taiwan University College of Medicine. Served as Director of the Environmental Safety and Health Center, Fu Jen Catholic University. Currently serving as Assistant Professor in the Department of Nutritional Science at the College of Public Health of Fu Jen Catholic University, and Review Committee Member and Convener, Health Foods, Food and Drug Administration, Ministry of Health and Welfare. The particulars inscribed in Article 30 of the Company Act are not applicable.	manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative NTD500,000 to the Company or any affiliate of the company, or a spouse thereof. (10) Not a spouse or a relative within two degrees of Kinship to any director. (11) Not the proxy of any government agency, juridical person, or their representative that is a shareholder in the Company as outlined in Article 27 of the Company Act.	0

5. Diversity and Independence of Board of Directors:

(1) Diversity of the Board of Directors:

The Company stipulates in the "Corporate Governance Best Practice Principles" that the composition of the Board of Directors shall be based on the principle of diversity; the number of directors who also serve as the Company's managers concurrently shall not exceed one-third of all directors, and an appropriate Board diversity policy shall be formulated as per the operations, type of operation, and development needs.

The Company's current Board of Directors consists of 7 directors, including 4 independent directors. Except for Chairman Cheng-Wen Chen, who also serves as President, none of the other directors concurrently hold managerial positions within the Company. All Board members possess extensive experience and expertise in the fields of industry, law, business, and management. The percentage of female directors is less than one-third of the Board of Directors. This is mainly due to the lower proportion of women in the biotechnology new drug research and development field in the early years. During the Company’s development stage, priority has been given to the qualifications and professional backgrounds of directors, resulting in a majority of male directors. In the future, the Company will actively seek and screen candidates with diverse backgrounds, experiences, and gender representation, and utilize the “Independent Director Talent Database” to identify suitable candidates. The Company expects to implement a diversification policy to achieve at least one-third gender diversity on the board within the next 3-5 years.

It is also mentioned in the Company's "Corporate Governance Best Practice Principles" that the Board members shall generally possess the knowledge, skills, and qualities needed to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess: 1. Ability to make operational judgments; 2. ability to perform accounting and financial analysis; 3. ability to conduct management and administration; 4. ability to conduct crisis management; 5. industry knowledge; 6. an international market perspective; 7. leadership; 8. ability to make policy decisions.

The Company nominates for and elects Board members through a candidate nomination system in compliance with the Company's Articles of Incorporation. In addition to evaluating each candidate’s academic qualifications, we comply with the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure Board diversity and independence of Board members.

The implementation of Board diversity:

Core diverse criteria / Name of director	Basic criteria							Capability							
	Nationality	Gender	Age			Years of service of independent director		Ability to make operational judgments	Ability to perform legal, accounting and financial analysis	Ability to conduct management and administration	Ability to conduct crisis management	Industrial knowledge	An international market perspective	Leadership ability	Ability to make policy decisions
			Under 60 years old	60 to 70	71 to 80	Below 10 years	Over 10 years								
Chen, Cheng-Wen	R.O.C. (Taiwan)	Male			✓			✓		✓	✓	✓	✓	✓	✓
Li, Tsu-Te					✓			✓		✓	✓	✓	✓	✓	✓
Lu, Ching-Hung			✓					✓		✓	✓	✓	✓	✓	✓
Han, Li-Chun				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Liang, Chi-Ming					✓	✓		✓		✓	✓	✓	✓	✓	✓
Chang, Chun-Chao				✓		✓		✓		✓	✓	✓	✓	✓	✓
Wu, Wen-Mien		Female	✓			✓		✓		✓	✓	✓	✓	✓	✓

(2) Independence of Board of Directors:

The Company elected new directors (including independent directors) at the 2024 annual general meeting. At present, there are seven directors on the Board, four of which are independent directors, accounting for 57.14% of all directors. The directors are not under the circumstances specified under Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. Please refer to 4. Information Disclosure of Professional Qualifications of Directors and Independence of Independent Directors for details.

(II) Basic information on President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branches and their shareholdings

March 31, 2026; Unit: shares

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	R.O.C. (Taiwan)	Chen, Cheng-Wen	Male	2024.06	0	0	0	0	0	0	Ph.D., Institute of Clinical Medicine, National Yang-Ming University Head of Family Medicine, Taipei Veterans General Hospital Vice Superintendent, Taipei Municipal Gan-Dau Hospital Superintendent, Taipei Medical University Hospital Community Vice Superintendent, Taipei Medical University Hospital Chairman, CHO Pharma, Inc. Superintendent, WelGong Memorial Hospital	Adjunct Attending Physician of Department of Nephrology, Taipei Medical University College of Medicine Adjunct Professor of Department of Internal Medicine, Taipei Medical University College of Medicine Executive Director, WelGong Memorial Hospital Consultant and Attending Physician of Department of Nephrology WelGong Memorial Hospital Consultant	None	None	None	(Note 1)

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Adjunct Professor, School of Medicine, National Yang-Ming University Adjunct Clinical Professor, National Defense Medical University	Physician, Taipei Veterans General Hospital				
Vice President of R&D Center	R.O.C. (Taiwan)	Chen, Yuan-Chun	Female	2022.07	447,751	0.08%	0	0	0	0	Doctoral Program, Graduate Institute of Oncology, National Taiwan University Postdoctoral researcher at National Taiwan University Postdoctoral researcher at Academia Sinica Director, Oneness Biotech Co., Ltd.	Consultant, Oneness Biotech Co., Ltd. Representative of institutional director Diamond Biofund Inc. Representative of institutional director Xin Yao Biotech Investment Co., Ltd. Corporate Director Representative, Microbio Singapore Pte. Ltd. Representative	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
												of institutional director of Microbio (Shanghai) Co., Ltd.				
Vice President of Business Department	R.O.C. (Taiwan)	Chuang, Han-Ju	Female	2025.11	5,000	0.00%	0	0	0	0	M.B.A., USA Master of Science in Nutrition, California State University, Los Angeles Bachelor of Science in Biochemistry, University of Oregon Asia-Pacific Regional Business Director, TCI Co., Ltd.	None	None	None	None	None
Assistant Vice President of Production Department	R.O.C. (Taiwan)	Weng, Ya-Lin	Female	2000.06	582,031	0.10%	0	0	0	0	Department of Commerce, Tokyo International University, Japan Department of Food and Nutrition, Chung Hua University of Medical Technology Biochemical	Corporate Director Representative, Microsoy International Inc.	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Education and experience	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											specialist, KINGBIRD TECH CO., LTD. Plant Manager, Oneness Biotech Co., Ltd.					
Assistant Vice President, Finance Department Head of Corporate Governance	R.O.C. (Taiwan)	Wang, Ying-Chun	Female	2015.03	477,624	0.08%	0	0	0	0	Bachelor's Degree in Accounting from Chung Yuan Christian University Chief Auditor, PwC Taiwan	Supervisor, Cotton Field Organic Co., Ltd.	None	None	None	None
Audit Officer	R.O.C. (Taiwan)	Chen, Yu-Shan	Female	2025.8	0	0	0	0	0	0	College of Business Administration, National Taiwan University Senior Director of Business Analysis Division, Taiwan Mobile Project Manager of Business Management Center, Microbio Co., Ltd.	None	None	None	None	None

Note 1: If the Company's Chairman and the President or any person with an equivalent position (the top-level manager) are the same person, spouses, or relative within the first-degree of kinship, the reasons, reasonableness, necessity, and countermeasures (such as an increase in the number of independent directors or a requirement that there should be more

than half of the directors who do not serve as employees or managers concurrently) shall be specified:
The Company's Chairman also serves as the President to improve the operational efficiency and decision-making and execution efficiency. To strengthen the independence of the Board of Directors, the Company actively trains suitable candidates within the Company; in addition, the Chairman fully communicates the Company's business conditions and plans and policies with the directors to implement corporate governance. At present, we have the following specific measures in place:

(1) We have four independent directors in place, who are specialized in financial accounting and industry fields and familiar with industrial development, thereby effectively exerting their supervisory functions.
(2) More than half of the Board members do not serve as employees or managers concurrently.
(3) We arrange all directors to participate in professional director courses offered by external institutions every year, such as the Securities and Futures Institute, thereby improving the operational efficiency of the Board of Directors.
(4) Independent directors can fully discuss issues in each functional committee and make suggestions for the Board of Directors to implement corporate governance.

II. Remuneration of Directors, Supervisor, President and Vice President(s) in the most recent fiscal year (2025)

(I) Remuneration of Directors and Independent Directors:

Unit: NT$ thousand

Title	Name	Directors' compensation								Sum of A, B, C, and D as a percentage of net income (%) (Note 2)		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income (%) (Note 2)		Compensation from parent company or business investments other than subsidiaries
		Benefits (A)		Severance payment and pension (B) (Note 1)		Director remuneration (C) (Note 3)		Fees for services rendered (D)				Salary, bonus and special allowance (E) (Note 5)		Severance pay and pension (F) (Note 1)		Employee remuneration (G) (Note 4)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman and President	Kingbird Tech Co., Ltd. Representative: Chen, Cheng-Wen	0	0	0	0	0	0	23	23	23 0.00%	23 0.00%	4,667	4,667	0	0	0	0	0	0	4,690 -0.62%	4,690 -0.62%	0
Director	Li, Tsu-Te	0	0	0	0	0	0	9	9	9 0.00%	9 0.00%	0	0	0	0	0	0	0	0	9 0.00%	9 0.00%	2,831
Director	Lu, Ching-Hung	0	0	0	0	0	0	9	9	9 0.00%	9 0.00%	576	576	28	28	0	0	0	0	613 -0.08%	613 -0.08%	1,002
Independent Director	Han, Li-Chun	600	600	0	0	0	0	23	23	623 -0.08%	623 -0.08%	0	0	0	0	0	0	0	0	623 -0.08%	623 -0.08%	0
Independent Director	Liang, Chi-Ming	600	600	0	0	0	0	17	17	617 -0.08%	617 -0.08%	0	0	0	0	0	0	0	0	617 -0.08%	617 -0.08%	0
Independent Director	Chang, Chun-Chao	360	360	0	0	0	0	9	9	369 -0.05%	369 -0.05%	0	0	0	0	0	0	0	0	369 -0.05%	369 -0.05%	0
Independent Director	Wu, Wen-Mien	360	360	0	0	0	0	18	18	378 -0.05%	378 -0.05%	0	0	0	0	0	0	0	0	378 -0.05%	378 -0.05%	0

The correlation between the policies, standards, and structure of the remuneration, and the responsibilities, risk and time undertook by the Independent Director:
According to Article 30 of the Articles of Incorporation, the Company may compensate directors for the services rendered. The board of directors is authorized to determine the level of compensation based on individual directors' participation and contribution to the Company's operations, up to the highest salary tier stated in the Company's Salary Determination Policy. In addition, in accordance with Article 21 of the Articles of Incorporation, if the Company makes a profit in a fiscal year, it shall distribute employee compensation and directors' remuneration. The percentage of directors' remuneration shall not be higher than 2%. The amount of remuneration of directors and supervisors will vary depending on the income before tax, which should be reasonable. However, when the Company still has a cumulative deficit, it should reserve the amount in advance to compensate it. We, in accordance with Article 8 of the Company's "Rules for Performance Evaluation of the Board of Directors", assess directors' involvement in and values of their contribution to the Company's operations (such as their interaction with the management team, internal relations management and communication, and understanding of the industry to which the Company belongs) and take into account the industry standards at home and abroad to provide reasonable remuneration. The relevant performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, and our remuneration system is reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations.
In addition to the disclosure in the above table, in the most recent fiscal year, the remuneration received by directors from all companies included in the financial statements for service rendered (such as a consultant at the parent company/all companies included in the financial statements/investee in a non-employee capacity): None.

Note 1: This is the amount of contribution to the expensed pension funds.

Note 2: The net income refers to the net loss after tax referred to in the Company's 2025 parent company only financial statement.

Note 3: Losses were generated in 2025 and no directors' remuneration was distributed.

Note 4: Losses were generated in 2025 and no employees' remuneration was distributed.
Note 5: It Includes the share option expense recognized in accordance with IFRS 2 "Share-based Payment".

(II) Supervisors' remuneration: The Company established the Audit Committee on June 20, 2012 to replace the supervisor functions in accordance with the Company's Articles of Incorporation and the Securities and Exchange Act, so it is not applicable.

(III) Remuneration of Presidents and Vice Presidents:

Unit: NT$ thousand

Title	Name	Salary (A) (Note 4)		Severance payment and pension (B) (Note 1)		Bonuses and Special Allowance etc. (C)		Employee Earnings Distribution (D) (Note 3)				Sum of A, B, C, and D as a percentage of net income (%) (Note 2)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Chen, Cheng-Wen	4,417	4,417	0	0	250	250	0	0	0	0	4,667 -0.62%	4,667 -0.62%	0
Vice President of R&D Center	Chen, Yuan-Chun	3,440	3,440	108	108	516	516	0	0	0	0	4,064 -0.54%	4,064 -0.54%	0
Vice President	Chuang, Han-Ju (Note 5)	778	778	36	36	195	195	0	0	0	0	1,009 -0.13%	1,009 -0.13%	0

Note 1: This is the amount of contribution to the expensed pension funds.
Note 2: The net income refers to the net loss after tax referred to in the Company's 2025 parent company only financial statement.
Note 3: Losses were generated in 2025 and no employees' remuneration was distributed.
Note 4: Share option expense is recognized in accordance with IFRS 2 "Share-based Payment".
Note 5: Vice President, Cheng, Han-Ju assumed the position in the fourth quarter of 2025.

(IV) Remunerations of Top Five Highest Officers:

Unit: NT$ thousand

Title	Name	Salary (A) (Note 4)		Severance payment and pension (B) (Note 1)		Bonuses and Special Allowance etc. (C)		Employee Earnings Distribution (D) (Note 3)				Sum of A, B, C, and D as a percentage of net income (%) (Note 2)		Compensation from parent company or business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Chen, Cheng-Wen	4,417	4,417	0	0	250	250	0	0	0	0	4,667 -0.62%	4,667 -0.62%	0
Vice President of R&D Center	Chen, Yuan-Chun	3,440	3,440	108	108	516	516	0	0	0	0	4,064 -0.54%	4,064 -0.54%	0
Assistant Vice President of Production Department	Weng, Ya-Lin	3,189	3,189	36	36	280	280	0	0	0	0	3,505 -0.46%	3,505 -0.46%	0
Assistant Vice President of Sales Department	Huang, Fu-Chiao	2,555	2,555	101	101	260	260	0	0	0	0	2,916 -0.38%	2,916 -0.38%	0
Assistant Vice President, Finance Department	Wang, Ying-Chun	2,462	2,462	91	91	242	242	0	0	0	0	2,795 -0.37%	2,795 -0.37%	0

Note 1: This is the amount of contribution to the expensed pension funds.
Note 2: The net income refers to the net loss after tax referred to in the Company's 2025 parent company only financial statement.
Note 3: Losses were generated in 2025 and no employees' remuneration was distributed.
Note 4: Share option expense is recognized in accordance with IFRS 2 "Share-based Payment".

(V) Names of managers assigning employees' remuneration and distribution: The Company incurred losses in 2025 and no employee remuneration was distributed.

(VI) Compare and describe the percentage of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, Supervisors, President, and Vice Presidents of the Company, relative to net income (loss) after tax as per the parent company-only financial statements, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks:

Unit: NT$ thousand

Annual remuneration / Company	2025		2024	
	Total remuneration paid	As a percentage of net income (loss) after tax as per the parent company-only financial statements	Total remuneration paid	As a percentage of net income (loss) after tax as per the parent company-only financial statements
The Company	12,373	-1.63%	8,954	-0.81%
Companies included in the consolidated financial statements	12,373	-1.63%	8,954	-0.81%

1. The Company may compensate directors for the services rendered. The board of directors is authorized to determine the level of compensation based on individual directors and managerial officers' participation and contribution to the Company's operations, up to the highest salary tier stated in the Company's Salary Determination Policy. The Chairman’s monthly remuneration is determined not only with reference to the industry standard but also based on his past industry and academic experience and the salary range for the Chairman. In addition, the managers’ remuneration includes monthly salary, year-end bonus, and employee remuneration. The salary is determined with reference to the industry standard, job title and level, education (experience), professional capabilities, and responsibilities. The year-end bonus is based on each manager's performance evaluation results, which include financial indicators (such as the overall operating target achievement rate and individuals’ KPI achievement rate) and non-financial indicators (such as corporate governance evaluation indicators, major defects in compliance and operational risk in the department he/she is in charge of, continuous learning, involvement in sustainable development, and other special contributions) and approved by the Board of Directors based on the resolution adopted by the Remuneration Committee. In accordance with Article 21 of the Company's Articles of Incorporation, if the Company makes a profit, it shall distribute not less than 1% and not higher than 15% as employees’ remuneration and refer to past experience, year of service, and performance evaluation results for managers' remuneration, while adjusting the remuneration standard, structure, and system as per future risk factors. The Company shall not prompt managers to pursue remuneration, posing risks to the Company, to prevent the Company from suffering losses after paying the remuneration.
2. The Company's independent directors receive a fixed monthly remuneration and an attendance

fee based on their meeting attendance. Independent Directors Han, Li-Chun and Liang, Chi-Ming receive a monthly fixed remuneration of NT$ 50,000 for their concurrent roles as conveners of the Company's functional committees and meeting chairpersons, while other independent directors receive a monthly fixed remuneration of NT$ 30,000. All directors other than the Chairman and independent directors will receive a transportation stipend based on the status of their attendance at the meeting.

3. The increase in remuneration for directors, the President, and Vice Presidents in 2025 compared to 2024 was primarily due to the appointment of senior executives in the health care business in 2025 and the recognition of share-based payment employee stock option salary expenses, resulting in a change in the proportion of remuneration paid to directors, the President, and Vice Presidents to net (loss) income after taxation for the two years.
4. In accordance with Article 21 of the Company's Articles of Incorporation, if the Company makes a profit, it shall distribute no more than 2% of the balance as directors' remuneration for the Company's directors (including independent directors) as their variable pay. As for the distribution percentage of each director, we, in accordance with Article 8 of the Company's "Rules for Performance Evaluation of the Board of Directors", also assess directors' involvement in and values of their contribution to the Company's operations (such as their participation in the Board meetings, interaction with the management team, internal relations management and communication, and understanding of the industry to which the Company belongs) to provide reasonable remuneration. The relevant performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, and our remuneration system is reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations.

III. Corporate Governance Status

(I) Information on the operation of the Board of Directors:

In the most recent year (2025), the Board of Directors held 6 meetings. In the current year (2026), the Board of Directors held 1 meeting as of the date of publication of the annual report. A total of 7 meetings were held (A) for the two years. The attendance of directors is as follows:

Job Title	Name	Attendance in Person (B)	By proxy	Attendance in Person (%) [B/A]	Remark
Chairman	Kingbird Tech Co., Ltd. Representative: Chen, Cheng-Wen	7	0	100	None
Director	Li, Tsu-Te	3	4	43	
Director	Lu, Ching-Hung	5	1	71	
Independent Director	Han, Li-Chun	7	0	100	
Independent Director	Liang, Chi-Ming	7	0	100	

Independent Director	Chang, Chun-Chao	4	3	57	
Independent Director	Wu, Wen-Mien	7	0	100	

Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, Independent Directors' opinions and how the company has responded to such opinions:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, so Article 14-3 of the Securities and Exchange Act does not apply.
   (2) In addition to the aforementioned issues, other resolutions of the Board with adverse or qualified opinions from the Independent Directors with recorded or written declaration: Not applicable.
2. For the recusal of Director(s), the name(s) of Director(s), the content of the resolution, the reason for recusal and the participation of voting for the resolution

   <u>11th meeting of 9th term of Board of Directors held on 2025.11.11:</u>

   (1) Regarding the discussion of the 2026 directors' remuneration, due to the concern for the interests of the directors, the directors recused themselves from the discussion and voting of their own remuneration in accordance with the law. The voting results are as follows:
   Chairman Chen, Cheng-Wen, Director Li, Tsu-Te, Director Lu, Ching-Hung, and Independent Director Wu, Wen-Mien recused themselves in accordance with the law. The 2026 remuneration of directors was then approved by the acting chair, Independent Director Han, Li-Chun, consulted the other attending directors.
   Independent Directors Han, Li-Chun, Liang, Chi-Ming and Chang, Chun-Chao recused themselves in accordance with the law, and the 2025 remuneration of directors was then approved after the acting chair consulted the other attending directors.
   (2) Discussion of the 2026 salary and remuneration to managerial officers and the 2025 year-end bonus to managerial officers. Chairman Chen Cheng-Wen recused himself from discussing and voting on his own compensation due to his concurrent role as President, and Assistant Vice President Wang, Ying-Chun recused herself from discussing and voting on her own compensation as she serves as the Accounting Officer and Corporate Governance Officer. The proposal was approved as proposed after the acting chair, Independent Director Han, Li-Chun, consulted the other directors present.
3. Implementation of the Company’s Board evaluation:

Frequency of assessment	Assessment period	Scope of Evaluation	Method of assessment	Content of assessment
Once a year	2025	Board of Directors	Internal self-evaluation	1. Participation level in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of directors 5. Internal control
		Functional committee	Internal self-evaluation	1. Alignment of the goals and mission of the company 2. Awareness of the duties of a director 3. Participation level in the operation of the company

				4. Management of internal relationship and communication 5. Director's professionalism and continuing education 6. Internal control
		Individual Board members	Director's self-evaluation	1. Participation level in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee. 4. Composition of the functional committee and election of its members 5. Internal control

4. The objectives for strengthening the Board of Directors' functions in the current and most recent year (i.e., establishing an Audit Committee, improving information transparency, etc.), and implementation status evaluation: We disclose relevant information on the website designated by the competent authority and the Company's website regularly and from time to time as required by law, such as disclosure of and amendment to relevant rules of corporate governance and important resolutions by the Board of Directors.

(II) Audit Committee:

In the most recent year (2025), the Audit Committee held 6 meetings. In the current year (2026), the Audit Committee held 1 meeting as of the date of publication of the annual report. A total of 7 meetings were held (A) for the two years. The attendance of directors is as follows:

Job Title	Name	Attendance in Person (B)	By proxy	Attendance in Person (%) [B/A]	Remark
Independent Director	Han, Li-Chun	7	0	100	None
Independent Director	Liang, Chi-Ming	7	0	100	None
Independent Director	Chang, Chun-Chao	4	3	57	None
Independent Director	Wu, Wen-Mien	7	0	100	None

Other notes:
The Company's Audit Committee consists of all independent directors. For information on members' professional qualifications and experience, please refer to Annual Report, Two. Corporate Governance Report, (I) Information of Directors and Supervisors, 4. Information disclosure for professional qualifications of directors and independence of independent directors. The Audit Committee is mainly responsible for supervising the fair presentation of the Company's financial statements; the appointment (dismissal), independence, and performance of CPAs; the effective implementation of the Company's internal control; the Company's compliance with relevant laws and regulations; and the management and control of the Company's existing or potential risks.
Matters reviewed and discussed by the Audit Committee mainly included:

1. Establish or amend the internal control system in accordance with the Securities and Exchange Act, Article 14-1.
2. Assess the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as

acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

4. Oversee matters involving conflict of interest of Directors.
5. Oversee transactions involving material assets or derivatives.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. Offering, issuance, or private placement of any equity-type securities.
8. Oversee the hiring or dismissal of a certified public accountant, or their compensation.
9. Oversee appointment or discharge of a financial, accounting, or internal audit Supervisor.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairman, managerial officer, and accounting officer.
11. Any other material matter so required by the Company or the Competent Authority.

- Review financial statements

The Board of Directors prepared the Company's 2025 business report, financial statements, and deficit compensation plan, of which the financial statements were audited by Deloitte & Touche, by which an audit report was issued. The above business report, financial statements and deficit compensation plan have been reviewed by the Audit Committee without any inconsistency identified.

- Assessment of the effectiveness of the internal control system.

The Audit Committee reviews internal audit reports, CPAs' and the management team's reports on a quarterly basis, including risk management and regulatory compliance. The Audit Committee has resolved to approve the "Declaration of Internal Control System", which states that the Company's internal control system is effective in both the design and implementation.

- Retention of CPAs

① The Audit Committee is entrusted to oversee the selection (dismissal), independence, and performance of CPAs to enhance their functions, to ensure the transparency and implementation of financial statements. To ensure the independence of CPAs, the Audit Committee has formulated an independence and competence evaluation form with reference to Article 47 of the Certified Public Accountant Act and the Bulletin of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 regarding "Integrity, Impartiality, Objectivity, and Independence". With this form, it assesses CPAs' independence, professionalism, and suitability, and the assessment indicators include whether they are the Company's related parties engage in business with the Company, or have financial interests in the Company.

② In the 5th meeting of the 5th Audit Committee on February 27, 2025 and the 6th Board meeting of the 9th Board of Directors on February 27, 2025, the independence of Cheng, Chin-Tsung and Chiu, Meng-Chieh, CPAs of Deloitte & Touche, was reviewed and approved. Both CPAs met the independence requirements and were qualified to provide auditing and attestation services for the Company's 2025 financial statements and taxation.

③ In the 11th meeting of the 5th Audit Committee on March 5, 2026 and the 12th Board meeting of the 9th Board of Directors on March 5, 2026, the independence of Cheng, Chin-Tsung and Chiu, Meng-Chieh, CPAs of Deloitte & Touche, was reviewed and approved. Both CPAs met the independence requirements and were qualified to provide auditing and attestation services for the Company's 2026 financial statements and taxation.

1. If any of the following applies to the operation of the Auditing Committee, specify the Auditing Committee's meeting date, period, and proposal contents; independent directors' dissenting opinions, reservations, or major proposals; and the resolution of the Auditing Committee and the response of the Company to the opinions of the Auditing Committee:

    (1) Conditions described in Article 14-5 of the Securities and Exchange Act:

Date/ Session of the Audit Committee Meeting	Content of resolution	Description of dissenting Opinions, Reservations, or Major Recommendations of Independent Directors	Response of the Company to the opinions of the Auditing Committee
2025.02.27 The 5th meeting of the 5th term	Approved the 2024 statement of internal control system of the Company.	None	After the chair consulted all present members, the proposal was passed as proposed and submitted to the Board of Directors for resolution. The Company proceeded as the resolution.
	Approved the Company's 2024 business report and 2024 parent company only financial statements and consolidated financial statements.		
	Approved the review of the independence and suitability of the CPAs to be appointed by the Company in 2025 and the audit fee.		
	Approved the proposal for 2024 deficit compensation.		
	Approved the proposal for amendment of the Company's "Internal Control System - Salary Cycles”.		
	Approved the proposal for amendment of the “Articles of Incorporation” of Company.		
2025.04.11 The 6th meeting of the 5th term	Approved the proposal for amendment of the “Articles of Incorporation” of Company.		
	Approved the proposal for the Company to acquire the right-of-use assets of real estate from the affiliated enterprise - Oneness Biotech Co., Ltd.		
2025.05.12 The 7th meeting of the 5th term	Approved the Company's 2025 Q1consolidated financial statements.		
2025.08.08 The 8th meeting of the 5th term	Approved the Company's 2025 Q2 consolidated financial statements		
2025.08.25 The 9th meeting of the 5th term	Approved the change of the Company's internal chief auditor.		
2025.11.11 The 10th meeting of the 5th term	Approved the Company's 2025 Q3 consolidated financial statements.		
	Approved the "2026 Audit Plan" of the Company.		
	1. Approved the proposal for amendment of the “Internal Control System” and “Internal Audit System” of the Company.		
	Approved the proposal for the Company's disposal of investment properties to related parties.		
2026.03.05 The 11th meeting of the 5th term	Approved the 2025 statement of internal control system of the Company.		
	Approved the Company's 2025 business report and 2025 parent company only		

	financial statements and consolidated financial statements.		
	Approved the review of the independence and suitability of the CPAs to be appointed by the Company in 2026 and the audit fee.		
	Approved the proposal for 2025 deficit compensation.		
	Passed a resolution to issue the 1st employee stock option certificates in 2026.		
	Approved the Company's issuance of 2026 restricted stock awards (RSAs).		

(2) In addition to the above issues, other issues not passed by the Auditing Committee but passed by the Board with the consent of more than two thirds of the Directors: Not applicable.

2. For the recusal of Independent Director(s), the name(s) of Independent Director(s), the content of the resolution, the reason for recusal and the participation of voting for the resolution: Not applicable.
3. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (including the communication of material aspects of finance and business operations, and means and the result):
   (1) The independent directors meet with CPAs at least four times a year, through the Audit Committee. At the meeting, the CPAs reported the important review or review results of the current financial statements of the Company and its subsidiaries, and explained the impact of the recent amendments of the laws and regulations on the Company. The above matters were fully discussed and communicated with the participants.
   (2) The Company provides audit reports to independent directors on a monthly basis, and the internal audit supervisors report the internal audit business reports in the Audit Committee's meeting.
   (3) Audit supervisors and accountants may also directly contact independent directors as needed, to have a good communication.

(III) Corporate Governance Implementation and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" :

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		In order to continue strengthening corporate governance, we have formulated our own "Corporate Governance Best Practice Principles" with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" established by TWSE and TPEx. The Company's Principles have been disclosed on the Market Observation Post System and the Company website.	No deviation.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
II. Company's ownership structure and shareholders' equity (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations? (II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓ ✓ ✓ ✓		(I) The Company stipulates in the "Corporate Governance Best-Practice Principles" that it is advisable to have dedicated personnel to properly handle shareholders' suggestions, doubts, and disputes; and the Company should properly handle the lawsuits brought by shareholders in accordance with the law. Microbio has the Spokesperson and the acting Spokesperson to deal with shareholder-related issues and implements the provisions of the code. (II) The Company does control the list of major shareholders, and in accordance with Article 25 of the Securities and Exchange Act, reports on changes of the shareholding of insiders (directors, managers and shareholders holding more than 10% of the total shares) to the Market Observation Post System (MOPS) on a monthly basis. (III) The asset and financial management between Microbio and its affiliated companies are independent of each other, and the Company formulates "Procedures for Transaction Processing of Related Parties, Specific Companies and Group Enterprises", "Procedures for Endorsement Guarantee Operations", "Procedures for Acquiring or Disposing of assets", " Operating Procedures for Fund Loans to Others" and other related regulations, and controls in accordance with the Company's "Internal Control System" and relevant laws and regulations. (IV) In the "Material Information Processing and Preventing Insider Transaction Processing Procedures", the Company explicitly prohibits company's insiders from using undisclosed information on the market to buy and sell securities.	No deviation.
III. Composition and responsibility of board of directors				No deviation.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
(I) Has the Board of Directors formulated a diversity policy, specifically management objectives and implemented? (II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion? (III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election? (IV) Does the Company assess the independence of external auditors regularly?	✓ ✓ ✓ ✓		(I) 1. According to Article 20 of the Company's "Corporate Governance Best-Practice Principles", the composition of the board of directors should be diversified. Except for directors who are also managers of the Company should not exceed one-third of the number of directors. The members of the board of directors should generally have the requirements of knowledge, skills and accomplishments for performing their duties. In order to achieve the ideal goal of corporate governance, the overall board of directors should have the following capabilities: (1). Operational judgment. (2). Accounting and financial analysis ability. (3). Business management ability. (4). Crisis management. (5). Industry knowledge. (6). An international market perspective. (7). Leadership ability. (8). Decision-making ability. 2. All of the Company's directors (including independent directors) were re-elected in 2024. Presently, there are 7 seats on the Board, of which, 4 seats are independent directors, accounted for 57.14% of the Board members, except the Chairman who concurrently acts as the President, none of the remaining directors concurrently serve as a managerial officer of the Company. Among the 7 seats of directors, 3 directors are aged over 70 years old; 2 directors are aged 61-69 years old, and 2 directors are under the age of 60 years old. Among the 4 independent directors, 1 independent director have served for more than 10 years, and 3 independent directors have less than 10 years of seniority. The Company pays attention to gender equality in the composition of the Board of Directors. In this term, the Board consists of 6 male directors and 1 female director, for a total of 7 seats. Most of the members on this board have a biomedical background and are	

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>familiar with the industry development.
3. The Company’s diversification policy has been revealed on the Company's website and Market Observation Post System (MOPS).
(II)
1. The Company has lawfully established the Remuneration Committee and Audit Committee, and on November 10, 2022, the establishment of “Sustainability Committee” was approved by the Board of Directors. The committee supervises the implementation of the following matters from the Company’s overall perspective: Implement corporate governance, promote environmental protection, maintain social welfare, and strengthen the enterprise’s information exposure for sustainable development.
2. The Sustainable Development Committee consists of three members: independent director Liang, Chi-Ming, independent director Han, Li-Chun, and consultant Lin, Chieh-Chen. The three members have the experience and knowledge on sustainable development required by the committee, including organizational management, risk management and corporate governance, etc.
3. The Sustainable Development Committee shall exercise the care of a good administrator to fulfill the following authorities with feasibility and risk reduction as the top priority and submit proposals to the board of directors for discussion:
(1). Supervise sustainable development-related matters such as corporate governance, sustainable environment, social integration, and other implementation results.
(2). Review the Company’s sustainable development policy, code of practice, strategic direction, and annual plan formulation and revision.
(3). Supervise matters related to other sustainable development resolutions passed by the board of directors.
(4). Supervise the Sustainable Development</td><td></td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
			Executive Committee (hereafter "Executive Committee"). The Executive Committee is responsible for planning and implementing sustainable development-related matters; the President shall serve as the chair of the Executive Committee and regularly report the sustainable development results to the Sustainable Development Committee. 4. In 2025, a total of 3 Sustainable Development Committee meetings were held, with a 100% attendance rate. The meeting held in May has reported the results of the assessment of material topics in the sustainability report, the results of evaluating the suitability of third-party verification agencies for greenhouse gas and sustainability reports, and the implementation of sustainable development from January to April. During the meeting held in August, it was resolved to approve the "2024 Sustainability Report" and "the IFRS Sustainability Disclosure Standard Implementation Plan. The meeting held in November passed the resolution for the "2026 Sustainable Development Promotion Plan" and reported on the implementation of the 2025 annual sustainable development promotion plan and the implementation of the IFRS sustainability disclosure standards in the fourth quarter of 2025. Supervise the implementation performance of the Company in terms of corporate governance, environmental sustainability, social inclusion, and sustainability information disclosure. (III) The amendments to the Company's "Rules for Performance Evaluation of the Board of Directors" were passed by the Board of Directors on November 13, 2020. The scope of performance evaluation contains the Board of Directors as a whole, and individual directors: The performance of the Board of Directors and functional committees is assessed by the Finance Department completing the questionnaire provided in the rules for performance evaluation. A score is thereby	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
			given for each indicator, and the assessment result is later reported in the meetings of Remuneration Committee and the Board of Directors; the performance assessment of individual director is conducted through the questionnaire completed by the director himself or herself, and the Finance Department collects the questionnaires and reports the assessment result in the meetings of Remuneration Committee and Board of Directors. The criteria for the performance evaluation of the Board cover the following five aspects: 1. Participation level in the management of the Company. 2. Enhancement of the decision-making quality of the Board. 3. Composition and structure of the Board of Directors. 4. Appointment of Director and continued education. 5. Internal control. For 2025, based on the outcomes of the self-evaluation of the Board and the members, the overall operation was good. The results of the board of directors' performance evaluation should be used as a reference for electing or nominating directors, and the results of individual directors' performance evaluations should be used to determine their individual remuneration. The result of the 2025 self-evaluation will be reported in the board meeting on May 2026. (IV) Starting from the year 2023, prior to the appointment of CPAs by a resolution of the Board, the Company will conduct assessment on the professionality, independence, quality control, supervision and innovation of the accounting firm and audit team to be appointed based on the five aspects and 13 indicators of the Audit Quality Indicators (AQI) issued by the Financial Supervisory Commission and the AQI report provided by the accounting firm. The assessment standards includes 6 indicators and are divided into two major levels of	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
			comprehensive criteria: on the CPA firm level, the comparison is made with an average index among peers; on the individual level, the comparison is made with relevant data for the most recent two years of audit. Through the analysis using such AQI indices and comprehensive consideration of the implication of each index, the independence and competency of CPAs to be appointed are therefore affirmed. Moreover, according to the Company's "Rules for Selection and Performance Evaluation of CPAs", in addition to the performance score of the past year, important items include the scale and reputation of the accounting firm, audit service fees, peer evaluation, whether there are any litigations or cases corrected and under investigation by the competent authority, and whether there are any regular education and training, as well as relevant documents and independence declaration provided by the CPAs and accounting firm, and such documents and information are to be assessed by the Finance Department. The independence and suitability of the Company's appointment of CPAs for 2025 and 2026 were approved by the Board of Directors on February 27, 2025 and March 5, 2026, respectively.	
IV. Does TWSE/GTSM Listed Company set up designated (concurrent) corporate governance units or personnel responsible for related matters (including but not limited to providing information required for directors and supervisors to perform their duties, handling matters related to Board of Directors' and shareholders' meetings, dealing with company and change registration,	✓		To implement corporate governance, promote the functions of the board of directors, and protect investors' interest, the Company deploys competent and proper staff to execute the corporate governance related operation. The Company approved through the 16th Board meeting of the 7th-term Board of Directors' resolution on August 11, 2020, Wang, Ying-Chun, Assistant Vice President as the Chief Corporate Governance Officer taking charge of corporate governance's related matters, to protect the interests of shareholders and strengthen the functions of the board of directors. The Assistant Vice President of the Finance Department has more than ten years of experience in financial management in the public offering companies. The primary function is the supply of materials and data to the need of the Directors in performing their professed duties, assistance to Directors in matters pertinent to law and compliance, administration of	No deviation.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
and making minutes of the Board of Directors' and shareholders' meetings, etc.)?			matters pertinent to the conventions of the Board and the Shareholders Meeting, and reporting to the Board on the nomination of the Independent Directors, and the qualification requirements of the candidates in the election and within the perpetuity of tenure for assuring compliance with applicable legal rules, and review of related laws. The implementation of corporate governance in 2025 is as follows: I. Assist directors to perform their duties, provide required information and arrange continuing education: 1. Regarding the Company's business areas and corporate governance-related amendments and developments of the latest laws and regulations, the board of directors will be notified from time to time. 2. Compile important financial and business information, and provide the Company's information required by directors. 3. Regularly arrange meetings between independent directors and internal audit supervisors or CPAs to understand the current status of the Company's financial business. 4. Arrange directors' training courses in accordance with the Company's industry characteristics and directors' education and experience background. II. Handle related matters of the board of directors and shareholders meeting in accordance with the law, and assist the Company in complying with relevant laws and regulations of the board of directors and shareholders meeting: 1. Responsible for reviewing the release of important information of important resolutions of the board of directors, ensuring the legality and correctness of the content of the important information, so as to ensure the equivalence of investor transaction information. 2. Responsible for drawing up the agenda of the board of directors, notifying the directors and providing meeting materials seven days before the meeting, reminding them in advance if the issue requires avoidance of interests, and completing the minutes of the board of directors within 20 days after the meeting. 3. Handling the pre-registration of the date of the shareholders' meeting in accordance with the law, preparing the meeting notices, meeting handbooks, and minutes of proceedings within	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
			the statutory time limit, and handling the change of registration matters when the Articles of Incorporation are amended or directors are re-elected. 4. Amending the relevant methods of corporate governance in accordance with laws and regulations, and reporting the implementation status to the board of directors or audit committee in accordance with the provisions of the methods. III. Maintain investor relations: 1. Acting as the Company's acting Spokesperson, receiving calls or emails from shareholders, and providing information required by shareholders. 2. Arranging as needed for the company's designated unit or special person to exchange and communicate with corporate investors or general shareholders, so that investors can obtain sufficient information to evaluate and determine the reasonable capital market value of the Company, so that shareholders' equities are well protected. IV. Implementation of the "Material Information Processing and Preventing Insider Transaction Processing Procedures": According to the "Material Information Processing and Preventing Insider Transaction Processing Procedures", the Company's directors are prohibited from trading in its shares for 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements. At the same time, it regulates the closure period before the announcement of the annual financial statements and the announcement of each quarterly financial statements, scheduled by the Finance Department and notifying the directors of the date of the meeting of the year, and the announcement of the quarterly financial statements at the beginning of the year, to prevent directors from inadvertently breaking the rules. On February 4, 2026, the Finance Department notified the directors of the date of the Board meeting and the blackout period for the scheduled annual financial statements and quarterly financial statements for 2026 by email, and emailed again to remind directors every quarter assisting the directors to avoid inadvertently violating the regulations. Moreover, the Company conducts education and training for the current directors, managers and	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
			employees on the implementation of corporate governance, insider trading prevention and related laws and regulations at least once a year. It also provides education and promotion for new directors, managers and employees in a timely manner. A 2-hour training course was held in December 2025. During the course, the participants discussed how to avoid insider trading and analyzed cases of insider trading. A total of 89 people participated. After the completion of the course, the teaching materials are also placed on the internal education and training website to provide employees with make-up training and re-training at any time, and then continue to strengthen and promote the precautions. V. The chief corporate governance officer was first appointed on August 11, 2020, and have completed at least 18 hours of continued education in accordance with the "Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of powers of the Boards of Directors of TPEx Listed Companies." Please refer to Page 146 for his 2025 annual continued education status.	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company's website features the "Investor Relations" section and "Stakeholder Engagement and Material Topic Analysis" under "Corporate Sustainability Responsibility" section, in order to provide a contact platform for investors, employees, customers, and other stakeholders. The Company has also established a spokesperson and deputy spokesperson system to address various issues and inquiries, creating effective communication channels.	No deviation.
VI. Has the Company commissioned a professional stock agency institution to handle shareholders' meeting affairs?	✓		The Company entrusts the professional stock affairs agency - the stock affairs agency department of Mega Securities Co., Ltd. to handle the affairs of the shareholders' meeting.	No deviation.
VII. Information Disclosure (I) Has the company established a website that discloses financial, business, and corporate	✓		(I) The Company has established the Company's website to expose the company's important business development status, and has established an "Investor Section" on the website	No deviation.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
governance-related information? (II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing spokesperson system, disclosing the process of institutional investor conferences on the Company website and et cetera)? (III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?	 ✓ ✓		to expose corporate governance information such as quarterly financial reports, important company regulations, and important resolutions of the board of directors. (II) The Company has set up an English website, and a dedicated person is responsible for the maintenance and disclosure of information; the Company implements the Spokesperson system, and the website also has contact information of Spokesperson and acting Spokesperson, and actually implements for responding shareholders' opinions; information and presentation of investor conference are also placed on the "Investor Section" of the Company's website for investors to refer to. (III) The Company announced and reported its 2024 financial statements in advance within two months of the fiscal year-end; the 2025 financial statements were announced before the statutory deadline. The financial statements for the first, second, and third quarters of 2025 were announced and filed within the statutory deadline. The Company also announces monthly operational results as early as on the 2nd business day of the following month.	
VIII. Does the Company has other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and	✓		(I) The related information of corporate governance and corporate social responsibility chapter of the annual report of the board of directors have disclosed on the Company's website (https://www.twmicrobio.com/) (II) Please refer to the table below for the details of the directors' continued education in 2025. In addition, since the subsidiaries are not TWSE/TPEx listed companies, there is no mandatory requirement by the laws and regulations, but the Company still encourages its directors and supervisors to continue their education. (III) Both the Company and its subsidiaries follow	No deviation.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Summary description	
risk measurement standards, customer policy implementation status, purchase of liability insurance for directors and supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?			the internal control system, and auditors regularly and irregularly perform inspections for risk management; in addition, the company also insures business-related insurance, such as public accident insurance, fire insurance, employer accident insurance, etc., to reduce various risks. (IV) The Company has set up a free service line, where a dedicated person will answer the questions about the company's products to consumers or customers, and set up a mailbox on the Company's website to provide a contact channel for customers and consumers. (V) Since 2010, the Company has purchased liability insurance for all directors and managers every year. The insurance period for the most recent renewal is from December 21, 2025 to December 21, 2026. The insured amount, coverage and insurance rates have been reported to the board of directors on March 5, 2026.	

IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved:

1. Explain the improvements made with respect to the Corporate Governance Evaluation result published in 2025:
   (1) The concrete measures for enhancing corporate value have been reported to the Board of Directors on November 11, 2025, and the relevant information has been disclosed in the MOPS "Enhancement of Corporate Value Planning Area".
   (2) According to the requirements of the evaluation indicator 1.3, the Chairman, a majority of the directors, and the convener of the Audit Committee personally attended the ordinary shareholders' meeting. The importance of personal attendance at ordinary shareholders' meetings by directors has been communicated to the Board of Directors, and the related requirements are included in the key elements of corporate governance.
2. The Company will continue to promote corporate governance-related matters based on the 2026 corporate governance evaluation indicators and the latest requirements.

Director’s Continued Education Status in 2025

Title	Name	Date of Job Assumption	Date of Initial Assumption	Date of Continued Education		Organizer	Course name	Hours of Continued Education
				From	End date			
Representative of the Corporate Director	Chen, Cheng-Wen	2024/05/30	2024/05/30	2025/09/19	2025/09/19	Confederation of National Associations of Industry and Commerce, Republic of China (Taiwan)	Company Directors and Supervisors Workshop - "The Impact of the New International Political and Economic Situation on Taiwan Enterprises”	3.0
				2025/10/16	2025/10/16	Financial Supervisory Commission	15th Term of Taipei Corporate Governance Forum	6.0
Director	Li, Tsu-Te	2024/05/30	2014/12/23	2025/07/29	2025/07/29	Securities and Futures Institute of ROC	Industry Empirical Study on Smart Manufacturing and Digital Decision-Making	3.0
				2025/08/22	2025/08/22	Confederation of National Associations of Industry and Commerce, Republic of China (Taiwan)	2025 Taishin Shin Kong Net Zero Summit	3.0
Director	Lu, Ching-Hung	2024/05/30	2024/05/30	2025/11/05	2025/11/05	Institute of Internal Auditors-Chinese Taiwan	Practical guide to “shareholders' meetings” and the “Company Act”	6.0
Independent Director	Han, Li-Chun	2021/08/20	2012/06/06	2025/03/18	2025/03/18	Taipei Exchange (TPEx)	Resilient Taiwan - Over-the-Counter (OTC) Sustainable Bond and ETF Forum	3.0
				2025/07/29	2025/07/29	Taipei Exchange (TPEx)	Emerging market and TPEx companies’ Insider equity information seminar	3.0
				2025/08/14	2025/08/14	Institute of Financial Law and	ESG and Sustainable	3.0

						Crime Prevention	Finance: Trends and Practices	
				2025/09/02	2025/09/02	Taiwan Corporate Governance Association	Corporate governance and securities laws and regulations	3.0
Independent Director	Liang, Chi-Ming	2021/08/20	2021/08/20	2025/08/06	2025/08/06	Taiwan Institute of Directors	Corporate Transformation, Succession Planning, and Optimization of Performance Management and Compensation Systems	3.0
				2025/10/15	2025/10/15	Taipei Exchange (TPEx)	New trend in IR & Engagement: ESG and Sustainable Investment Forum	3.0
				2025/11/12	2025/11/12	Taiwan Institute of Directors	How to achieve peak performance and sustainable business in the globalized competitive market	3.0
Independent Director	Chang, Chun-Chao	2024/05/30	2024/05/30	2025/06/30	2025/06/30	Taipei Exchange (TPEx)	Investor Relationship Management Conference	3.0
				2025/09/22	2025/09/22	Confederation of National Associations of Industry and Commerce, Republic of China (Taiwan)	Insights into the dark industry chain and fraud prevention guidelines	3.0
Independent Director	Wu, Wen-Mien	2024/05/30	2024/05/30	2025/06/30	2025/06/30	Taipei Exchange (TPEx)	Investor Relationship Management Conference	3.0
				2025/10/17	2025/10/17	Taipei Foundation Of Finance	Introduction to Corporate Governance and ESG: Interpreting Taiwan's Sustainability Transformation Blueprint	3.0

(IV) Remuneration Committee’s composition, duties and operation status:

1. Composition of the Remuneration Committee: Board of directors of the Company established

the Remuneration Committee on December 9, 2011 with 3 members. The members' information of remuneration committee is as follows:

<table>
<tr><th>Title</th><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member</th></tr>
<tr><td>Independent Director (Convener)</td><td>Han, Li-Chun</td><td rowspan="3">Please refer to Annual Report, Two. Corporate Governance Report, (I) Information of Directors and Supervisors, 4. Information disclosure for professional qualifications of directors and independence of independent directors.</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliated companies.
(3) Not a natural person who holds more than 1% of the outstanding shares issued by the Company to the person, spouse, underage children or in the name of a third party, or is among the top 10 shareholders.
(4) Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor, or employee of another company in which the majority of the company's director seats or voting shares are controlled by this same person.
(7) Not assuming concurrent duty as a chairman, president or equivalent role of the company, and is not a director, supervisor, or employee of another company or institution owned by spouse.
(8) Not a director, supervisor, manager, or</td><td>3</td></tr>
<tr><td>Independent Director</td><td>Liang, Chi-Ming</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chang, Chun-Chao</td><td>0</td></tr>
</table>

Title	Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member
			shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative NTD500,000 to the Company or any affiliate of the company, or a spouse thereof. (10) Not a spouse or a relative within two degrees of Kinship to any director. (11) The particulars inscribed in Article 30 of the Company Act are not applicable.	

2. The Responsibilities of Remuneration Committee: The remuneration committee should faithfully perform the following responsibilities with the attention of good managers, and submit their suggestions to the board of directors for discussion:
   (1) Establish and periodically review the performance evaluation of directors and managerial officers as well as the policy, system, standard and structure for the remuneration.
   (2) Regularly evaluate and determine the remuneration of the directors and managerial officers.

3. Remuneration Committee Operation Status:
   (1) The Company's Remuneration Committee consists of 3 members.
   (2) Current members' term of office: May 30, 2024 to May 29, 2027. The Remuneration Committee held 2 meetings (A) in the most recent year (2025) and the current year (2026) as of the publication date of this Annual Report. The attendance of the members is as follows:

Job Title	Name	Attendance in Person (B)	By proxy	Actual attendance rate	Remark

				(%) (B/A)	
Convener	Han, Li-Chun	2	0	100	None
Committee members	Liang, Chi-Ming	2	0	100	None
Committee members	Chang, Chun-Chao	2	0	100	None

Other notes:

1. If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the content of resolution, the resolution made by the Board of Directors, and the Company’s response to the Remuneration Committee’s opinion: Not applicable.
2. If resolutions of the Remuneration Committee are objected by members or become subjected to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the content of resolution, all members’ opinions, and the response to members’ opinions should be specified: Not applicable.

(3) The contents of the proposals and resolutions of the Remuneration Committee, and the Company's handling of the opinions of the Remuneration Committee:

Date/Term	Content of resolution	Voting result of resolution	Response of the Company toward the opinion of Remuneration Committee
2025.05.12 The 3rd meeting of the 6th term	Approved the annual salary adjustment for the Company’s managerial officers.	Passed as proposed by all members present.	The matter was submitted to the Board of Directors for resolution and was approved as proposed. The Company proceeded according to the resolution.
2025.11.11 The 4th meeting of the 6th term	Approved the appointment of the Company’s Vice President of Health Care Division.	Passed as proposed by all members present.	
	Passed the Company's policy, system, standard, and structure for directors’ and executive officers’ performance evaluation and remuneration.		
	Approval for the Company's 2026 director remuneration.	Due to the concern for the interests of the independent directors for this case, the independent directors recused themselves from the discussion and voting of their own remuneration in accordance	

Date/Term	Content of resolution	Voting result of resolution	Response of the Company toward the opinion of Remuneration Committee
		with the law. Passed as proposed by other members present.	
	Approved the proposal for the remuneration to the managers in 2026 and year-end bonus for 2025.	Passed as proposed by all members present.	

(V) Promotion of Sustainable Development Status, the Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons.

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
I. Has the company established the governance structure for promoting the sustainable development, and has set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such	✓		1. The Company's "Corporate Responsibility Committee" established in July 2020 was renamed "Corporate Sustainability Committee" in 2022 and chaired by the General Manager. On November 10 of the same year, the Board approved the establishment of the "Sustainability Committee" under the Board of Directors and the adoption of the "Sustainability Committee Charter". In accordance with the organizational charter, the "Corporate Sustainable Development Committee" was renamed to the "Sustainable Development Executive Committee" (hereinafter referred to as the Executive Committee) and the President was authorized to serve as the chairman of the Executive Committee. The Executive Committee was responsible for the planning and implementation of matters related to sustainable development. The annual plan and implementation results are supervised by the "Sustainable Development Committee". There are four functional groups subordinate to the Executive Committee, and each department joins one of these groups according to its business and responsibility. 2. The sustainable issues and functions of each group are as follows: (1) Corporate governance group: Corporate governance, morality and ethics, operating performance, risk management, and regulatory compliance. (2) Environmental protection group: Energy saving, carbon reduction, management of water resources and wastewater, waste management, occupational health and safety, compliance with environmental regulations. (3) Social engagement group: Compensation and welfare, Labor-management communication, talent cultivation, labor law compliance, promotion of public welfare activities and participation in external associations. (4) Drug/supplement safety group: Supply chain management, new drugs/supplements R&D, consumer health and safety, compliance with food and drug regulations. To implement the sustainable development promotion plan, the Executive Committee convenes	No deviation.

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
mater, and the supervision status of the board of directors?			meetings to report on annual goals and implementation status, and reported the planning and implementation results of corporate sustainability to the Board of Directors. In 2025, the progress of sustainable development promotion was reported in May, along with the results of the assessment of the material themes for the 2024 sustainability report. In August, the 2024 sustainability report and the International Financial Reporting Standards (IFRSs) sustainability disclosure standards implementation plan were reported. The 2026 sustainable development promotion plan is to be reported in November. The Sustainable Development Committee and Board of Directors listen to the report, discuss and pass the annual plan, and supervise the Company's implementation effectiveness in corporate governance, environmental sustainability, social inclusion, and sustainable information disclosure. 3. The Executive Committee reports its operations to the Sustainable Executive Committee and the Board of Directors at least once a year. In addition to the sustainability topics such as “ethical governance,” “operation and development,” and “new drugs R&D”, the board of directors also adds the sustainability related topics, including the “environmental protection” and “climate change” into its scope of supervision and requires each unit to establish the corresponding control methods so as to complete the risk control and management. The Company’s operation insists “ethical governance” and “transparent disclosure of information.” The policies, explanations, and outcomes of the ethical governance and ESG sustainability are disclosed in the Sustainability Reports and the official website.	
II. Has the Company conducted risk assessment on the environment, society and	✓		1. The "Executive Committee on Sustainable Development" has established a materiality process based on the four principles of "inclusiveness, materiality, responsiveness, and impact" in reference to AA1000 (the Principles of Accountability), and communicates with internal and external stakeholders. Report, document, and integrate the evaluation data of various departments and subsidiaries to evaluate material ESG issues, formulate risk management policies for effective identification, measurement, monitoring, and control, and take specific action plans to reduce the impact of related risks. The boundary of risk assessment is based on the Company, including the Taipei Office, Nangang Laboratory and office, and Longtang Plant in Taoyuan. The subsidiaries, Cotton Field Organic Farm Inc. and Microbio (Shanghai) Co., Ltd. are included in the scope considering the correlation of core business and the impact level of	No deviation.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>corporate governance issues related to the company’s operation according to the materiality principle, and has the company established relevant risk management policy or strategy?</td><td></td><td></td><td>the material topics.
2. The related risk management strategies are prescribed as follows:
<table>
<tr><th>Material issues</th><th>Risk assessment criteria</th><th>The Company’s responding strategies</th></tr>
<tr><td>Corporate governance</td><td>Regulatory compliance</td><td>1. Implementing corporate governance, internal control system and internal audit system.
2. Depending on job duties and natures of business, providing corresponding education and training regarding corporate governance, bio-pharmacy, environmental protection and labor rights to ensure employees’ compliance with relevant laws and internal regulations while being on duty.
3. In the orientation of new employees, stressing on the Ethical Corporate Management Best Practice Principles and work-related laws and regulations, and encouraging participation in professional seminars or training courses to enhance incumbent employees’ understanding of domestic and international laws.
4. The Quality Assurance Center collects any amendments to domestic drug and food laws and regulations monthly and notifies relevant departments to ensure compliance and propose necessary improvement plan.</td></tr>
</table></td><td></td></tr>
</table>

Promoted items	Implementation status					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description			
					5. Recruiting professional talents who possess experience in new drug development and food regulations to minimize negative impact resulted from unfamiliarity with laws and regulations. 6. Audit personnel conduct audits according to all major cycles and material operations to confirm execution status and reduce risk of violation of laws. 7. Management must keep a close eye on changes of major domestic and foreign policies and laws to fully grasp and react to market change.	
			Corporate governance	Innovation management and market competition	1. Utilizing government's resources and support for biotech and pharmaceutical enterprises, for example, the "Act for the Development of Biotech and Pharmaceutical Industry" has specified the rewards for R&D, fundraising and recruitment of top executives of pharmaceutical enterprises. At the same time, the stable sales of the Company's own healthcare products are also used to fund the capital, which in turn reduces the risks associated with new drug development. 2. As the R&D of new drug enters the clinical trial stage, applying to the technology development subsidy program for the industry with the Ministry of Economic Affairs to reduce the R&D costs.	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
					3. Preparing sufficient fund to minimize the risk of new drug failure and carefully evaluate opportunities and benefits of each new drug under development. Committed to cost saving and rationalization, rigorously implementing budget management policy to reduce unnecessary expenses, and applying to R&D subsidy programs backed by the governmental industrial policy. 4. Aggressively expanding physical channels and building cross-industry alliance, and at the same time, focusing on the development of online channels. Through the online-to-offline strategy, increasing the opportunities and width of product sale. Strengthening online-merge-offline to raise customer number and enhancing customer stickiness.	
			Corporate governance	Drugs/ supplements/ food safety	1. Strictly following the domestic food/drug operating regulations and international PIC/S GMP pharmaceutical regulations, and establishing prudent standards from raw material screening, supplier evaluation to quality control at all production stages. Set up the Longtan GMP pharmaceutical plant and food plant in the 2nd year since the Company's establishment, and implementing rigorous quality control measures in compliance with the operating procedures for Chemistry, Manufacturing, and Controls (CMC)	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			Management, therefore ensuring consistent product stability. 2. Longtan Plant is equipped with mature technologies and R&D and passed the certifications of ISO9001, ISO22000/HACCP Food Quality and Traditional Chinese Medicine GMP. In addition, the testing laboratory of the Longtan Plant received the ISO 17025 laboratory accreditation from the Taiwan Accreditation Foundation (TAF), and it enforces strict quality control to reduce the risk arising from product quality control. 3. Dietary supplement products receive multiple health-care food certifications, such as health certificate number, SNQ certificate, halal certificate and etc., and the clear and straightforward labels allow consumers to correctly use and understand the potential side effects and warnings. 4. Establishing operational procedures for customer complaints, recording customers' feedbacks and regularly following up and improving. 5. The subsidiary, Cotton Field Organic, set up the food safety office to maintain quality and ensure that all shelved products comply with national standards and health laws and regulations; the clear classification labels allow customers to have a better understanding	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			of product standards, and all testing results are made available for review; the testing office conducts pesticide residue testings on fresh produce and own products daily on its own to keep consumers safe.	
			Corporate governance / Intellectual property rights protection: 1. In order to strengthen the mechanism for managing intellectual properties and to optimize the research, development, and protection of new drugs, the "Intellectual Property Management Manual" is prepared to serve as the guiding principle for intellectual property management and relevant operating procedures in accordance with the Taiwan Intellectual Property Management System and the PDCA cycle is employed to ensure its enforcement. The Company has qualified the TIPS compliance certification from the Institute for Information Industry, which confirms the effective operation of intellectual property management system. 2. We continue to consolidate the internal patent application review mechanism, reward system, ideas about intellectual properties, and training on the protection of business secrets in order to protect the R&D accomplishments and the leading technical position of the Company.	

Promoted items	Implementation status						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description				
						3. Innovative technologies are inextricably intertwined with the acquisition of patents. The Company has obtained multiple patents in multiple countries and are gradually completing its global patent deployment. Encouraging employees to immediately apply patents when new technologies are invented to secure the Company's R&D competitive edges. 4. Detailed indexing is done in the early stage of research and development and before patent applications. Patent indexing, analysis, and evaluation of economic benefits are evaluated according to intellectual property management-related operating procedures in order to ensure that thorough indexing and evaluations have been done prior to patent applications; this is to avoid infringing upon someone else's intellectual property rights. 5. All the employees are required to sign the employment contract, which clearly states the ownership of intellectual property rights, confidentiality clauses, and non-competition clauses. Taking inventory of trade secrets and creating secret management measures to control personnel, equipment, secret documents and environment for the avoidance of R&D results and trade secrets leaks.	
				Corporate governance	Information security	1. Introduced the ISO 27001 international information security	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			protection — management system in 2022 to strengthen the company's information security management mechanism, qualified the third-party verification certification in October 2022, and further completed the upgrade to the ISO 27001:2022 version in 2024 and qualified the renewal certification to obtain the certificate in 2025. To strengthen information security controls, the Company has implemented related management systems according to international information security management standards. Information and cyber security policies and related management procedures, in order to establish proper computer networks and software/hardware user guidelines, to implement operation and to conduct periodic review and correction periodically, thereby ensuring that the information and cyber security standards comply with international corporate governance and digital technology development trends. 2. With regard to substantial cyber security protection, continue to optimize software and hardware multi-layer protection framework, including account complexity password and multi-factor authentication, server and user-end anti-virus, net-surfing behavior management, protection against malicious websites, firewall-based	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			barrier, host data backup, data encryption, network IP management, and so on. A variety of cyber security control technologies are used to effectively protect the intellectual property rights and business secrets of the Company. 3. For the identification of software and hardware vulnerability, the Company has conducted device vulnerability scanning in the current fiscal year and scheduled vulnerability remediation as planned to eliminate the risk of equipment being hacked. 4. In terms of enhancing information security awareness of employees, three email social engineering drills were conducted in 2025 to improve employees' ability to identify phishing emails, and an annual information security promotion and education training session was also organized to strengthen employees' knowledge related to information security protection. 5. In terms of reinforcing the strategy to proactively defend information security, we have applied to join in the TWCERT/CC information security alliance and Information Service Industry Association of R.O.C.-CISO Alliance in order to collect the latest intelligence on information security defense. The information security joint defense system has been created with the alliance to	

Promoted items	Yes	No	Summary description			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
					jointly keep off attacks from online hackers. 6. A review revealed absence of major information security events throughout the year and hence the above-mentioned principles will continue to be followed to dynamically optimize the Company's information security defense policy and to enhance the resilience of information security throughout the Company.	
			Environment	Climate Change	1. Continuing to pass certification audits for ISO 14001 Environmental Management Systems, and meeting the legal requirements for the prevention of pollution caused by air, wastewater, waste and hazardous substances and disposal thereof to reduce negative impact on the environment. 2. Introduced product carbon footprint inventory project in the third quarter of 2021 and completed the verification for ISO14067 in July 2022. Confirming the emission hotpots through the carbon inventory assessment and further carrying out effective measures for increasing energy efficiency. 3. Replacing the oil-fired boilers with gas-fired boilers to significantly eliminate the production of nitrogen and sulfur compounds and effectively reduce carbon emissions. 4. The "Task Force on Climate-Related Financial Disclosures"	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			(TCFD) framework was introduced in 2022 to help identify how the risks and opportunities associated with climate change impact corporate operations and finance and come up with countermeasures. 5. Setting safety stock levels for important raw materials and preparing a list of substitute suppliers. Conducting assessments of the production of raw materials, mass production of the manufacturing process and materials supply to avoid shortage of raw materials, which in turn may delay the production schedule. 6. All operating sites are located in areas with low water supply risk and without immediate risk of water shortage. Continuing to implement water resource management, strictly controlling water discharge measures and appointing a third party to inspect water discharge semi-annually. 7. Enforcing waste classification and resource recycle and appointing qualified waste management companies for various types of waste. 8. Treating wastewater with biological methods to reduce the use of chemical solutions so as to achieve the goal of net-zero water.	
			Society / Labor safety: 1. We have set up safety and health management personnel to handle labor safety and health management matters and implement	

Promoted items	Implementation status					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description			
					automatic inspection and workplace measurement; we continue to improve various safety and health measures to create a safe, healthy, comfortable and friendly work environment. 2. Regularly reviewing changes in laws, evaluating the potential impact on the Company, and amending relevant regulations pursuant to internal control procedures. Holding orientation for new employees and regular training for incumbent employees. Providing occupational safety protection equipment and arranging regular health checkup for employees.	
			Society	Human resource development	1. The remuneration system is defined reflective of industrial characteristics, market conditions, and future developments and suitable rewards are provided to employees who have made contributions according to the fulfillment of the company's operational goals and performance review results of departments and employees. Incentives such as employee share subscription warrants are adopted to motivate employees to improve operational performance and long-term value together with the Company. 2. Provide comprehensive benefits, equal work opportunities for both genders, and assist colleagues to improve their professional capabilities and self-growth through a complete education and	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			training system and employee development plans.	
III. Environmental topic (I) Has the Company developed an appropriate environmental management system, given the distinctive characteristics of its industry? (II) Is the Company committed to enhance the efficiency of its use of energy, and to use renewable materials with lower environmental burden or impact?	✓ ✓		(I) The Company's Longtan Plant has established an environmental management system in compliance with relevant environmental regulations (such as the Air Pollution Control Act, the Water Pollution Control Act, and the Waste Disposal Act, etc.) and ISO environmental management guidelines, and has completed third-party verification by SGS. The ISO 14001 certificate is valid until December 2028. To implement the operation of the environmental management system, the Company adopts active management and improvement actions, and has established the following environmental policies: • Compliance with legal standards and mitigation of operational risks • Protection of natural resources and realization of green operations • Promotion of sustainable procurement and minimization of environmental impacts • Marketing of green products and unlocking of competitive advantages • Implementation of sustainability improvements and enhancement of environmental performance (II) In response to global climate change issues and emphasis on energy management, the Company cooperates with the government, to promote environmental protection and energy conservation policies. It implements energy conservation & carbon reduction measures advocated by the government to increase energy usage efficiency and reduce GHG emissions through effective controls. In terms of environmental health and safety, the target is zero pollution and zero disaster. We strive	No deviation.

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
(III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues? (IV) Has the Company measured its greenhouse gas emission, water use, and the total weight of waste for the past two years, and established	✓ ✓		to promote the reuse of all resources, not only reducing waste of resources, but also increasing the utilization efficiency of various sources. The feature of the biotech industry is high-tech, low pollution; therefore not so many materials with environmental impacts are used. In terms of product packaging materials, the glass bottles used in the products of Microbio are 100% recyclable after use. The ratio of raw materials to recycled materials for glass bottles is about 1:1. Recycled pulp is used for all paper outer boxes. The Company has been promoting a carton base weight reduction project since 2023, and the material weight reduction rate has exceeded 6%. (III) Based on the impact level and urgency assessed under the framework provided in the “Task Force on Climate-related Financial Disclosures” (TCFD), the Company identifies “extreme rainfall and drought”, “Increased severity and frequency of extreme climate events” and "difficulty in attracting capital investment due to poor low carbon performance” as its significant climate-related risks, and analyzes the impact of climate risks on its operation in the worst-case scenario. The result of such an analysis is further incorporated into its risk management procedures, and proper adjustments will be made. In addition, to mitigate climate change, Longtan Plant has gradually replaced old equipment to improve energy efficiency. The office has also prioritized the purchase of environmentally friendly and energy-saving certified office equipment. The newly purchased operation headquarters IT server has also obtained U.S. Energy Star certification in 2024, such that it consumes 30% less energy than standard servers. In 2025, in response to the government's policy of promoting renewable energy, a power purchase contract was signed with renewable energy companies, and renewable energy has been purchased for the Zhongxiao office starting in August. By the end of	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?			December, a total of 6,000 kWh of green electricity has been consumed, while obtaining six renewable energy certificates, and the carbon reduction benefit has also reached 2,844 KgCO2e (calculated based on the electricity emission coefficient announced by the Ministry of Economic Affairs in 2024). Furthermore, the Company also promotes carbon reduction measures internally and arranges ESG training regularly. In 2025, the training has focused on energy management for home and office to strengthen employees' knowledge of energy saving, and energy saving and carbon reduction campaigns will be carried out in the office and factory areas, including letter reminders and poster slogans, in order to enhance employee awareness of environmental protection. For further information on the Company's climate change risk and opportunity analysis, please refer to the chapter on Climate Action chapter of the Sustainability Report. (https://www.twmicrobio.com/CorporateSustainabilityResponsibility/EnvironmentalProtection) (IV) 1. Greenhouse gas In 2022, the Company completed its 2021 GHG inventory and third-party verification for the first time. In addition, since 2023, the scope of inventory and verification has been expanded to include subsidiaries indicated in the consolidated financial statements. The inventory was conducted in accordance with the ISO 14064-1:2018 standard. The emission sources were identified using the Operational Control Approach, and the Global Warming Potential (GWP) of the IPCC AR6 was used for statistics.	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			(Unit: tCO_2e) <table><tr><td>Sole company</td><td>Category 1</td><td>Category 2</td></tr><tr><td>2024</td><td>422.5350</td><td>785.2430</td></tr><tr><td>2025</td><td>422.1603</td><td>796.4712</td></tr></table> (Unit: tCO_2e) <table><tr><td>Subsidiaries</td><td>Category 1</td><td>Category 2</td></tr><tr><td>2024</td><td>1704.7500</td><td>4501.7280</td></tr><tr><td>2025</td><td>1071.2391</td><td>4861.1251</td></tr></table> The 2025 scope 1 and scope 2 data refers to the result of the Company's own inventory. As of the date of publication of the Annual Report, the third-party agency's verification work has not yet been completed. For post-verification data, please refer to the chapter on environmental protection of the Sustainability Report. For Scope 3 data and items, please refer to the environmental protection chapter of the Sustainability Report. To gradually move towards the goal of carbon reduction, based on the accounting result, we will review and improve energy efficiency, and also assess the feasibility of renewable energy aiming to meet the demand for electricity in the future and reduce environmental impact. 2. Water consumption After taking assessment, the operating locations are all located in the low water supply risk areas,	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	

and there is no immediate risk of water shortage. Water consumption data is compiled based on the total water usage shown on water bills. The water consumption information is verified by a third party during the verification process of the sustainability report. For post-verification data of 2025, please refer to the Sustainability Report for details.

(Unit: million liters)

	Sole company	Subsidiaries	Total
2024	16.763	20.225	36.988
2025	17.885	19.477	37.362

3. Waste

Waste is divided into non-hazardous waste and hazardous business waste. Non-hazardous waste, including waste paper, food waste, general waste generated from business activities, and hazardous business waste, including flammable waste liquids and corrosive waste liquids, shall be handled by qualified removal and treatment companies. Waste information is verified by a third party during the verification process of the Sustainability Report. For post-verification data of 2025, please refer to the Sustainability Report for details.

(Unit: tons)

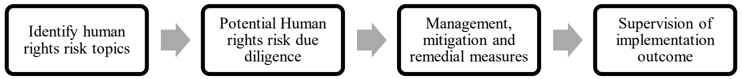
Categories	Hazardous wastes	Non-hazardous wastes	Total weight (hazardous + non-hazardous)
2024	2.1227	113.9519	116.0746
2025	1.2789	136.3950	137.6739

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			Note: 1. The data boundary includes the individual company and subsidiaries in the consolidated financial statements. 2. 2024: The general garbage disposal contractor of Microbio (Shanghai) charged and collected garbage by the bucket, and as there was no actual measured weight, it was not included in the statistics. The weight of scrapped and consumable items from Cotton Field Organic was included in the statistics. General garbage removal coordinated with municipal collection was not included in the statistics 3. 2025: The general garbage disposal contractor of Microbio (Shanghai) charged and collected garbage on a per-bucket basis. The statistics were first included in 2025, based on the calculation method of the “Preliminary Impact and Suggestions of Shanghai's Mandatory Garbage Classification on the Collection and Transportation System”; the weight of scrap and consumable items of Cotton Field Organic was still being compiled as of the publication date of the annual report. Please refer to the Sustainability Report’s environmental protection chapter and appendix for detailed statistics. 4. The Company replaced the oil-fired boiler with the gas-fire boiler for Longtan Plant. Calculated using the carbon emission factor in 2021, to reach the identical heating value, there is less methane, nitrous oxide and carbon dioxide emitted after the replacement. The plant equipment has also been replaced with ENERGY STAR certified ultra-low temperature freezers, using refrigerants that meet the requirements of post-2025 environmental protection regulations, saving power and reducing heat production by 25% compared to traditional systems. In the second quarter of 2023, the replacement of the chiller system and its auxiliary equipment was completed at Longtan Plant. The new system is expected to save about 160,000 kilowatt-hours (kWh) of power throughout the year. With 2024 as the base year, the parent company's entity and subsidiaries indicated in the consolidated financial statements were defined as the scope of the inventory, with a goal of reducing carbon emissions by at least 2% each year compared to the	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			base year, and a target of reducing carbon emissions by 12% by 2030. We have gradually increased the use of renewable energies every year and have also assessed the possibility of installing solar energy facilities at our subsidiary, Microbio (Shanghai). In addition, the Longtan Plant treats waste water with high standards. No heavy metals or harmful chemical substances will be mixed in the product production process. Pollutants are prevented from entering the effluent at the source. Treating wastewater with biological methods to reduce the use of chemical solutions so as to achieve the goal of net-zero water. Regarding wastewater discharge, wastewater from all Taipei offices is piped to the municipal sewage sewers for treatment, and the Longtan Plant has commissioned an independent third party to conduct functional testing of discharged water every six months. The test results have complied with the relevant laws and regulations. 5. Continue to keep statistics on greenhouse gas emissions, water consumption and total weight of waste. The GHG emissions of 2024 were verified by a third-party verification agency, and the data of 2025 was still under verification as of the date of publication of the Annual Report. For the latest information, please refer to the chapter on environmental protection of the Company's Sustainability Report and its website. The third-party verification statement of GHG has been disclosed in the Company's Sustainability Report.	
IV. Social topics (I) Has the company developed its policies and	✓		(I) 1. Human rights policies: The Company complies with various international human right conventions, including Universal Declaration of Human Rights, United Nations Guiding	No deviation.

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
procedures in accordance with laws and the International Bill of Human Rights? (II) Has the Company established and implemented reasonable Employee benefit measures (including salary, leave, and other benefits), reasonably reflecting the operating results in Employee salary? (III) Does the company provide employees with	 ✓ ✓		Principles on Business and Human Rights, and the United Nations Global Compact, and Declaration of Fundamental Principles and Rights at work, respects the internationally recognized basic human rights, and follow the labor laws and regulations at the locations of operations, while establishing the human right policies and specific management programs. The Company designates its Human Resource Department as the responsible unit for human rights. The human rights policy is approved by the Chairman and is published on the Company's website, and applies to the Company and its subsidiaries. Suppliers and business partners are also required to comply with the human rights policy. • Diversity and inclusion and equal opportunity Provide an equal and diverse working environment, uphold principles of openness and fairness, in order to ensure that individuals are treated equitably regardless of socioeconomic status, age, gender, sexual orientation, marital status, family status, disability, race, religion, appearance, nationality, language, political affiliation, or pregnancy, and without any discrimination due to language, attitude, or behavior. Ensure that the employment policy is non-discriminatory, and that recruitment, compensation and benefits, training, appraisals, and promotions are implemented based on employees' qualifications, performance, skills, and experience, in order to implement the principle of equal pay for equal work and create a working environment of equal opportunity. • Prohibition of forced labor and child labor Prohibiting human trafficking, any form of forced labor, and any other acts violating human	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
a safe and healthy work environment? Are Employees trained regularly on safety and health issues? (IV) Has the company implemented an effective training program that helps Employees develop skills throughout their career? (V) Has the Company followed relevant laws, regulations and international guidelines for the customers' health and	✓ ✓		rights. Complying with local laws and regulations regarding the minimum age for employment, prohibition on child labor. • Providing fair and reasonable salary and working conditions Complying with the wage, working hours, leave, and attendance regulations of the operating location; providing equal pay for equal work and clearly state legal deductions on the payslip. Establishing legal and reasonable regulations, and periodically caring and managing employee attendance status. • Providing a safe, hygienic and healthy work environment Complying with occupational safety and health laws and regulations, prioritizing workplace safety and hygiene, and implementing healthy, safe, and caring work environment through robust occupational safety and health programs, education and training, and health check-ups, in order to protect the physical and mental well-being of employees. • Respecting workers' freedom of assembly and association Respecting workers' freedom of assembly and association, allowing employees to participate in external labor organizations. Convening labor-management meetings regularly In accordance with the law, establishing smooth and diverse communication channels between labor and management, ensuring that employees or their representatives can openly communicate with management without fear of retaliation, threats, or harassment, establishing a harmonious labor-management atmosphere and protecting employee interests.	

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>safety, privacy, marketing or labeling their products and services and established the relevant policies to protect consumers' interest and the complaint procedure?
(VI) Has the Company established policy on supplier management, demanding suppliers to observe code of conduct pertaining to environmental protection, labor safety, and health or labor</td><td>✓</td><td></td><td>2. Human right risk management measures: By referring the related international standards and practices, identifying potential human right risk subject and issues, and accountable parties, the current measures implemented by the Company for lowering human rights risks are reviewed. The human right due diligence is conducted by targeting employees.
Human rights due diligence process:


The scope of human rights due diligence includes its own operations (employees), business-related activities (including: suppliers, contractors, local residents) and M&A targets. The affected subjects and risk descriptions are as follows:
<table>
<tr><th rowspan="3">Human right risk topics</th><th colspan="4">Risk impact subject</th><th rowspan="3">Risk description</th></tr>
<tr><th>Own operations</th><th colspan="3">Business activity related parties</th></tr>
<tr><th>Employees</th><th>Suppliers</th><th>Contractors</th><th>Local residents</th></tr>
<tr><td>Safe and healthy working environment</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>Lack of adequate labor safety and health measures can lead to accidents, occupational disasters, and occupational diseases.</td></tr>
<tr><td>Equal pay for equal work</td><td>✓</td><td>✓</td><td></td><td></td><td>Unfair treatment unrelated to job performance in employee</td></tr>
</table></td><td></td></tr>
</table>

Promoted items	Implementation status									Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description							
rights, and monitoring their implementation?									recruitment, promotion, and compensation.	
				Freedom of assembly, association and speech	✓	✓			Actions hindering employees from organizing or participating in collective bargaining, or restricting freedom of speech, infringements on employees' right to express their opinions.	
				Prohibition of child labor	✓	✓			Employing underage workers violates local labor laws and regulations, affecting children's health, education, and personality development.	
				Reasonable working hours	✓	✓			Compulsory overtime and under-reporting of work hours may infringe upon employees' right to rest and increase the risk of work-related injuries or even death from overwork.	
				Prohibition of forced labor	✓	✓			Forcing or threatening employees to work or restrict leaves via improper means	
				Prohibition of human trafficking	✓				Employ workers of illegal human trafficking	
				Focus on employees to maintain physical and mental health as well as work and and living	✓				Pregnant employees or employees under breast-feeding or parenting cannot apply for relevant benefits according to the law	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	

balance					
Gender equality in employment and sexual harassment prevention	✓	✓			Sexual harassment, gender discrimination during practice of job, or employment, evaluation and promotion of female employees under unfair treatment
Prevent workplace discrimination and bullying	✓	✓			Actions, language and attitude of discrimination due to race, nationality, religion, disability, age and appearance, etc.
Prevent environmental pollution	✓			✓	Noise, waste, wastewater, biodiversity damage, etc., affecting the health and water resource use rights of employees and local residents
Protection of personal information and privacy	✓				Improper use of digital technology to monitor employees' job performance, improper use of personal data, or violation of personal data protection related laws

Management and mitigation measures, remedial measures and implementation outcome

Human rights topics	Management actions and mitigation measures	Remedial measures	Implementation outcome
Safe and healthy working environment	• Introduction of ISO 45001 occupational health and safety management system.	• Provide sufficient medical assistance. • Arrange employee	• Continue to obtain ISO45001 certification.

Promoted items	Implementation status						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description				
				• Implement occupational health and safety plan, identify, assess and mitigate workplace health and safety concerns. • Organize occupational health and safety related education and training annually, and provide necessary insurances. • Plant manages contractors according to the contractor management regulations, and implement hazard notification and occupational safety training.	health examination periodically, and in case where an employee cannot attend to original job due to occupational reasons, adopt appropriate measures of changing his/her workplace or reducing working hours. • Provide leave and salary compensation in case of occupational disease or accident.	• No major occupational disease due to works.	
			Equal pay for equal work	• Remuneration Committee regularly reviews the policies, systems, standards and structures of the performance evaluation of and remuneration for directors and managers. • Establish evaluation system to serve as the basis for employee salary, bonus and promotion.	Establish salary range table according to the medical industry salary standard provided by Willis Towers Watson, and assess employees' salary standard.	Employee evaluation ratio of 100%	
			Freedom of assembly, association and speech	• Respect workers' freedom of assembly and association, allowing employees to participate in external labor organizations freely. • Establish "internal	Union has not been established, but labor-management meetings are convened periodically according to the law, and the Company respecting	• No relevant complaint incidents. • Four labor-management meetings	

Promoted items	Implementation status						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description				
				communication and complaint channels”. hr@microbio.com.tw	employees’ freedom of assembly and association.	convened.	
			Prohibition of child labor	Employment procedure requires employees to report to work in person, and identity documents are examined to verify the personnel authenticity	In case any child labor is discovered, he/she is removed from the job position, and health examination is conducted to ensure his/her physical health.	No incident of child labor.	
			Reasonable working hours	• The overtime of each department is reviewed monthly, with reminders issued. • If overtime is required, department head must obtain employee’s consent and application must be submitted in advance. Overtime can be performed only after application is approved. The monthly total extended working hours must not exceed relevant regulations of the Labor Standards Act.	If forced labor or excessive working hours is discovered and verified to be true, immediate improvement measures must be taken, and compensation is provided according to the law.	• No incident of excessive overtime work. • No relevant complaint incidents.	
			Prohibition of forced labor	• Manage employees’ working hours according to the regulations, and review whether employees’ working hours are reasonable and proper periodically. • Apply and employ foreign	If forced labor or excessive working hours is discovered and verified to be true, immediate improvement measures must be taken, and compensation is provided	• No forced labor incident. • No relevant complaint incidents.	

Promoted items	Implementation status						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description				
				workers according to local laws.	according to the law.		
			Prohibition of human trafficking	Supervise employment procedure complying with the standards, and prohibit the risk of human trafficking.	In case of discovery of such incident, personnel are removed from the job position, and police unit is reported along with cooperation with investigations.	• No incident of human trafficking. • No relevant complaint incidents.	
			Focus on employees to maintain physical and mental health as well as work and and living balance	• The human resource unit periodically interviews employees to understand the work condition and to care employees. • Employees' lounge is set up to provide relaxation and stress relief space to employees. • Encourage the establishment of sport clubs, such as basketball or yoga, and organizing health-related activities.	Provide various employee benefits, demonstrate care for employees, and promote work-life balance.	• No incident of excessive overtime work. • No relevant complaint incidents for the year.	
			Gender equality in employment and sexual harassment prevention	• "Sexual Harassment Prevention Methods, and Appeal and Disciplinary Methods" have been established. • The human right policy is implemented in the selection, appointment, education and retention operations, without considering gender. • Equal pay and fair benefits,	• Adjustment of job and working area is made depending upon the situation and needs. • Violators are penalized according to the Company's regulations.	For gender equality related information, please refer to 5.1 Trustworthy employer, "Gender Equality".	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	

	promotion opportunities, and unemployment protection, with regular disclosure of gender equality statistics.		
Workplace discrimination and bullying	• Educational promotion on prevention of any form of discrimination and bullying. • Establishment of “internal communication and complaint channels” hr@microbio.com.tw	• Adjustment of job and working area is made depending upon the situation and needs. • Violators are penalized according to the Company’s regulations.	No relevant complaint incidents.
Prevent environmental pollution	• Establishment of ISO 14001 Environmental Management System • Effluents are treated in compliance with environmental regulations and their water quality is regularly monitored. • Strictly review the qualifications of waste processors, reduce waste at the source, and actively promote waste classification and reuse. • Stakeholder contact mailbox is set up, in order to file complaints or to provide improvement recommendations.	• Emergency response plan is established and response measures are implemented as quickly as possible in the event of a pollution incident to minimize the scope of pollution. • In case of any matters damaging the rights of residents, it is reported to relevant unit to implement improvement immediately.	• No relevant penalties and sanctions. • No relevant complaint incidents.
Personal data protection and	• “Personal Data Protection Management Regulations” have	• General management unit (human resource	• No relevant complaint

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	

privacy	been established to prevent infringement of personal rights. Organize education and training periodically. • Confidential measures are adopted to protect employees' personal information, which is managed by dedicated personnel with dedicated duties. When applying cross-function review or access, approvals from personnel with authorities shall be obtained.	unit) is reported, and the involving party is informed immediately along with the implementation of improvement measures. • Continue to organize education and training, strengthen employees' cyber security and privacy protection awareness.	incidents. • Organization of personal data protection education and training

3. Channels for communication, feedback, and complaint: The Company appreciates opinions and ideas from different parties, and provides open and transparent communication channels. Internally, the hotline and email for complaint are established, and the labor-management meetings and probation expiry interviews every quarter are also conducted. The employees may report various issues regarding organizational system and working environment, as an implementation of emphasizing diversity voices. In November 2025, the survey of employee satisfaction was conducted. The anonymous questionnaires were applied by the employees to provide improvement recommendations to the operating process and overall system, for the continual optimizations of process and system by the related units.
Employee communication and grievance email: hr@microbio.com.tw

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			(II) By referring to the industry features, market conditions, and future development, the remuneration system is established, and proper incentives are provided based on the achievement to the operating goals, departments' and employees' performance appraisals. Employee stock options and other motivation mechanisms are also applied to encourage employees to create the operating performance and long-term values with the Company. Employee welfare measures, including cash benefits, flexible commuting system, networking activities, overall care for employees, insurance and retirement protection, etc. (see the chapter on safe workplace in the Company's Sustainability Report for details), and appropriately reflect business performance in employee remuneration: (1) The Remuneration Committee in place: In charge of the remuneration policies, system, standards, and structure. The Company's remuneration policy is based on the duties and jobs, without considering gender when deciding salaries. (2) Performance appraisal: The employee performance appraisal is regularly conducted annually; promotions, salary adjustments, bonus and remuneration distributions are made based on the employee performance. (3) Bonus distributions: Combining the operating performance, annual net profit, and employees' appraisals. (4) Employees' remuneration: In accordance with Article 21 of the Company's Articles of Incorporation, if the Company makes a profit, it shall appropriate between 1% and 15% of the profit as employees' remuneration. In addition, at least 10% of the aforementioned appropriation	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			shall be distributed to entry-level employees. Regarding the retirement system and its implementation, the Company has established labor retirement regulations in accordance with the law to stabilize employees' retirement lives. In addition, the Company has set up a labor pension reserve supervisory committee and regularly appropriates 2% of the total salary and wage expense on a monthly basis. The reserve pension is saved in a separate account at the Central Trust Bureau to protect the interests of the employees. Since July 1, 2005, the Company has adopted the new government pension system, contributing 6% of employees' total salary income to their individual pension accounts; for those who voluntarily make contribution to their pensions, the Company deducts contributions from their monthly salaries and transferred to their individual pension accounts at the Bureau of Labor Insurance according to their voluntary contribution rates.	

Pension system	Old system	New system
Applicable legal basis	Labor Standards Act	Labor Pension Act
Appropriation method	2% of employees' monthly total salary is appropriated and deposited into a dedicated account under the Company's name at the Bank of Taiwan (originally Central Trust of Taiwan).	6% of salary is contributed to employees' individual accounts at the Bureau of Labor Insurance based on their insurance level.
Amount appropriated	The labor pension reserve amounted to NT$20,516,268 as of December 2025.	A total of NT$6,507,184 was appropriated in 2025

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			Microbio enforces a strict non-discrimination policy that applies to all aspects of employment including hiring, training, promotion, transfer, compensation, benefits, and disciplinary actions. Employees are able to enjoy a stable and secure work environment free from harassment, intimidation, and any other form of discrimination based on gender, age, religion, race, nationality, socioeconomic status, pregnancy, sexual orientation, political preference, physical or mental disability, or marital status. In 2024, the ratio of male to female executives across Microbio and its subsidiaries was 44 : 56. For the latest information of 2025, please refer to the Company's Sustainability Report for details. In addition, the Company strictly prohibits any form of harassment, sexual harassment, discrimination, or intimidation. No incidents of discrimination of sexual harassment occurred in 2025. “Employee Reward and Disciplinary Methods" is also stipulated to establish a reasonable and clear reward and disciplinary system and code of conduct to strengthen group discipline. (III) 1. The Company’s health and safety measures in working place are as follows: (1)We have set up safety and health management personnel to handle labor safety and health management matters and implement automatic inspection and workplace measurement; we continue to improve various safety and health measures to create a safe, healthy, comfortable and friendly work environment. (2)Handle various safety and sanitation training, publicity and drills to effectively strengthen employees' work safety awareness and adaptability to ensure their work safety. In addition, an	

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			external professional team of occupational safety and sanitation is hired as lecturers to train and publicize employees. (3)Regularly conduct the health check-up for employees, provide special discount for employees to purchase the company's health products, and care about the employees' health. (4)Health services are outsourced annually, including health checkup classification, individual health education, and health seminars. We are committed to establish a healthy workplace and to obtain the health promotion mark. Nurses organize lectures and questionnaires along with physical examination reports to classify individuals based on their ten-year cardiovascular risk for the prevention of the three highs. In addition, individuals at moderate or high risk receive dietary and exercise recommendations and are continuously monitored for improvements. (5)When entering the laboratory, all personnel of the Company need to wear lab coats and shoes to avoid contamination from chemical or microbial operations, and to maintain the work safety of the operators. 2. The Company's Longtan Plant is verified by the third-party, SGS in 2025 and extended the ISO 45001 Occupational safety and health management system certificate, which is valid until January 2027. In addition, the certificate of ISO 14001 environmental management system has also been renewed, which is valid until December 2028. 3. There were 4 occupational accidents involving 4 employees of Cotton Field Organic in 2025 (accounting for 0.6% of the Company's total workforce at the end of 2025). The types of occupational accidents were highway traffic accidents, falls and cuts, scrapes, and scratch injuries.	

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			With regard to traffic accidents, the Company has reinforced the importance of traffic awareness to improve employees' road safety. With regard to falling incidents, traffic routes have been cleared and additional warning signs have been added. With regard to scratch injury incidents, the height of logistics baskets has been adjusted and protective gloves have been further provided. 4. No fire accident occurred in 2025. The Company conducts fire drills semi-annually, inspects fire-fighting equipment annually, and conducts building safety inspections every two years, and also improves non-compliant items. Fire sources and fire safety facilities are inspected daily, and fire-fighting equipment is checked monthly. Kitchen and gas tanks are equipped with leakage detectors; boiler tanks adopt the explosion-proof design and are installed with warning systems. When the fire alarm is triggered, the P-type signal PBX automatically notifies relevant personnel. Hot-work operations within the plant premises require supervisor's approval. If such operations affect the fire safety equipment, a fire protection plan must be submitted as required by law. Public accident liability insurance has also been purchased to ensure safety. (IV) The Company has established the "Education and Training Management Operating Procedures" to accommodate the company's development goals in enriching the employees' knowledge and skills enabling them to exert their potential and to raise their professional abilities. This is carried out by developing the annual employee education and training plan for the various fields in management, R&D, business, information, production, quality assurance, and more, and has held a number of general courses and professional competency training in 2025. The Company also provides subsidies for external training to improve employees' management capabilities and professional knowledge	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			and skills, and has established the "Performance Management Regulations" to provide employees with relevant career planning for promotion. (V) When formulating the specifications of each product and raw material, the Company follows the specifications and requirements of relevant laws and regulations, and carries out product labeling in accordance with the provisions of the "Act Governing Food Safety and Sanitation". It also has a customer service unit to deal with the related problems according to the "Customer Complaint Handling Procedures". Furthermore, at the official website, the Stakeholder Section is set up, as a channel for customers' inquiries, complaints, or recommendations. The Company properly handle and feedback such communication based on the ethical principles, to protect customers' interests. Regarding marketing and product labeling, the Company has formulated the "Drug Marketing and Sales Code of Conduct", "Health Product Marketing and Sales Code of Conduct", and "Health Product Development Best Practice Principles" to require relevant personnel to comply with laws and industry-accepted ethical standards, to ensure that the marketing and business activities are legitimate, and the product packaging, labeling, marketing literature and other contents are correct and compliant. (VI) 1. For new subcontractors, the Company amended the "Subcontractor Information Form" in 2021. In addition to the competency of equipment, personnel and products, it also investigates whether the new subcontractors have certifications of ISO 9001, ISO 45001, ISO 14001 and the validity periods. If there is any record of violation in the environment, human rights, and social aspects,	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			such subcontractors will be classified as a disqualified subcontractors. In addition, for manufacturers with existing partnership, the Company amended the "Manufacturer Management Procedures" in 2021. With the goal of joint fulfillment for corporate social responsibility, new regulations regarding anti-corruption, labor's human rights, and environmental protection were added, and the ESG sustainability aspect is incorporated, to include labor rights, environmental protection (including ISO 14001), occupational health and safety (including ISO 45001), disclosure of ESG policies among other things, into the supplier evaluation and audit items, for jointly fulfilling corporate social responsibility. Suppliers are also required to sign the "Supplier CSR Commitment Letter," incorporating the labor rights, environmental protection, occupational health and safety, ethical standards and anti-corruption into the key elements of the supply chain evaluation and audit. 2. In 2025, 97 suppliers completed the signing of the letter of commitment for Corporate Social Responsibility. The terms of the Supplier CSR Commitment Letter are incorporated into the assessment items, seeking to implement the corporate social responsibility with suppliers together, not only focusing on quality and delivery time. "Supplier Sustainability Risk Due Diligence Operation Procedure" has been established in December 2024, and supply chain sustainability risk due diligence and management have been performed in accordance with the principles of the OECD Responsible Business Conduct Due Diligence Guidance. The latest domestic and foreign supply chain sustainability management trends are also shared during supplier conferences, including the latest requirements of the EU	

Promoted items	Implementation status			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies
	Yes	No	Summary description	
			"Corporate Sustainability Due Diligence Directive (CSDDD)" and actual achievements of benchmark companies. 3. The Company has established the "Supplier Sustainability Risk Due Diligence Operation Procedure" to assess, identify, monitor, and manage supplier sustainability risks with regard to supplier human rights, the environment, society, and corporate governance. (1) Establishment of the corporate policy for respecting human rights and supplier code of conduct; (2) Identification and assessment of negative impacts of the operating activities, products, or services on suppliers; (3) If the assessment shows that the Company's acts or omissions are directly related to negative human rights or environmental incidents in the supply chain, the Company will take further measures to prevent, mitigate, and terminate the negative impacts; (4) Implementation of benefit measurement and follow-up; (5) Communication and information disclosure; and (6) Provision of appropriate counseling and remedies. The Company organized a supplier ESG conference at the end of 2024, and conducted a supplier ESG survey in the first quarter of 2025 through a "Sustainability Risk Self-Assessment Questionnaire". The questionnaire collection and statistics were completed in 2025. The human rights issue survey included labor health and safety, salary and working hours, freedom of union participation, equal opportunities, and diversity and inclusiveness. Further follow-up will be conducted through a focus workshop to improve the key suppliers' response rate and to facilitate future planning and management.	

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	Yes	No	Summary description	
V. Does the Company refer to universal standards or guidelines for report preparation when preparing for Sustainability Report and other non-financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?	✓		The 2024 Sustainability Report was prepared in accordance with (1) the GRI Standards 2021 (GRI Standards 2021) published by the Global Reporting Initiative (GRI); and (2) the Sustainability Accounting Standards Board) and complies with the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies." The 2024 Sustainability Report has been rated at AA1000 Type 2 medium assurance level by AFNOR ASIA, LTD., a third-party verification institution, covering the entire report. Please refer to the appendix of the Sustainability Report and the Company's official website for the verification statement. The 2025 Sustainability Report will be issued before August 31, 2026 in accordance with the regulations. For the latest information, please refer to the Company's website.	No deviation.

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">VI. If the Company has formulated its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the differences between its operation and the established Principles: No deviation.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development:
Please refer to the “Corporate Sustainability Responsibility Section” on the official website for more actions and accomplishments of the Company’s promotion for sustainability.
Website: https://www.twmicrobio.com/corporate sustainability responsibility/</td></tr>
</table>

(VI) Climate-related information

Implementation of climate-related information

Item	Implementation status
1. Describe the monitoring and governance of climate-related risks and opportunities between the Board and management. 2. Describe how the identified climate risks and opportunities affect the Company's business operations, strategies, and finance (short-, medium-, and long-term). 3. Describe financial impacts of extreme climate events and transformational actions. 4. Describe how climate risk identification, assessment, and management procedures are integrated into the overall risk management system. 5. If the scenario analysis is used to assess the resilience to climate change risks, the used scenarios, parameters, assumptions, analysis factors, and main financial impacts shall be described. 6. If transition plans exist to manage climate-related risks, specify the contents of the plans, as well as the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, specify the basis for setting the pricing. 8. If climate-related goals have been set, specify the activities covered, the scope of greenhouse gas emissions, the planned schedule, and the progress made in each year. If carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified. 9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans (indicated in 1-1 and 1-2 separately).	1. The Board of Directors is the highest governing body for the sustainable development of Microbio, and supervises a wide range of environmental risks and opportunities, including climate change-related impacts. The Board of Directors also regularly receives reports from the Sustainable Development Committee on various issues and supervises the setting of management policies, strategies, and goals. Sustainable Development Committee has been established under the Board of Directors to formulate sustainable policies and strategic direction, which is supervised by independent directors. In addition, the Committee convenes meeting at least once annually and reports its operations to the Board of Directors. The Sustainable Development Committee is an internal functional organization within the Company. The Committee comprises four functional teams of "Corporate Governance", "Environmental Protection", "Social Participation", and "Pharmaceutical / Health-care Food Safety". Regarding climate actions, the Committee functions as a platform for horizontal and vertical integration, to assess potential climate-related risks and opportunities, formulate countermeasures, plan and conduct greenhouse gas inventories and disclosure, and regularly track carbon management performance. 2. To strengthen the Company's awareness on short-, medium-, and long-term climate-related risks and opportunities, workshops are organized for the participation of dedicated personnel and senior management from each unit, and intensive discussions are conducted with external professional teams to analyze physical and transition risks that may occur in the short-, medium-, and long-term, as well as related business opportunities. Further mitigation and adaptation strategies are also developed to enhance the Company’s climate resilience.

	Short-term within 3 years	Medium-term for 3-5 years	Long-term for 5 years and above
High impact	· Extreme Rainfall and Drought · Severity of extreme climate incidents and increase of frequency		· Poor low-carbon performance, and difficulty in attracting capital · Increase of operating cost due to low carbon direction of international agreements and national policies
Medium impact			· Rainfall pattern and climate change · Increase of average temperature in a long term · Rise of sea level in a long term · Market uncertainty, and difficulty in understanding market demands · Carbon pricing and renewable energy system, causing increase of operating costs
Low impact	· Fines or lawsuits due to violation of climate laws · Operating costs for maintaining climate information transparency, and loss due to insufficient transparency	· Failure in investment in low-carbon transformation technologies, and failure to follow the trend for investment in low-carbon researches · Failure in providing low-carbon products	· Change of customers' behaviors, and selection of products based on consideration of corporate sustainability performance

		and services, such that the Company’s revenue is affected · Inadequate climate actions, such that the Company's image and reputation are affected	

According to the degree of impact and timing of the risks, Microbio identifies major climate-related risks, formulates response strategies, and implements mitigation and adaptation actions, in order to enhance climate resilience.

Risk factor	Risk type	Description of Impact	Response strategies
Extreme Rainfall and Drought	Physical risk	Impact on key raw material harvesting, causing difficulty in obtaining cause raw materials and increase in costs	Diversify production sources and increase material preparation to enhance resilience of supply chains
		Extreme rainfall and drought causing unstable water quality, affecting production process	Increase water resource recycle and reuse ratio, and increase purification equipment added to ensure stable water quality and quantity
Severity of extreme climate incidents and increase of frequency	Physical risk	Damage to equipment or personnel at operating sites increase in operating costs	Assess plant site drought/flood risks, and formulate appropriate strategies

		Increased chance of disruptions to raw material production or supply chain, decrease in revenue	Diversify production sources and increase material preparation to enhance resilience of supply chains
Poor low-carbon performance, and difficulty in attracting capital	Transformation risk	Since international capital flows to enterprises with low-carbon operations, businesses with poor low-carbon performance have difficulty attracting capital.	Establish low-carbon development strategy, implement GHG inventory and improve emergency efficiency
Increase of operating cost due to low carbon direction of international agreements and national policies	Policy and regulatory risks	Governments and international climate agreements require the promotion of net zero transformation, such that the energy consumption cost is increased	Conduct cost-effectiveness analysis to gradually replace old and obsolete energy-consuming equipment and plan renewable energy strategies

In addition to reduce risks, Microbio also identifies potential climate related opportunities. The occurrences of all climate opportunities assessed are long term (after 5 years).

Opportunity factor	Description of Impact	Response strategies
Increase of average temperature	Research indicate that increase of average temperature will cause allergy of the general	For potential markets, the Company will invest research dynamics, and continue to use microbiome innovative

	public, increasing demands for drugs and health products	technologies to develop new products
Low-carbon technology transformation	Low-carbon technology production is able to reduce carbon footprint, reduce operating costs and improve corporate reputation	Improve energy efficiency and plan the use of renewable energy, in order to enhance ESG performance and increase competitiveness

Please refer to the Company's Sustainability Report or website for detailed information.

3. According to the risk and opportunity identification result, the Impact on finance is explained in the following:
   (1) Physical risks: The main physical risks faced by the Company refer to the increasing severity and frequency of extreme rainfall, droughts, and other extreme climate events. These risks pose a potential threat to the stability of the Company's operations and supply chains.
   (2) Asset value and impairment: Extreme climates (such as droughts, floods, and strong winds) may cause physical damages to plant facilities, equipment, and inventories. According to the standards, if substantive damage occurs or the service life of assets is shortened, asset impairment losses will be recognized, such that the value of fixed assets on the balance sheet is reduced.
   (3) Revenue interruption: if typhoons disrupt logistics or cause factory shutdowns, short-term capacity utilization and shipments will be directly affected, resulting in a decline in current operating revenue.
   (4) Transformation risk: According to the national 2050 net zero

	emission roadmap, the carbon fee collection mechanism promoted by the government and increasingly stringent renewable energy use regulations can cause policy and regulatory transformation risks. (5) Green power costs: To comply with renewable energy regulations or to meet customer requirements, it is necessary to construct renewable energy equipment, to purchase renewable energy certificates or to sign power purchase contracts, resulting in higher energy costs. (6) Supply chain costs: The Company’s supply chain structure, including main material suppliers and logistics providers, such that the Company may face direct carbon fee compliance costs. Based on the market cost transfer mechanism, suppliers are expected to gradually increase the prices of raw materials and services. (7) Opportunities: By demonstrating good ESG management performance, climate resilience, and information disclosure transparency, the Company is expected to improve the evaluation scores rated by ESG rating agencies, thereby increasing the opportunities of being included in sustainability index listing or obtaining better preferential interest rates. 4. The Board of Directors has resolved to adopt the “Risk Management Policy and Procedures,” setting the Board of Directors as the highest authority for risk management policy, responsible for approving, reviewing, and supervising the Company’s risk management policies, in order to ensure their effectiveness. The Audit Committee regularly receives reports from the Company’s risk management team and also supervises the implementation of risk management by the Company and its key subsidiaries. The "Risk Management Policy and Procedures"

	serve as the Company's highest guiding principle for risk management. Through procedures such as identification, measurement, monitoring, reporting and response, the responsible units identify relevant risk factors from the perspective of the corporate's overall operations, and also measure and analyze the impact of various risks on corporate operations, along with the establishment of risk control measures, in order to control the various risks that may be encountered during operating activities within tolerable limits. 5. Microbio assesses the impacts of physical and transformation risks on its operations arising from climate change in accordance with the methodology in the sixth assessment report (AR6) of the Intergovernmental Panel on Climate Change (IPCC). AR6 provides a method for assessing climate change "Shared Socio-economic Pathways" (SSPs) and proposes a basic simulation of future socio-economic scenarios through different narrative scenarios. According to the IPCC AR6 analysis, for every 0.5°C increase of temperature of the global warming scenario, the intensity and frequency of extreme high temperatures would increase significantly, including heat waves and agricultural ecological droughts. In the global warming scenario of increase of temperature by 4°C , extreme heat waves that historically used to occurred once every 50 years would now occur 39.2 times more frequently, meaning that they happen almost annually and are more severe. For such scenario, the potential increase in raw material costs due to extreme drought is simulated. Microbio is expected to face increase of raw material cost, and response measures are established according to the mitigation and adaptation strategies. The Company uses soybeans that meet international and Taiwanese organic standards, which accounted for 32.8% of the total weight of raw

	materials purchased in 2024. Therefore, the impact of physical climate risks on soybean crops can directly affect Microbio's operation. To prevent supply disruptions due to natural disasters, the Company maintains safety inventory at its plants and adopts contract farming, in order to ensure a stable supply of raw materials. 6. In response to the challenges of climate change on the global environment and society, the Company has established specific mitigation and adaptation strategies based on the results of risk assessment and the internal sustainable management system. Mitigation measures: (1) Emission hotspot monitoring: Microbio performs inventory of the carbon footprints of its major products, in order to understand life cycle emission hotspots. The main hotspots are identified during the manufacturing stage, and specifically, the electricity usage. Therefore, we consider improving energy efficiency as a key factor in reducing the carbon footprints. In 2023, the Longtan Plant has replaced an old 60RT water-cooled chiller, and it is estimated that the annual power consumption of the Longtan Plant can be saved by 6.8%, and the carbon emissions by 51.046 tCO2e. To further improve energy efficiency, the factory has conducted equipment inventory and energy review during the fourth quarter of 2024. According to the high electricity consumption and the electricity saving feasibility, four equipment has been identified for the installation of independent monitoring meters, in order to strengthen power consumption monitoring. (2) Energy transition and renewable energy: In response to global renewable energy development, the Group gradually adopts

	renewable energy for its operation center office and assesses the feasibility of installing solar panels at the Microbio (Shanghai) office and production factories of its subsidiaries. <u>Adjustment strategies:</u> (1) Safety inventory: A six-month safety inventory level has been established to address the impact of extreme weather events (e.g. floods and typhoons) affecting supply and delivery, or extreme heat and drought impacting raw material harvests, in order to ensure continuous production and inventory replenishment. (2) The main raw material traders use contract farming to mitigate short-term price volatility and to ensure a stable supply, while diversifying import sources, in order to avoid climate risks in any single region. 7. To further promote carbon reduction transformation and to reduce carbon fee regulatory risks, we have established an internal carbon pricing mechanism that incorporates climate-related issues into the decision-making process. Carbon costs are now included in the cost-benefit analyses through internal carbon pricing. The Company uses the shadow price, based on the internal carbon price of NT$1,500/t$CO_2$e, to include carbon emissions costs in the cost-benefit assessment for energy-using equipment and green power procurement. To cope with the international trend, over 60% of corporates worldwide initially adopt the shadow price, which is the most common and feasible model; and it does not involve cash flow, making it suitable for entities at the initial stage of adoption. Microbio covers both manufacturing and retail business, and adopting a shadow carbon price helps it align with international peers while also accommodating the Group’s diverse

	operational characteristics. In the future, the internal carbon pricing standard will be regularly reviewed based on the implementation of the domestic carbon fee and international carbon market trends. 8. In support of the government's 2050 net zero goal, Microbio has completed the GHG inventory ahead of schedule and is now taking steps to reduce carbon emissions. We will continue to promote energy-saving equipment upgrades and assess the feasibility of the use of renewable energy, in order to reduce carbon emissions. With 2024 emissions as the base year emissions, the parent company and its subsidiaries indicated in the consolidated financial statements are treated as the inventory boundary, with a goal of reducing carbon emissions by at least 2% annually compared to the base year. In 2026, in response to the government's policy of promoting renewable energy, a power purchase contract was signed with renewable energy companies, and renewable energy has been purchased for the Zhongxiao office starting in August. By the end of December, a total of 6,000 kWh of green electricity has been consumed, while obtaining six renewable energy certificates, and the carbon reduction benefit has also reached 2,844 KgCO2e (calculated based on the electricity emission coefficient announced by the Ministry of Economic Affairs in 2024). 9. Please refer to the table below for the GHG inventory and assurance status.

1-1 GHG inventory and assurance in the last 2 years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tons CO2e), intensity (metric tons CO2e/NTD million), and data coverage for the most recent two years.
Information coverage: Standalone parent company and subsidiaries in consolidated financial statements

Greenhouse gas emission inventory and verification standards: ISO 14064-1 inventory and ISO 14064-3 verification are adopted

Category 1

	2024		2025	
Category 1	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)
Parent company	422.5350	1.8438	422.1603	2.0409
Subsidiaries	1704.7500	1.0670	1071.2391	0.6085
Total	2127.2850	1.2347	1493.3994	0.7884

Category 2

	2024		2025	
Category 2	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)	Total emissions (metric tons CO2e)	Intensity (tons of CO2e/NTD million)
Parent company	785.2430	3.4265	796.4712	3.8504
Subsidiaries	4501.7280	2.8175	4861.1251	2.7615
Total	5286.9710	3.0687	5657.5963	2.9869

Category 3

For Scope 3 items and emission amounts, please refer to the Sustainability Report. In the future, we will continue to expand the scope of Scope 3 emission information. Complete information on the GHG inventory for 2025 will be disclosed in the Sustainability Report.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.
The circumstances with assurance are as follows:

	2024	2025
Assurance range	Standalone and consolidated financial statements of the parent company and subsidiaries	Standalone and consolidated financial statements of the parent company and subsidiaries
Assurance institutions	DNV Business Assurance Co., Ltd.	DNV Business Assurance Co., Ltd.
Assurance criteria	ISO 14064-3 : 2019	ISO 14064-3 : 2019
Scope 1 - Assurance opinion	Reasonable assurance level	Reasonable assurance level
Scope 2 - Assurance opinion	Reasonable assurance level	Reasonable assurance level

Complete information on the GHG assurance for 2025 will be disclosed in the Sustainability Report.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.
Replacement of the oil-fired boiler with the gas-fire boiler for Longtan Plant. Calculated using the carbon emission factor in 2021, to reach the identical heating value, there can be less methane, nitrous oxide and carbon dioxide emitted after the replacement. The plant equipment has also been replaced with ENERGY STAR certified ultra-low temperature freezers, using refrigerants that meet the requirements of post-2025 environmental protection regulations, saving power and reducing heat production by 25% compared to traditional systems. The replacement of the chiller system and its auxiliary equipment at the Longtan plant was completed during the second quarter of 2023. The new system is expected to save 6.8% of the Longtan plant's annual electricity consumption and to reduce carbon emissions by 51.046 tCO2e. In support of the government's 2050 net zero goal, and with 2024 as the base year for the emissions, the parent company's entity and subsidiaries indicated in the consolidated financial statements were defined as the scope of the inventory, with a goal of reducing carbon emissions by at least 2% each year compared to the base year, and a target of reducing carbon emissions by 12% by 2035. The use of renewable energy has been gradually increased since the Zhongxiao office's use of renewable energy, and the use of green electricity is expected to reach 75% by 2030. The subsidiary, Microbio (Shanghai), also assesses the installation of solar energy facilities, which is expected to reach 20% of Microbio (Shanghai)'s annual power consumption with renewable energy.

(VII) The Practice of Ethical Corporate Management and Related Policies and Divergence from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
Establish ethical corporate management policy and solution (I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents? (II) Has the Company established a risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least covering the business activities prescribed in the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies article 7 paragraph 2? (III) Does the Company establish	✓ ✓ ✓		(I) The Company has established the "Ethical Corporate Management Best-Practice Principles," and directors, managers, and employees of the Company must abide by the Company Act, Securities and Exchange Act, and TWSE/TPEx relevant laws and regulations, and implement Ethical Corporate Management Best-Practice Principles. The Ethical Corporate Management policy is also scattered throughout the Company's internal regulations, such as the "Work Rules", "Guidelines for the Adoption of Codes of Ethical Conduct" and "Business Integrity Procedures and Behavioral Guidelines", etc. (II) In order to establish a corporate culture of Ethical Corporate Management and sound development, the Company established a reference framework for good business operations, and formulated the "Ethical Corporate Management Best Practice Principles" with reference to the guidelines and related regulations set by the competent authority. The operating	No deviation.

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?			procedures to be followed are specified in the code and implemented. In order to prevent unethical conducts, the "Whistleblowing Method" is formulated. The whistleblower can report any illegal, violation of Guidelines for the Adoption of Codes of Ethical Conduct or Ethical Corporate Management Best Practice Principles to the audit office of the accepting unit by letter or e-mail. When the accepting unit received the report case, it should immediately file the case, and the relevant operating procedures such as reporting, investigation, closing, and reporting are carried out in accordance with the provisions. If at the end of the investigation, it is found that there are directors, employees, or outsiders who have violated the provisions of these Method, they will be accountable according to law. (III) In the "Ethical Corporate Management Best-Practice Principles", the Company explicitly prohibits unethical conducts by the Company's directors, managers, and employees, etc., and announces that employees should abide by its norm, and in addition, the company's internal audit unit plays an important role in ensuring professional	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			ethics and compliance with laws and regulations. In order to achieve the goals of the accuracy, reliability and timeliness of financial, management, and operational information, as well as the employees’ compliance with relevant policies, standards, procedures and regulations, the internal audit unit in accordance with the annual audit plan approved by the board of directors, conducts various audit operations, and reports the audit results and the subsequent improvement status to the board of directors and management to facilitate the implementation of the audit effectiveness.	
II. Implement ethical management (I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade? (II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical report (at least once a year) to the Board on Ethical Management Policy, as well as the	✓ ✓		(I) The Company has set up "Management Procedures for Vendors" and "Customer Credit Management Method", and does assess the integrity records of the vendors and customers in accordance with the method. In addition, the Company or its purchase (sales) customers/vendors’ related information, unless authorized otherwise the law requires to disclosure, are obliged to keep confidential. Confidential information includes all undisclosed information that may be used by competitors or the risk of damage to the	No deviation.

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
supervision of measures for prevention of unethical conduct? (III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests? (IV) Has the Company established effective accounting systems and internal control systems and the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine accordingly the compliance with the prevention programs or engage a certified public accountant to carry out the audit? (V) Does the Company conduct internal and external ethical training programs on a regular basis?	 ✓ ✓ ✓		company or customers after the information leaked. Prior to entering in a business relationship, the Company shall take into account the legitimacy of the counterparty and whether the counterparty is involved in any unethical conduct. The Company shall avoid having business relationships with counterparties involved in unethical conduct. The contents of the contracts entered into shall include Ethical Management Policy compliance and provisions to terminate or cancel the contract at any time if the counterparty is involved in any unethical conduct. (II) To ensure the implementation of the "Ethical Corporate Management Best Practice Principles", the human resource unit of the President's Office is designated as the dedicated unit responsible for the amendment, implementation, interpretation, consultation service and report content registration and file creation of the Business Integrity Procedures and Behavioral Guidelines. The designated unit also assists the Board of Directors and Management in formulating, supervising, and implementing the Ethical Management Policy and solutions in order to prevent unethical	

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			conduct. Furthermore, the designated unit also reports to the Board of Directors at least once a year on the implementation status of the Ethical Management Policy and solutions for preventing unethical conduct. Implementations of ethical management policy in 2025 are described as below: 1. Complying with the "Ethical Corporate Management Best Practice Principles" and the "Guidelines for the Adoption of Codes of Ethical Conduct." Employees, including the board of directors and the management are required to actively implement the ethical management polices. 2. To ensure the legitimacy of the agencies, suppliers, customers or other counterparties with business relationships, and none of them engages any unethical conduct, the related reviews are conducted before entering contracts. If any unethical conduct is involved, the contract may be terminated or rescinded any time. In 2025, no corruption, bribery, or unethical conduct incident occurred. 3. Each department conducts the self-inspection and assesses regulatory	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			compliance, for effective controls and implementation. The audit unit also conducts the independent audits, to ensure the operation of the overall mechanism, and manage and prevent any unethical conduct together. 4. Education and training (1) Directors and Managerial Officers: In 2025, directors and managers participated in at least 6 hours of courses related to corporate governance and ethical management, including “Investment to Change the World – Impact Investing and SDGs Practice”, “Corporate Governance and Securities Regulations”, “Courses for Directors and Supervisors and Corporate Governance Officers– Carbon Right Trading Mechanism and Carbon Management Application”, “TPEx-listed and Emerging Stock Market Company Insider Equity Educational Seminar”, and “Responding to Compliance Challenges in Directors’ Roles and Management Rights Under	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Corporate Governance 4.0 ”. (2) Employee training: Annual education and training on ethical management, personal data protection, and information security management are organized annually. In 2025, training on "ISO27001 information security protection and personal data protection" was conducted in January, "AI application and information security prevention courses" were conducted in June, and "employee intellectual property concepts and trade secret protection" and "ethical business practices and prevention of insider transactions" were arranged in December, for a total of 12 hours of courses. All employees receive training to strengthen the concept of ethical management, and to prevent unethical conduct. Employees are also required to bear the non-disclosure obligation regarding the Company’s intellectual property rights. To ensure all	

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			employees are aware of and comply with legal requirements, all employees must pass an exam with a score of 80 or higher to be considered qualified. (3) New employee orientation: For new employees, a 1-hour training course on the code of ethical business conduct is conducted, in order to implement ethical management related polices starting on new employees. (4) Educational training materials for the ethical management policy are available on the Company's internal training website for re-training at any time, and are re-promoted in December each year, in order to continuously reinforce and promote relevant precautions. 5. The Company's "Performance Management Regulations" and performance evaluation system set integrity as one of the criteria for evaluating employees' values and development, and require employees to abide by the employee code of conduct and various regulations related to the	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Company’s ethical management. The policies, descriptions and outcomes related to ethical management are disclosed in the Company’s Sustainability Report and on its official website. 6. According to the Company's "Employee Reward and Disciplinary Action Regulations", if any colleague is dishonest or violates the employee code of conduct and the Company's work rules, they will be reported for disciplinary action as stipulated in the regulations. The disciplinary result will also affect the employee’s annual performance evaluation result (Article 5.8 of the "Employee Reward and Disciplinary Action Regulations") and subsequent remuneration adjustment. 7. Prevention of insider trading (1) The "Material Information Processing and Preventing Insider Transaction Processing Procedures" are established, specifying the applicable scope, subjects, and related operational procedures, to prevent directors, managerial officers, or other insiders from	

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			violating regulations related to insider trading accidentally due to unknown to such regulations, or intentionally, as a protection to investors' and the Company's interests. (2) The "Material Information Processing and Preventing Insider Transaction Processing Procedures" are disclosed on the official website. 8. Establish relevant reporting methods and specify reporting channels, including e-mail MBG_Audit@microbio.com.tw and correspondence, relevant whistle-blowing procedures, whistle-blowing data protection, disciplinary measures, and whistle-blowing reward system. 9. The 2025 implementation of ethical corporate management was reported to the Board of Directors on November 11, 2025. (III) The "Ethical Corporate Management Best Practice Principles" clearly stipulates the relevant regulations to prevent conflicts of interest. For the motions listed by the board of directors, if directors, managers and other stakeholders attend or present on the board of directors have an interests in	

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			themselves or their representative of juristic persons, and if they are harmful when the company's interests are in doubt, it is not allowed to participate in the discussion and voting, and shall be avoided during the discussion and voting; the directors, managers, employees of the Company, or the persons with substantial control ability, shall not directly or indirectly provide promise, request or accept any improper benefits, or commit other unethical conduct such as violate integrity, illegality or breach of fiduciary obligations in the process of business activities. In addition, the Company and its directors, managerial officers, employees, and the persons with substantial control ability shall not directly or indirectly provide, promise, request or accept any improper benefits from customers, agents, contractors, suppliers, public officials or other stakeholders when performing business. (IV) The Company has set up four independent directors, in line with the spirit of corporate governance, and established a Remuneration Committee to achieve the concept of supervising the company's implementation of Ethical Corporate Management. In addition, in order to ensure the	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			implementation of Ethical Corporate Management philosophy, an effective internal control system, relevant regulations and accounting system have been established. At the same time, an audit unit is established to regularly check the compliance of various departments of the Company, issue audit reports and submit reports to the board of directors. (V) When formulating and revising the "Ethical Corporate Management Best Practice Principles", the Company organizes internal training to ensure all departments understand the content of these Principles. In 2025, we held 289 sessions of internal and external education and training related to ethical management issues (including ISO27001 information security protection and personal information protection training, AI application and information security prevention courses, corporate governance and insider trading, intellectual property rights education and training courses, and trade secret protection and illegal liability case analysis, among others), for a total of 726 hours.	
III. Implementation status of the Company’s reporting system (I) Does the Company provide	✓		(I) The Company has a "Whistleblowing Method". The whistleblower can report	No deviation.

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice? (II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices? (III) Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	 ✓ ✓		any illegal, or violation of the Guidelines for the Adoption of Codes of Ethical Conduct or the Ethical Corporate Management Best Practice Principles by letter or e-mail, and report to the superior, chairman or independent director respectively due to the different levels of the case involved. If the reported case is verified to be true and beneficial to the Company, or provides clues or evidence for a major reported case, a dedicated person shall report it to the chairman, and appropriate rewards will be given to the whistleblower or meritorious person. In addition, an audit committee’s mailbox is set up on the Company's website so that the Company’s employees and external parties can report anonymously through this channel; the audit office of the accepting unit should immediately file the case after receiving the report. In addition, in order to protect gender equal work rights and protect employees free from sexual harassment in the work and service environment, the Company has established "Sexual Harassment Prevention Methods, and Appeal and Disciplinary Methods", and established sexual harassment complaint channels to ensure timely prevention, correction, disciplinary and	

Assessment criteria	Actual governance			Deviations from the “Ethical Corporate Management Best-Practice Principles” for TWSE/ TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			treatment improvement, etc. methods. (II) In the Company’s "Whistleblowing Method", the Company clearly stipulates the handling procedures, compliance matters, disciplinary and accountability of the accepting unit after receiving the case; except for the purpose of complying with laws and regulations or cooperating with public agency for investigations, or for well-known information, the responsible person should strictly keep confidential for the information related to the reported case, including but not limited to the identity of the whistleblower, the reason of the report, and the investigation procedure. In addition, it is clearly stated in the "Sexual Harassment Prevention Methods, Appeals and Disciplinary Methods" that the investigation of sexual harassment incidents should be conducted in a private manner, and the privacy and personal legal interests of the parties concerned shall be protected; all personnel handling sexual harassment incidents should keep confidential for the parties’ name and other identifiable information, except for those necessary for investigation or based on public safety considerations. In 2025, the Company did not receive the above-	

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			mentioned related reports. (III) In the Company's "Whistleblowing Method", the Company expressly promises to protect the whistleblower from improper disposal, personal benefit damage, promotion, transfer and other working conditions that are differentiated due to the report. In addition, it is clearly stated in the "Sexual Harassment Prevention Methods, Appeals and Disciplinary Methods" that for people who appeal, tell, report, file a lawsuit, testify, provide assistance or participate in other behaviors, should not receive undue differential treatment during the process of the appeal, investigation, or trial of sexual harassment incidents.	
IV. Enhance information disclosure Has the Company disclosed the content of the Ethical Corporate Management Best Practice Principles on its official websites and MOPS, and the result of the implementation?	✓		The Company disclosed the Company's "Ethical Corporate Management Best Practice Principles" on the Company's website and MOPS for shareholders' reference. In the future, the Company will continue to strengthen the disclosure of relevant information on the company's website. In the future, the disclosures on the official website will be enhanced continuously.	No deviation.
V. If the Company has instituted the Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies", specify the implementation of the principles and any deviations, if applicable: No deviation.				

Assessment criteria	Actual governance			Deviations from the "Ethical Corporate Management Best-Practice Principles" for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
VI. Any other important information that helps to understand the implementation of the Ethical Corporate Management Best Practice Principles better: (Such as the review and amendments to the Ethical Corporate Management Best Practice Principles): None.				

(VIII) Other important information to facilitate a better understanding of the corporate governance of the Company:

(1) Intellectual property management plan and implementation status

A. IP strategy and management system

To ensure effective management of intellectual property rights, to prevent infringement of others' intellectual property rights, and to enhance the transparency and effectiveness of corporate governance, Microbio regularly discloses on the Company's website the intellectual property management plans and implementation status linked to operational objectives, and reports to the Board of Directors at least once annually.

To strengthen the Company's intellectual property management mechanism, to optimize the protection of its new drug R&D, and to maintain its leading innovation advantage, an intellectual property management system has been introduced in 2021 to establish a systematic intellectual property management mechanism. We have compiled an Intellectual Property Management Manual, which serves as the guiding principle for intellectual property management and relevant operating procedures in accordance with the Taiwan Intellectual Property Management System, Version 2016 (TIPS). A PDCA cycle is employed to ensure effective operations of the intellectual property management system and realize intellectual property management policies and objectives, and has also improved th Company's governance framework with intellectual property management.

B. IP risks, countermeasures and IP policies

Assess internal and external issues, stakeholders, and opportunities related to intellectual property management, and propose countermeasures of acquiring TIPS management system certification, conducting employee intellectual property concept and trade secret protection education and training, and providing TIPS operation system education and training, in order to address risks including insufficient employee understanding of intellectual property, areas for improvement in the existing intellectual property management mechanism, potential outflow of research and development secrets, and potential infringement of others' intellectual property rights or accusations of infringement, while implementing these measures properly.

Based on the consideration of long-term, robust development needs and both internal and external issues, we aim to establish a positive cycle for intellectual property management and R&D processes. In addition, the following intellectual property management policies are established:

1. Implement intellectual property management
2. Increase intellectual property awareness of all employees
3. Implement corporate governance regulatory compliance

C. Implementation status in 2025

The link between intellectual property management plans and business objectives has been established and led by the heads of each R&D unit for implementation, and reports to the Board of Directors on intellectual property-related matters are provided during the fourth quarter of each year. The most recent report was made on November 11, 2026.

The Company has established confidentiality management measures for patents, trade secrets and technical documents. Electronic documents are kept in the document management system and are regularly checked and reviewed. The examination process of patent applications is closely tracked with patent firms. intellectual property related trainings are held annually to enhance employees' awareness and knowledge of intellectual property rights protection.

The Company has applied for Taiwan Intellectual Property Management System (Grade A) certification in September 2021 and has passed the review by the Institute for Information Industry on November 22, 2021. Subsequently, the Company has further qualified re-validation reviews in 2022 and 2023, and has passed the re-validation review of the Taiwan Intellectual Property Management System TIPS (Grade A) again in November 2024. The scope of verification includes patents and trade secrets, and the validity period extends to December 31, 2026.

D. Intellectual property achievements

1. Patents: As of December 31, 2025, a total of 67 patents had been applied for domestically and internationally, of which 61 patents have been granted and 6 patents are currently under examination process.
2. Trademarks: As of December 31, 2025, a total of 160 domestic and foreign trademarks had been applied for, of which 156 have been granted and 4 are pending under application process.

(2) The Company has formulated "Material Information Processing and Preventing Insider Transaction Processing Procedures" and "Material Incident Notification Procedures" to follow.

(3) The establishment of an "Investor Section" on the Company's website allows investors to learn about the information of the Company's corporate governance, such as functional committees' structure, important company's regulations, operations of the board of directors, important resolutions, etc.

(4) The continuing education courses related to corporate governance participated by the Company's managers in 2025 are as follows:

Title	Name	Continued Education Organizer	Date of Continued Education	Course name	Hours of Continued Education
President	Chen, Cheng-Wen	Confederation of National Associations of Industry and Commerce, Republic of China (Taiwan)	September 19, 2025	Company Directors and Supervisors Workshop - "The Impact of the New International Political and Economic Situation on Taiwan Enterprises”	3

Title	Name	Continued Education Organizer	Date of Continued Education	Course name	Hours of Continued Education
		Financial Supervisory Commission	October 16, 2025	15th Term of Taipei Corporate Governance Forum	6
Assistant Vice President, Finance Department	Wang, Ying-Chun	Taipei Exchange (TPEx)	March 18, 2025	Resilient Taiwan - Over-the-Counter (OTC) Sustainable Bond and ETF Forum	3
		Securities and Futures Institute of ROC	March 21, 2025	Promotional seminar on sustainability disclosure for TWSE (TPEx) listed companies	3
		Taipei Exchange (TPEx)	July 22, 2025	Emerging market and TPEx companies' Insider equity information seminar	3
		Taipei Bar Association	October 27, 2025	Related parties transactions of companies and governance of material transactions	3

(IX) Implementation of the Internal Control System:

(1) Statement of Internal Control: Please refer to the "MOPS" website, and the inquiry path and website address is as follows:

Path: MOPS > Single company > Corporate governance > Company regulations / Internal control > Internal control statement publication
Website: https://mops.twse.com.tw/mops/#/web/t06sg20

(2) Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: None.

(X) Major decisions of the Shareholders Meeting and the Board in the most recent year to the day this annual report was printed:

1. Material resolutions in Shareholders' Meeting

Name of Meeting	Date	Resolutions	Implementation status
Regular Shareholders Meeting	2025.05.29	1. Adoption of 2024 business report and financial statements.	Resolution passed.
		2. Adoption of 2024 deficit compensation proposal.	
		3. Approved the amendments to the Company's "Articles of Incorporation".	The amendments were passed, and announced on MOPS; the amended Procedure will be followed.

2. Material resolutions in Board Meetings

Name of Meeting	Date	Resolutions
Board of Directors	2025.02.27 6th Meeting of 9th Term	1. Approved the 2024 statement of internal control system of the Company. 2. Approved the Company's 2024 business report and 2024 parent company only financial statements and consolidated financial statements. 3. Approved the independence and suitability of the CPAs appointed by the Company in 2025 and the audit fee. 4. Approved the proposal for 2024 deficit compensation. 5. Approved the proposal for amendment of the Company's "Internal Control System - Salary Cycles". 6. Approved the proposal for amendment of the "Articles of Incorporation" of Company. 7. Approved the 2025 business plan. 8. Approved the relocation of the Company. 9. Approved matters related to the convention of the 2025 Annual General Shareholders' Meeting.
	2025.04.11 7th Meeting of 9th Term	1. Approved the proposal for amendment of the "Articles of Incorporation" of Company. 2. Approved the proposal for the Company to acquire the right-of-use assets of real estate from the affiliated enterprise - Oneness Biotech Co., Ltd.
	2025.05.12 8th Meeting of 9th Term	1. Approved the Company's 2025 Q1consolidated financial statements. 2. Approved the annual salary adjustment for the Company's managerial officers.
	2025.08.08 9th Meeting of 9th Term	1. Approved the Company's 2025 Q2 consolidated financial statements. 2. Approved the Company's "2024 Sustainability Report". 3. Approved the Company's "2024 Sustainability Report" and "the (IFRS Sustainability Disclosure Standard Implementation Plan".
	2025.08.25 10th Meeting of 9th Term	1. Approved the change of the Company's internal chief auditor.
	2025.11.11 11th Meeting of 9th Term	1. Approved the Company's 2025 Q3 consolidated financial statements. 2. Approved the "2026 Audit Plan" of the Company. 3. 1. Approved the proposal for amendment of the "Internal Control System" and "Internal Audit System" of the Company.

Name of Meeting	Date	Resolutions
		4. Approved the proposal for the Company's disposal of investment properties to related parties. 5. Approved the appointment of the Company’s Vice President of Health Care Division. 6. Passed the Company's policy, system, standard, and structure for directors’ and executive officers’ performance evaluation and remuneration. 7. Approval for the Company's 2026 director remuneration. 8. Approved the proposal for the remuneration to the managers in 2026 and year-end bonus for 2025.
	2026.03.05 12th Meeting of 9th Term	1. Approved the 2025 statement of internal control system of the Company. 2. Approved the Company's 2025 business report and 2025 parent company only financial statements and consolidated financial statements. 3. Approved the review of the independence and suitability of the CPAs to be appointed by the Company in 2026 and the audit fee. 4. Approved the proposal for 2025 deficit compensation. 5. Approved the 2026 business plan. 6. Approved 2026 sustainable development promotion plan. 7. Approved the amendments to the Company’s “Sustainable Development Best Practice Principles”. 8. Approved the Company’s issuance of 1st employee stock option certificates in 2026. 9. Approved the Company’s issuance of 2026 restricted stock awards (RSAs). 10. Approved matters related to the convening of the 2026 Annual General Meeting of Shareholders.

(XI) Documented opinions or declarations made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report: None.

IV. Information on CPAs' Fee

(I) Information of Audit Fees:

Unit: NT$ thousand

Accounting Firm	Name of CPA		Period covered by CPA's audit	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Cheng, Chin-Tsung	Chiu, Meng-Chieh	2025.01.01-2025.12.31	4,030	550 (Note)	4,580	None

Note: The non-audit fees are as follows: NT$350 thousand for tax audit, NT$50 thousand for annual report review, NT$50 thousand for affiliated company reports, NT$50 thousand for CFC audit opinions, and NT$50 thousand for opinion on non-managerial full-time employee checklist.

(II) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, and disclosure for the change in audit fee, and the reason for the change: Not applicable.

(III) Reduction of audit fees by more than 10% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: Not applicable.

V. Information on Change of CPAs: None.

VI. The Chairman, President, the managerial officers in charge of finance or accounting who has been employed by the CPAs office of the independent auditors or its affiliates in the previous period: None.

VII. Transfer or pledge of shares owned by directors, supervisors, managerial officers, shareholders with shareholding percentage exceeding 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Equity transfer and change status of directors, managerial officers and major shareholders: Please refer to the "MOPS" website, and the inquiry path and website address is as follows:

Equity transfer:

Path: MOPS > Single Company > Shareholding Changes/Securities Issuance > Share Transfer Information Query > Post-Event Report of Insider Shareholding Changes

Website: https://mops.twse.com.tw/mops/#/web/query6_1.

Change status of share transfer and share pledge:

Path: MOPS > Individual company > Changes in shareholding/securities issuance > Insider pledges and releases of pledges > Notice of insider pledges and releases of pledges

Website: https://mopsov.twse.com.tw/mops/web/STAMAK03_1

(II) Information on persons whose counterparts of directors, managerial officers, and major shareholders' equity transfer or pledge are related parties: None.

VIII. Information of shareholders of top ten shareholding percentage for related parties or spouse, relative relationship within second degree of kinship among themselves

March 24, 2026

Name	Shareholding of the person		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remark
	Number of shares held	Shareholding ratio (%)	Number of shares held	Shareholding ratio (%)	Number of shares held	Shareholding ratio (%)	Company name (or individual name)	Relationship	
Xin Yao Biotech Investment Co., Ltd.	55,949,876	9.51	Not applicable.	Not applicable.	0	0	Oneness Biotech Co., Ltd	Associates under the equity method of the Company	None
							Lu, Kung-Ming	Chairman	None
Representative: Lu, Kung-Ming	10,337,007	1.76	0	0	0	0	Sun, Hsiu-Ying	Spouse	None
Kingbird Tech Co., Ltd.	47,682,838	8.11	Not applicable.	Not applicable.	0	0	Heng Shang Enterprise Co., Ltd.	An associate of Heng Shang Enterprise under the equity method	None
Representative: Kao, Fang-Chi	106,000	0.02	0	0	0	0	None	None	None
Oneness Biotech Co., Ltd	36,502,729	6.21	Not applicable.	Not applicable.	0	0	Xin Yao Biotech Investment Co., Ltd.	Associates under the equity method of the Company	None
Representative: Kuo, Hsien-Shou	0	0	0	0	0	0	None	None	None
Lin, Hsiu-Ling	15,808,048	2.69	0	0	0	0	None	None	None
Heng Shang Enterprise Co., Ltd.	14,363,316	2.44	Not applicable.	Not applicable.	0	0	Kingbird Tech Co., Ltd.	Affiliated companies of Guangbo Industrial under the equity method	None

Name	Shareholding of the person		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remark
	Number of shares held	Shareholding ratio (%)	Number of shares held	Shareholding ratio (%)	Number of shares held	Shareholding ratio (%)	Company name (or individual name)	Relationship	
Representative: Sun, Hsiu-Ying	0	0	10,337,007	1.76	0	0	Lu, Kung-Ming	Spouse	None
Lu, Kung-Ming	10,337,007	1.76	0	0	0	0	Sun, Hsiu-Ying Xin Yao Biotech Investment Co., Ltd.	Spouse Chairman	None
Tsai, Ming-Hsing	7,203,745	1.22	0	0	0	0	Tsai, Ming-Chung	Brothers	None
Tsai, Ming-Chung	7,106,785	1.21	0	0	0	0	Tsai, Ming-Hsing	Brothers	None
Fund Investment Account of JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,614,733	0.95	Not applicable.	Not applicable.	0	0	None	None	None
Fund Investment Account of JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	4,148,803	0.71	Not applicable.	Not applicable.	0	0	None	None	None

IX.

Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

December 31, 2025

Investees (Note 1)	Invested by the Company		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Aggregated investment	
	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage
Microbio Pharmaceutical Co., Ltd.	14,865,800	50.34%	0	0%	14,865,800	50.34%
Oneness Biotech Co., Ltd	101,743,446	21.23%	650,583	0.09%	102,394,029	21.32%
Cotton Field Organic	43,186,538	72.66%	0	0%	43,186,538	72.66%
Microsoy International Inc.	3,096,800	49%	0	0%	3,096,800	49%
Diamond Biofund Inc.	215,516,663	25.27%	121,000	0.01%	215,637,663	25.28%
Jing Ying Investment Co., Ltd.	45,073,875	28.88%	0	0%	45,073,875	28.88%
Xin Yao Biotech Investment Co., Ltd.	85,312,500	24.38%	3,500,000	1%	88,812,500	25.38%
Microbio (Shanghai) Co., Ltd.	(Note 2)	3.61%	(Note 2)	45.1%	(Note 2)	58.27% (Note 3)
Microbio (Hong Kong) Co., Ltd.	0	0	71,307	100%	71,307	100%

Note 1: The Company's equity-accounted investments.

Note 2: It is a limited company, so there is no number of shares.

Note 3: Including 9.56% of the consolidated shareholding recognized by the investment company using the equity method.

Three. Financing Status

I. Company's Capital and Shares

(I) Source of capital:

March 31, 2026 / Unit: shares

Share type	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common stock	588,170,597	411,829,403	1,000,000,000	None

Unit: In thousand shares, in NT$ thousands

Year/Month	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Property other than cash as substitute for share price	Other
2013.08	30	600,000	6,000,000	409,041	4,090,407	Cash Capital Increase 80,000,000	—	Note 1
2013.09	Bonus shares	600,000	6,000,000	425,343	4,253,427	Capital increase of 16,302 thousand shares through capitalization of capital surplus	—	Note 2
2021.10	Bonus shares	600,000	6,000,000	466,330	4,663,296	Capital increase of 40,987 thousand shares through capitalization of capital surplus	—	Note 3
2022.07	Bonus shares	600,000	6,000,000	511,097	5,110,972	Capital increase of 44,768 thousand shares through capitalization of capital surplus	—	Note 4
2023.06	Bonus shares	1,000,000	10,000,000	560,162	5,601,625	Capitalization of earnings and capital reserve of 49,065,000 shares	—	Note 5
2024.10	Bonus shares	1,000,000	10,000,000	588,171	5,881,706	Capital increase of 28,009 thousand shares through capitalization of capital surplus	—	Note 6

Note 1: On May 14, 2013, Jin-Guan-Zeng Fa Zi No. 1020014231

Note 2: On July 22, 2013, Jin- Guan- Zheng Fa Zi No. 1020028180

Note 3: Approved by the FSC on September 7, 2021.

Note 4: Approved by the FSC on June 30, 2022.

Note 5: Approved by the FSC on May 11, 2023.

Note 6: Approved by the FSC on July 31, 2024.

Note 7: For shelf registration for issuing marketable securities that have been approved, the Company should disclose the approved issue amount, and relevant information on scheduled issuance and issued marketable securities: Not applicable.

(II) List of major shareholders:

Name, shareholding quantity and percentage of shareholders with shareholding percentage reaching above 5% or shareholders of top 10 shareholding percentage:

March 24, 2026

Name of major shareholder / Shares	Number of shares held	Percentage (%)
Xin Yao Biotech Investment Co., Ltd.	55,949,876	9.51
Kingbird Tech Co., Ltd.	47,682,838	8.11
Oneness Biotech Co., Ltd	36,502,729	6.21
Lin, Hsiu-Ling	15,808,048	2.69
Heng Shang Enterprise Co., Ltd.	14,363,316	2.44
Lu, Kung-Ming	10,337,007	1.76
Tsai, Ming-Hsing	7,203,745	1.22
Tsai, Ming-Chung	7,106,785	1.21
Fund Investment Account of JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,614,733	0.95
Fund Investment Account of JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	4,148,803	0.71

(III) Dividend Policy and Implementation Status:

1. Dividend Policy:

   (1) In the Board of Directors' earnings distribution proposal, at least 50% of the distributable earnings for the current period shall be allocated as shareholders' dividends and bonuses. However, when the dividend per share from the distributable earnings is less than NT$0.5, the earnings may not be distributed.

   (2) As the Company's business is in a capital-intensive industry and is currently in the stage of business growth, it shall meet business growth and investment needs with retained earnings. In principle, a balanced dividend policy shall be adopted, with stock and cash dividends mixed, and cash dividends shall not be less than 10% of the total dividends to be distributed.

2. Implementation Status:

   The Company's net loss after tax for 2025 was NT$757,746 thousand, after adding the adjusted undistributed earnings at the beginning of the year, the pending loss was NT$735,574 thousand. The 2025 deficit compensation proposal has been approved by the Board of Directors on March 5, 2026, and is to be submitted to the 2026 regular shareholders' meeting for approval.

3. It is expected that there will be significant changes in the dividend policy: Nil.

(IV) The impact of the proposed stock dividend at the shareholders' meeting on the Company's business performance and earnings per share:

Unit: NT$ thousand

<table>
<tr><th colspan="3">Item / Year</th><th>2026 (Estimated)</th></tr>
<tr><td colspan="3">Paid-in capital at the beginning of the period</td><td>5,881,706</td></tr>
<tr><td rowspan="3">Dividend distribution this year</td><td colspan="2">Cash dividends per share</td><td>NT$0</td></tr>
<tr><td colspan="2">Stock dividends from capitalization of earnings</td><td>0 share</td></tr>
<tr><td colspan="2">Dividend per share for capitalization of reserve</td><td>0 share</td></tr>
<tr><td rowspan="7">Changes in business performance</td><td colspan="2">Operating margin</td><td rowspan="13">(Note)</td></tr>
<tr><td colspan="2">Increase (decrease) in operating margin year-on year</td></tr>
<tr><td colspan="2">Net operating profit after tax</td></tr>
<tr><td colspan="2">Increase (decrease) in net operating profit after tax year-on year</td></tr>
<tr><td colspan="2">Earnings per share (EPS)</td></tr>
<tr><td colspan="2">Increase (decrease) in EPS year-on year</td></tr>
<tr><td colspan="2">Annual average return on investment (annual average benefit-cost ratio)</td></tr>
<tr><td rowspan="6">Estimated EPS and price-earning ratio</td><td rowspan="2">If the capitalization of earnings is conducted fully by paying out cash dividends</td><td>Estimated EPS (NTD)</td></tr>
<tr><td>Estimated annual average return on investment</td></tr>
<tr><td rowspan="2">If the capitalization of capital surplus is not conducted</td><td>Estimated EPS (NTD)</td></tr>
<tr><td>Estimated annual average return on investment</td></tr>
<tr><td rowspan="2">If the capitalization of capital surplus is not conducted and the capitalization of earnings is conducted by paying out cash dividends.</td><td>Estimated EPS (NTD)</td></tr>
<tr><td>Estimated annual average return on investment</td></tr>
</table>

Note: The financial forecast for 2026 is not public, so there is no need to disclose the relevant forecast information for 2026.

(I) Employee, director and supervisor's remuneration:

1. The percentage or scope of the bonuses of employees, directors and supervisors stipulated in the Articles of Incorporation: According to the articles of incorporation of the Company, if the Company makes a profit during the year, it shall provide remunerations to employees and directors. It shall set aside not less than 1% and not more than 15% of the profit as employee compensation and not more than 2% as directors' remuneration. However, when the Company still has a cumulative deficit, it should reserve the amount in advance to compensate it.
2. The basis for estimating the amount of employee, director, and supervisor compensation,

the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment if there is a discrepancy between the actual distributed amount and the estimated figure: None available for distribution for 2025. Therefore, it did not estimate the remuneration of employees and remuneration of directors.

3. Employees compensation proposal passed by the Board of Directors:
   (1) The amount of employees' remuneration and directors'/supervisors' remuneration distributed in cash or shares: There was no distributable earnings in 2025, so it was not estimated for employees' remuneration and directors' remuneration.
   (2) If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: Not applicable.
   (3) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.
4. Where there is a difference between the employee remuneration and directors’ and supervisors’ remuneration paid out and the estimated amounts for the prior year (including the number of shares distributed, amount, and stock price), the amount of the difference, reason, and accounting treatment shall also be specified: Since there was a loss in 2024, no remuneration of employees and directors was distributed.

(II) The Company's repurchase of the Company's shares: In 2025 and 2026 as of the printing date of the annual report, there is no repurchase completed or in progress.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock options:

(I) The Company’s employee stock options not yet matured

March 31, 2026

Types of employee stock options	1st tranche of employee stock options in 2023
Effective date of filing and total number of units	2023.03.28 5,000,000 shares
Issuance (process) date	2024.11.11
Number of outstanding units	5,000 units
Number of units available for issuance	0
Number of subscribed shares as a percentage of total issued shares	0.8501%
Subscription period	6 years
Method of performance	Issuance of new shares
Restricted subscription period and percentage (%)	20% upon expiration of the second year 40% at the end of the third year

Types of employee stock options	1st tranche of employee stock options in 2023
	60% at the end of the fourth year 100% at the end of the fifth year
Executed the number of shares acquired	0
Executed subscription amount	0
Unexecuted subscription quantity	4,850,000
Subscription price per share for unexecuted subscribers	NTD 38.95
% of unexecuted subscription quantity Ratio of total issued shares (%)	0.8246%
Effect on shareholders' equity	The issuance of employee stock options can create a mutual interest between the Company and its shareholders and may have a positive impact on the shareholders' equity.

(II) Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten employees in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the printing date of the annual report:

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of subscription shares acquired (thousand shares)</th><th rowspan="2">Percentage of acquired and subscribed shares to total issued shares</th><th colspan="4">Implemented</th><th colspan="4">Not implemented</th></tr>
<tr><th>Subscription quantity (thousand shares)</th><th>Subscription price</th><th>Subscription amount (NT$ thousand)</th><th>Percentage of subscription quantity to total issued shares</th><th>Subscription quantity (thousand shares)</th><th>Subscription price</th><th>Subscription amount (NT$ thousand)</th><th>Percentage of subscription quantity to total issued shares</th></tr>
<tr><td rowspan="4">Managerial Officer</td><td>President</td><td>Chen, Cheng-Wen</td><td rowspan="4">1,100</td><td rowspan="4">0.1870%</td><td rowspan="4">0</td><td rowspan="4">38.95</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">1,100</td><td rowspan="4">38.95</td><td rowspan="4">42,845</td><td rowspan="4">0.1870%</td></tr>
<tr><td>Vice President</td><td>Chen, Yuan-Chun</td></tr>
<tr><td>Assistant Vice President</td><td>Weng, Ya-Lin</td></tr>
<tr><td>Assistant Vice President</td><td>Wang, Ying-Chun</td></tr>
<tr><td rowspan="6">Employees</td><td>President of Cotton Field Organic</td><td>Hsu, Ching-Chang</td><td rowspan="6">3,500</td><td rowspan="6">0.5951%</td><td rowspan="6">0</td><td rowspan="6">38.95</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">3,500</td><td rowspan="6">38.95</td><td rowspan="6">136,325</td><td rowspan="6">0.5951%</td></tr>
<tr><td>Chief Store Manager of Cotton Field Organic</td><td>Lu, Ching-Chuan</td></tr>
<tr><td>Manager of Cotton Field Organic</td><td>Lin, Yung-Tzu</td></tr>
<tr><td>Cotton Field Organic Manager</td><td>Liu, Yi-Shan</td></tr>
<tr><td>Manager of Cotton Field Organic</td><td>Chang, Chiu-Lan</td></tr>
<tr><td>Manager of Cotton Field Organic</td><td>Wu, Wei-Ming</td></tr>
</table>

	Title	Name	Number of subscription shares acquired (thousand shares)	Percentage of acquired and subscribed shares to total issued shares	Implemented				Not implemented			
					Subscription quantity (thousand shares)	Subscription price	Subscription amount (NT$ thousand)	Percentage of subscription quantity to total issued shares	Subscription quantity (thousand shares)	Subscription price	Subscription amount (NT$ thousand)	Percentage of subscription quantity to total issued shares
	Deputy Manager of Cotton Field Organic	Ou, Yen-Ju										
	Deputy Manager of Cotton Field Organic	Shen, Chien-Hua										
	Special Assistant of Cotton Field Organic	Lo, Tsai-Wen										
	Store Manager of Cotton Field Organic	Chen, Yen-Ming										
	Store Manager of Cotton Field Organic	Chien, Yu-Shan										
	Store Manager of Cotton Field Organic	Hsieh, Yi-Ting										
	Consultant	Huang, Fu-Chiao										
	Deputy Director	Chang, Shu-Mei										
	Deputy Director	Chen, Chih-Keng										
	Deputy Director	Hung, Chien-Ming										
	Manager	Chao, Hsin-Ju										
	Manager	Chen, Yu-Shan										
	Section Chief	Chan, Fang-Chin										
	Special Assistant	Lin, Chun-Mei										
	Supervisor	Ma, Wei-Chih										
	Supervisor	Huang, Nan-Chun										
	Supervisor	Lai, Hui-Huan										
	Specialist	Wu, Yi-Hsiu										

VI. Issuance of new restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital utilization plans: As of the end of Q1 2026, there has been no previous public or private offering of securities that remains uncompleted, or has been completed within the last three years but for which the planned benefits has not yet materialized.

Four. Operation Overview

I. Business Content

(I) Business Scope

1. Main areas of business operations:

IZ99990 Other Industrial and Commercial Services
C110010 Beverage Manufacturing
IG01010 Biotechnology Services
IG02010 Research and Development Service
F108011 Wholesale of Traditional Chinese Medicine
C802051 Manufacture of Chinese Medicines
F208011 Retail Sale of Traditional Chinese Medicine
F102170 Wholesale of Foods and Groceries
F203010 Retail Sale of Food, Grocery and Beverage
F501990 Other Catering
F399990 Retail sale of Other Integrated

2. Business Weightings are as follows:

The consolidated operating revenue for 2025 was mainly derived from the sale of dietary supplements, pharmaceuticals and organic foods. The consolidated operating revenue for 2025 amounted NT$1,894,112 thousand, which presented an increase in comparison to the consolidated revenue NT$1,722,852 thousand of 2024, indicating an increase of 9.94%.

Unit: NT$ thousand

Main product	Sales Amount	(%) of Total Sales
Health Care/Organic Foods	1,694,600	89%
Pharmaceuticals	70,079	4%
Licensing revenue	40,877	2%
Others	88,556	5%
Total	1,894,112	100%

3. Current Main Products:

A. New drugs:

(1) “MICRSOY” Oral Solution
(2) “Herbiron” Oral Solution.

B. Health-care foods:

(1) Fermented Essence Series: Tian Chun Bao Health Solution Premium Cordyceps Mycelium Formula (180 ml), Tian Chun Bao King (90 ml), Tian Chun Bao Young Elixir (90 ml).
(2) Health Products of Lee Herbs’ Series:There are four series, such as silver- haired health, female bodybuilding, male energy, and family health, etc.
(3) Health Drinks of Lee Herbs’ Series: Nourishing Ginseng Essence Drink, Beauty Four Iron Essence Drink, Marigold Flower Lutein Drink, Top Four Irons, Green Papaya Four Irons, Zero Calorie Four Irons, Grown Up Essence Drink, and Rodiola Essence Drink.

(4) Channel Brand Series: Cotton Field Organic's health care products series, and MicroSoy health care products series.
(5) Entrusted design and production: Cotton Field Organic health-care food series and other OEM products.
(6) Microbio brand series: Yeast enzymes, sugar metabolism, growth hormone, and iron bacteria.

C. Skincare product raw materials: Enzymeatic essence series MB701, MB528, Microbio Nexosome™

D. Organic products: Including fresh fruits and vegetables, aquaculture products, and daily food supplies. We adhere to rigorous "source-to-table" controls and aim to establish the philosophy of "organic and safe" as the strongest asset of brand trust. Microbio is strategically adjusting its product structure to increase the proportion of "private label health-care foods" and "functional foods". The goal is to optimize the overall revenue structure with high-margin products and continue to develop and expand green potential products incorporating ESG concepts, thereby leading the market trend.

4. New products planned to be developed:

A. New Drugs: New drug of symbiotic fermentation of the gut microbiota.

B. Medical equipment: The symbiotic fermentation product of gut microbiota is used to relieve the symptoms of atopy and allergic rhinitis.

C. Medical-grade food: The symbiosis fermentation product of gut microbiota is used to relieve gastrointestinal-related symptoms.

D. Functional food: The microbiome's symbiotic fermentation series products support gut health, blood sugar control, liver function, and children's growth.

E. Organic food: We develop functional foods with scientific evidence of plant-based high-protein, low-sugar, and high-fiber for seniors and those with suboptimal health. We also develop "quick-cooking (RTC/RTE)" series and "functional food supplements" targeted at the sandwich generation of the age of 30~50 years old. To solve their busyness pain points, we provide dietary solutions for "efficiency and health. We will continue to strengthen the moat around our own brand, uphold our 100% organic vegetable commitment, and continue to develop health products with exclusive formulations to enhance product differentiation.

(II) Industry Overview

1. Current and future industry prospects

A. Current status and development of the global biotech industry

According to the global drug utilization report published by IQVIA, the biotech industry is currently under rapid development due to rising global healthcare demands. Manufacturers have expanded their R&D investments, resulting in a steady increase in the number of new drugs and medical devices launched on the market. At the same time, the application of cutting-edge technologies, such as mRNA, cell and gene therapy, not only accelerates the launch of products, but also significantly improves disease cure rates. In addition, agricultural biotechnology and health-care foods have continued to expand their market territory through continuous innovation and diverse marketing. The scale of the global pharmaceutical market in 2024 was approximately US$1.74 trillion, an increase of approximately 8.90% from US$1.60 trillion in 2023.

Figure: Worldwide Total Prescription Drug Sales (2015-2024)

Unit: US$100 million

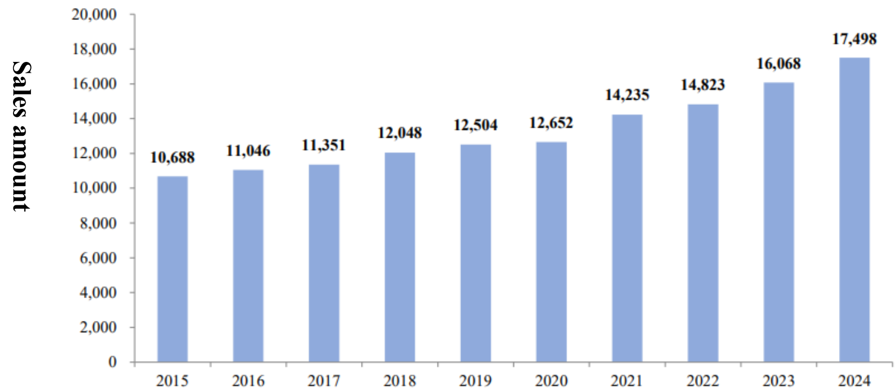


Fig. 2-1 Overview of the global pharmaceutical market development

Source: Global Use of Medicines Outlook through 2029, IQVIA, June 2025.

Source: Excerpted from the 2025 Biotechnology Industry White Paper.

According to the IQVIA market report, the top three therapeutic drugs globally in 2024 were cancer medications, metabolic disease drugs, and immunosuppressants, as shown in the table below. Cancer is a major and intractable disease. Manufacturers are actively developing cancer drugs. Over the years, most of the products approved for marketing in Europe and the United States are cancer drugs. In addition, many countries have successively promoted precision medicine and encouraged early screening, as well as innovative cancer-related treatments. It is estimated that the market scale will reach US$426.8 billion in 2030, and the compound annual growth rate between 2023 and 2030 is expected to be 11.1%. Although this is lower than previous forecasts, it still demonstrates that cancer remains a major global disease category. In addition to continued growth in demand for cancer drugs, metabolic disease drugs, including those for diabetes, hyperglycemia, and obesity, are expected to reach US$224.5 billion in 2030, with a CAGR of 14.1% from 2023 to 2030. This represents the highest compound growth rate among the top ten therapeutic areas. Other areas worth noting, including drugs for the gastrointestinal system, ophthalmic diseases, the central nervous system, and hematological diseases, all exhibit a CAGR growth rate of more than 10%.

Table. The world's top ten therapeutic drug classification fields in 2028

Unit: US$100 million, %

Ranking	Drug field	2024 Sales amount	2030 Estimated sales amount	CAGR from 2023 to 2030
1	Oncologics (cancer drug)	2,323.88	4,268.39	11.1
2	Metabolic Disorders (drug for metabolic disorders)	1,250.36	2,245.48	14.1
3	Immunology (immunodeficiency drug)	1,000.56	1.472.22	5.5

4	Infectious diseases (drug for infectious diseases)	863.26	1,073.85	1.9
5	Central Nervous System (drug for central nervous system)	811.61	1,543.56	10.4
6	Cardiovascular (drug for cardiovascular disease)	608.73	579.26	0.3
7	Respiratory (drug for respiratory system)	499.48	650.53	4.9
8	Hematological Disorders (drug for hematological disorders)	304.95	563.32	10.4
9	Ophthalmology (drug for ophthalmological disease)	213.37	406.12	11.6
10	Gastrointestinal (drug for gastrointestinal system)	182.66	388.57	13.2

Source: GlobalDala, May 2025.

Source: Extracted from 2025 Biotechnology Industry White Paper.

In 2023, the total sales of the top ten pharmaceutical products worldwide were estimated at US$129.784 billion, a decrease of 13.76% from US$150.488 billion in 2021, mainly due to the mitigation of the COVID-19 pandemic and the decline in sales of related vaccines. The ranking of the top ten pharmaceutical products has also been adjusted (as shown in the table below).

Table. Global Top Ten Branded Drugs and Sales in 2023

Unit: US$100 million %

Brand-name drug/ Pharmaceutical company	Main indications	2022 Sales Amount	2023 Sales Amount	Growth rate between 2022 to 2023	Product Type
Kcytruda® (Merck & Co)	Late-stage melanoma	209.37	250.11	19.46	Biologic
Humira® (AbbVie)	Rheumatoid arthritis, Crohn’s disease, psoriasis, juvenile idiopathic polyarthritis, etc.	212.37	144.04	-32.17	Biologic
Ozempic® (Novo Nordisk)	Diabetes	84.46	138.94	64.50	Biologic
Eliquis® (Bristol-Myers Squibb/Pfizer)	Anticoagulant	117.89	122.06	3.54	Small molecule dings
Biktarvy® (Gilead Sciences)	HIV	103.90	118.50	14.05	Small molecule

					clings
Dupixcnt® (Sanofi)	Dermatitis, asthma, chronic rhinosinusitis	87.20	115.88	32.89	Biologic
Comimaty® (Pfizer/BioNTech)	CO VID-19	430.20	112.20	-73.92	Biologic
Stelara® (Johnson & Johnson)	Psoriasis	97.23	108.58	11.67	Biologic
Darzalex® (Johnson & Johnson)	Multiple myeloma	79.77	97.44	22.15	Biologic
Opdivo® (Bristol-Myers Squibb)	Melanoma	82.49	90.09	9.21	Biologic

Source: GlobalData, May 2024

Source: Extract from 2025 Biotechnology Industry in Taiwan.

In 2024, the total sales of the top ten pharmaceutical products worldwide were estimated at US$143.37 billion, a 10.47% increase from the US$129.784 billion in 2023. This growth was primarily driven by significant sales increases of Keytruda®, a treatment for advanced melanoma, and diabetes drugs Ozempic® and Mounjaro®. The top ten brand drugs have also indicated substantial changes (as shown in the table below). Among them, seven were biopharmaceutical products with combined sales of US$106.375 billion, accounting for approximately 74.20%. Only three of the drugs were small molecule pharmaceutical products, with combined sales of US$36.995 billion, accounting for approximately 25.80%.

Table. Global Top Ten Branded Drugs and Sales in 2024

Unit: US$100 million, %

Ranking	**Brand-name drug/Pharmaceutical company**	**Main indications**	**2023 Sales amount**	**2024 Sales amount**	**Growth rate for 2023-2024**	**Product type**
1	Keytruda® (Merck & Co)	Advanced melanoma	250.11	294.82	17.88	Biologic
2	Ozempic® (NOVO Nordisk)	Diabetes	138.94	174.68	25.72	Biologic
3	Dupixent® (Sanofi)	Dermatitis, asthma, chronic sinusitis	115.88	141.36	21.99	Biologic
4	Biktarvy® (Gilead Sciences)	HIV	118.50	134.23	13.27	Small molecule drugs
5	Eliquis® (Bristol-Myers	Anticoagulant	122.06	133.33	9.23	Small

	Squibb)					molecule drugs
6	Skyrizi® (AbbVie)	Psoriasis	77.63	117.18	50.95	Biologic
7	Darzalex® (Johnson & Johnson)	Multiple myeloma	97.44	116.70	19.77	Biologic
8	Mounjaro® (Eli Lilly)	Diabetes	51.63	115.40	123.51	Biologic
9	Stelara® (Johnson & Johnson)	Psoriasis	108.58	103.61	-4.58	Biologic
10	Trikafta® (Vertex)	Cystic fibrosis	89.45	102.39	14.47	Small molecule drugs

Source: GlobalData, May 2025.

Source: 2025 Biotechnology Industry White Paper

In 2022, the U.S. government initiated federal health insurance (Medicare) drug price negotiations through the Inflation Reduction Act (IRA). For the first batch of 10 drugs covering common diseases such as diabetes and anticoagulants, the price reductions reached 38% to 79%. It is expected that after implementation in 2026, tens of billions of dollars will be saved for the U.S. Government and insurers. At the same time, in response to the potential tariff increases in the U.S. (currently temporarily suspended pending negotiations) and to reduce excessive reliance on imported generic drugs, transnational pharmaceutical companies (such as Eli Lilly, J&J, Pfizer, and Roche) are accelerating the relocation of their manufacturing capacity back to the U.S. and making significant investments to expand local production bases, ensuring a resilient pharmaceutical supply chain.

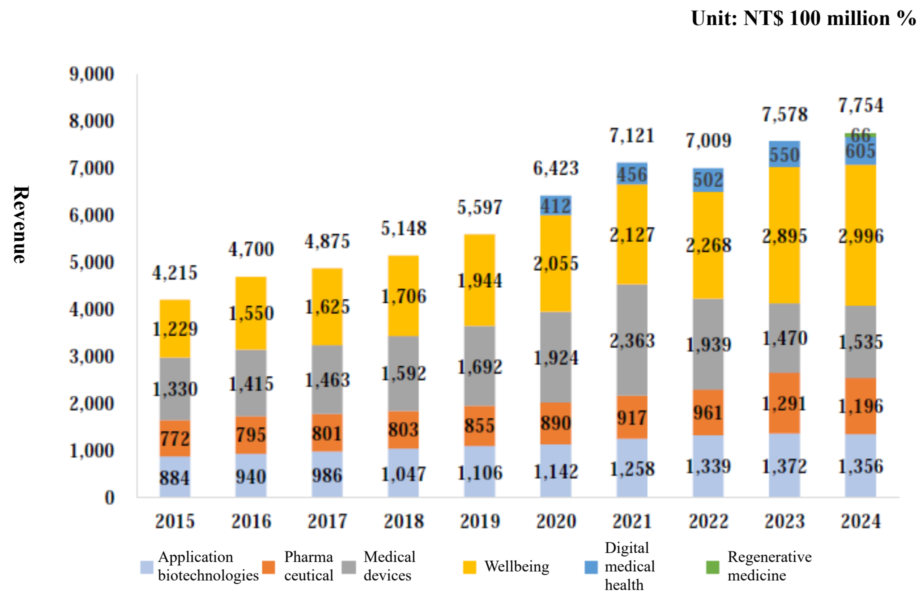
Meanwhile, AI is currently penetrating the life cycle of the pharmaceutical industry. Major manufacturers, including AstraZeneca and Novartis, have applied AI to gene sequencing, toxicological assessment, and early disease identification to significantly improve new drug development efficiency. The U.S. FDA has also begun to assess whether AI or organ chips may be adopted to replace traditional animal testing. In addition, the application of "real-world evidence" (RWE) is becoming increasingly important. By analyzing real data of medical records or wearable devices to assist clinical trial design and post-market monitoring, hundreds of RWE trials are currently underway globally, serving as a key auxiliary tool to promote medical development.

Looking to the future, immunotherapy drugs, cell and gene therapy (CGT), personalized medicine, and continuously increasing clinical trial costs will be the most influential industry trends in 2025. In terms of market segments, GLP-1 based anti-obesity and diabetes drugs are expected to bring great business opportunities. According to forecasts, Mounjaro® / Zepbound® by Eli Lilly and Wegovy® by Novo Nordisk are expected to dominate the top few spots among the best-selling drugs globally by 2031, with strong double-digit compound annual growth rates; in contrast, sales of existing blockbuster cancer drugs, such as Keytruda®, are expected to gradually decline as development of new indications becomes saturated.

B. Current Status and Development of Taiwan’s Biotech Industry

In 2024, the overall turnover of Taiwan's biotechnology industry increased from NT$757.8 billion in 2023 to NT$775.4 billion in 2024, a growth of 2.32%. The pharmaceutical industry was affected by a surge in orders, resulting in a growth rate of 34.34% in 2023. However, the growth normalized in 2024, resulting in a decrease in revenue. Revenue for 2024 totaled NT$119.6 billion, a decrease of approximately 7.36%, suppressing the growth of the biotechnology industry. The medical equipment sector indicated a turnover of NT$153.5 billion, a growth of approximately 4.42%. The turnover of the applied biotechnology industry was NT$135.6 billion, a growth of approximately 2.96% compared to 2023, excluding regenerative medicine turnover. The turnover of the health and well-being industry was NT$299.6 billion, an increase of 3.49%, while the turnover of the digital medical industry reached NT$60.5 billion, an increase of 10%. The regenerative medical industry reported a turnover of NT$6.6 billion for the first time as a separately calculated figure, a growth of approximately 20%, as shown in the graph below.

Graph. The growth trend of the turnover of Taiwan’s biotech industry



Source: Biotechnology and Pharmaceutical Industries Promotion Office of the MOEA, Pharmaceutical Industry Technology Development Center, Industrial Technology Research Institute, 2025.

Taiwan’s pharmaceutical industry is divided into active pharmaceutical ingredients (APIs), pharmaceutical preparations, biological preparations, and traditional Chinese medicine preparations. Among them, pharmaceutical preparations are the main source of revenue in the pharmaceutical field, and generic drugs account for the largest category within Western medicine preparations. Preferential measures and policies in Taiwan attracted numerous manufacturers to invest in and develop new drugs in recent years. Not only have existing products successfully passed review by domestic and foreign regulatory agencies and received marketing and sales approval, but foreign pharmaceutical companies have also authorized several products to be jointly developed during the R&D phase, generating revenue. As of June 2025, 16 new drugs from Taiwan have been launched in the international market, and the product types include new small molecule drugs, biological drugs (including vaccines), biosimilar drugs, and new botanical drugs. In addition, the sales value of new drugs or royalty revenue has reached approximately NT$15 billion (as shown in the table below). In addition, traditional Chinese medicine is primarily focused on the domestic market. However, traditional Chinese medicine has gradually developed into new botanical drugs as technology progresses. The export market for traditional Chinese medicine has also opened due to the COVID-19 epidemic.

Table. Taiwan's new drugs on the international market

Type of new drug	Year of initial listing at the exchange	Country of listing	Name of Product	Company	Turnover of the Company in 2024 (NTS 100 milion) (Growth rate %)	Indications
Small molecule drugs	2014/01	Japan	Nephoxil®	Panion & BF Biotech Inc.	20.30	Kidney disease
Small molecule drugs	2015/10	USA	Oniwde®	Pharma Engine Inc.	25.23	Spleen disease
Small molecule drugs	2016/10	Mainland China	Taigexyn®	TaiGen	1.51	Pneumonia
Small molecule drugs	2017/08	Japan	Ondansetron®	TAHO*	0.00	Reduce the side effect of CINV caused by chemical therapy of cancer
Biologic	2018/03	USA	Trogarzo®	TaiMed Biologies	6.10	Anti-AIDS
Biologic	2019/02	EU	Besremi®	Pharma Essentia	97.35	Treatment of Polycymethia vera
Vaccine	2019/10	Thailand	AdimFlu-S	Adimmune	15.57	Influenza
Small	2020/12	Singapore	Naldebain®	Lumosa	0.39	Antalgesic

molecule drugs						
Small molecule drugs	2021/05	USA	CAMCEVI	Foresee	4.19	Prostate cancer
Biosimilanty drugs	2021/10	Canada	TX01	Tanvex	0.35	Leukopmia Breast cancer
Small molecule drugs	2021/12	USA	Tascenso ODT	Handa	8.30	Multiple sclerosis
Plant-based new drug	2021/12	Macao	Fespixon	Oneness	1.18	Diabetic foot ulcer
Small molecule drugs	2022/11	Mainland China	Para-tolueneiulfonamide	Gongwin Biopharm	0.32	Lung cancer
Biologic Drug	2023/11	EU	Herwenda	EirGenix	10.09	Breast Cancer
Small Molecule Drug	2024/03	USA	Brimonidine Tartrate Ophthalmic Solution	Activus Pharma	1.43	Ophthalmology
Small molecule drugs	2025/ 01	Mainland China	Prusogliptin®	Genovate Biotechnology	5.10	Diabetes

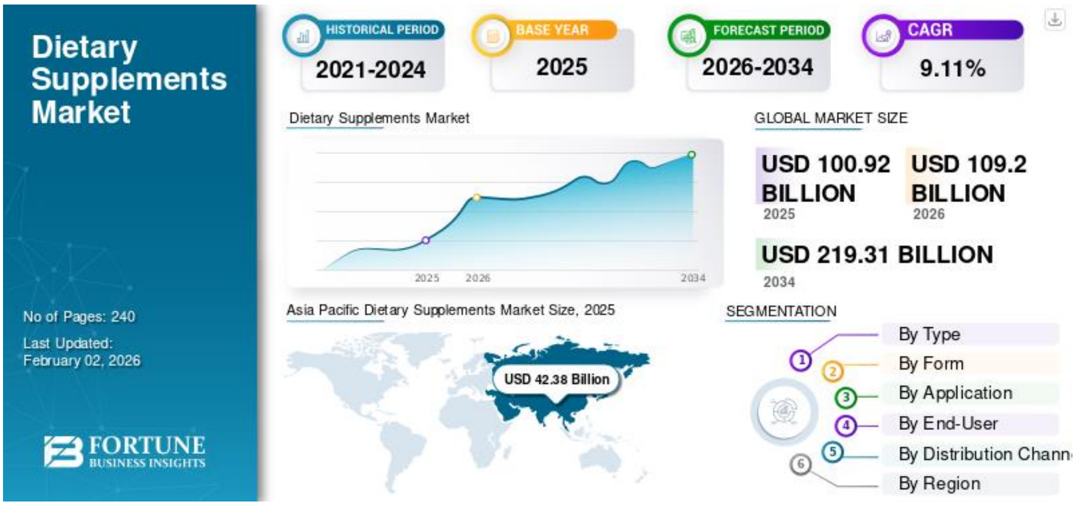
Source: Compiled by TSH Biopharm based on the status of marketed products and pipeline development; as of June 2025.

C. Health-care Food Market

According to the latest market report by Fortune Business Insights, the global dietary supplement market was approximately US$86.8 billion in 2023 and increased to approximately US$93.5 billion in 2024. The report predicts that the market will continue to grow at a compound annual growth rate of approximately 9% from US$109.2 billion in 2026 to reach approximately US$219.3 billion in 2034. In 2025, the Asia-Pacific region led the global dietary supplement market with a market share of approximately 42%, demonstrating strong demand and rapid growth momentum for health-care foods and dietary supplements in the region.

Consumers are increasingly concerned about healthy eating, and their sensitivity to food safety also increases. Manufacturers have actively invested in upgrading the health aspects and innovating diverse flavors in their products, and these factors have jointly driven the market growth. According to the global new product lunch data released by

Mintel GNPD, approximately 23,000 related new products are launched worldwide each year in the market. The top 5 functional demands for health products include energy enhancement, vitamin and mineral supplements, immune system health, digestive system health, and bone health. Graph. Global health nutrition food market status and future potential



Source: Fortune Business Insights, “Dietary Supplements Market Size, Share & Growth Report ”, 2024.

D. Organic Food Market

As Taiwan has officially entered the "ultra-aging society" (with over 20% of the population aged 65 or older) in 2025, drastic demographic shifts is currently reshaping the food retail market. While the traditional demographic dividend is gradually disappearing, it is being replaced by a strong desire to “extend healthy life expectancy”. This trend has prompted a shift in consumption patterns from "treating diseases" to "preventive medicine", driving continued growth in the market for organic foods, functional health products and nutritional supplements. The functional demands for mobility, vision and metabolism management among the senior group have driven a double-digit growth in the health-care foods and nutritional supplement markets. The “sandwich generation” aged 30~50 years old, bearing the pressure of care-giving, are pursuing "efficient health" and "food safety convenience”. Such trend establishes strong and compound demands for "organic food + functional health + instant retail", and also becomes the core dynamics for future industry profits.

2. The Upper, Middle, and Downstream Relevance of the Industry

A. Biotech Pharmaceuticals

(1) The Upper, Middle, and Downstream Relevance of the Pharmaceutical Industry

The upstream of the pharmaceutical industry is the raw material stage of the preparation of pharmaceutical processing. The raw materials are derived from chemicals, natural plants, animals, minerals, microbial bacteria and related cells of animals and plants. Among them, general chemistry is the raw material accounting for he majority. The upstream of Chinese medicine is Chinese medicinal materials which are mainly used plants as raw material and a small part are made of animals, minerals to be used as raw materials. In recent years, due to the progress of biotechnology, genetically modified animals and plants made by genetic engineering can also be directly cultivated as medicinal materials.

The midstream of the pharmaceutical industry is mainly the raw material medicine industry and the processing stage of Chinese medicinal materials. The raw material medicine industry is basically the organic chemical industry. The preparation of raw materials some are obtained from natural products, from microbial fermentation or cultured from the cells of animals and plants. The main process technology is recovery, extraction, separation, purification and formulation. For the preparation by the general chemicals, the main process technology is complex organic synthesis and separation and purification. For the preparation by the cells of microbial, animals and plants, whether it is antibiotics, protein drugs, monoclonal antibodies, etc., also have the processing such as recovery, purification and formulations, etc. The processing of Chinese medicinal materials is prepared by the processing of medicinal plants, concocting and adding excipients, disintegrating powders, adhesives, lubricants, etc., into the convenient dosage forms. In addition to traditional Chinese medicine processing medicinal materials into creams, powders, pills, and other traditional prescriptions, there are already many factories that refine and concentrate Chinese medicine prescriptions into Western medicine's types, which are called scientific Chinese medicines.

The downstream of the pharmaceutical industry refers to the marketing channels of traditional Chinese medicine, scientific Chinese medicine; prescription drugs and over-the-counter medicines, such as Chinese pharmacies, Chinese medicine hospitals, various medical clinics, pharmacies and health insurance bureaus, etc., through the prescription singed by the doctors, and then dispensed by the pharmacists and then deliver to the final consumer patients.

(2) Process of New Drug Research and Development

The development and research of new drugs is an industry that requires long-term intensive cultivation. It takes an average of 12 to 15 years and US$1 billion of the development funds for new drugs to go from drug screening in the laboratory, through the clinical trial stage, and obtaining approval for marketing. The detection of new chemical substances marks the first step of the new drug development process. This is followed by the synthesis of new compounds and research of physical and chemical properties. After completion of pharmacology and toxicity studies and safety testing, an investigational new drug application (IND) can be submitted to the competent health authority. Clinical trials conducted in three phases can be initiated. The purpose of the Phase 1 Clinical Trial is to better understand drug safety by administering it to healthy volunteers. The goal of Phase 2 clinical Trial with a small number of patients as research subjects is to verify the curative effects of the drug. Only when the reproducibility of the determined curative effects reaches a certain level can the Phase 3 trial with a large number of subjects be initiated. Upon completion of the last phase, the clinical trial report must be submitted to the competent health authority to apply for registration of the new drug. Upon approval of market launch, the competent health authority requires a safety monitoring period for the new drug, which involves collecting, assessing, and analyzing drug safety information. Adequate measures or actions must be taken as deemed necessary pursuant to risk control principles to ensure product safety and consumer rights.

Due to the fact that these drugs are directly administered to humans, competent health authorities in all countries ensure the safety and efficacy of drugs and medication safety of their citizens through legislation, rigorous controls, and the regulation of processes pertaining to drug research and development, manufacturing, import/export, sale, and use.

B. Health-care Foods

The upstream of the health-care food industry is the raw material suppliers to purchase raw materials and packaging materials required for the production of health-care food. The raw materials are medicinal materials and foods, and the packaging materials are color boxes, outer boxes and shrink films. After manufacturing and production by health-care food manufacturers, the goods are distributed to online distributors, Chinese medicine distributors, convenience stores, multi-level marketing/direct sales and emerging overseas cross-border e-commerce channels, and finally sell to the general consumers.

C. Organic Foods

The organic food industry chain covers upstream organic farming, fishing, and livestock production and manufacturing, midstream trade agencies and distributors, as well as downstream retail channels and catering services. Due to the enhanced awareness of food safety and quality among consumers, the industry trend has shifted from a simple "buyer-seller relationship" to "vertical integration”. By contracting with upstream farms and exercising tight control over midstream cold chain logistics, Cotton Field Organic controls the entire process from farm to table, thereby ensuring consistent quality and maximizing supply chain value.

3. Product development trends

The Company primarily engages in the R&D, manufacturing, and sales of new biopharmaceuticals, medical devices, health-care foods, food supplements, and organic foods. The development trends for pharmaceuticals, health-care foods, and organic foods are as follows:

A. Pharmaceuticals

(1) Cancer Medication

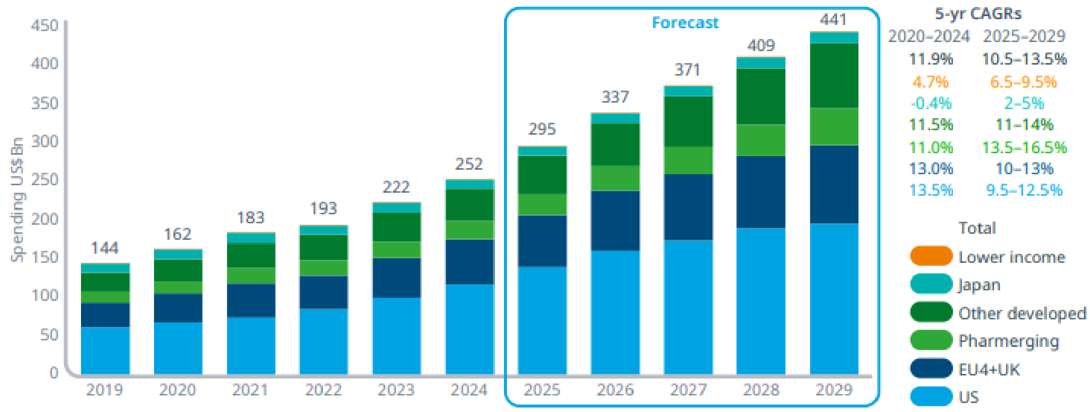
According to the global oncology drug market analysis report published by IQVIA in 2025, global oncology drug market spending reached US$252 billion in 2024. In the next five years, the estimated compound annual growth rate (CAGR) is projected to be 10.5% to 13.5%, and the market scale is expected to reach US$441 billion by 2029. The overall growth in the next five years is expected to slow down, mainly due to the patent maturity of some small molecule drugs and biopharmaceuticals, as well as intensifying competition from biosimilars. However, the continuous introduction of innovative therapies, such as antibody-drug conjugates (ADCs), bispecific antibodies, cell, and gene therapies, will mitigate the impact and drive market growth. This report also analyzes the recent R&D status of cancer drugs. In 2024, a total of 25 new active pharmaceutical ingredients (APIs) for cancer were approved and launched globally. In the past five years, a total of 132 new cancer drugs have been launched worldwide. For future R&D trends, cell and gene therapy, ADCs, and other emerging tumor therapies including multi-specific antibodies demonstrate great potential, and they have accounted for 35% of tumor clinical trials in 2024. In addition, among the 2,162 oncology clinical trials launched in 2024, Phase II accounted for 48%, while Phase I and Phase III accounted for 38% and 14%, respectively.

Since the USFDA approved the first PD-1/PD-L1 immune checkpoint inhibitor Keytruda® for the treatment of melanoma in 2014, there have been subversive changes to tumor immunotherapy, and similar drugs have sprung up like mushrooms after a spring rain, which has increased the choices for clinical treatment pharmaceuticals, broadened the scope of treatment for different types of tumors, and created a market worth US$60 billion in 2024, which is projected to exceed US$99 billion in 2029.

Amidst such prosperous development, the main aspect of enhancing the therapeutic efficacy of PD-1/PD-L1 immune checkpoint inhibitors has become a key area of competition for all pharmaceutical companies. The report indicates that the number of global PD-1/PD-L clinical trial starts has dropped by 23% from its peak in 2021. Currently, most international trials outside China are focusing on developing additional indications for existing drugs, combination therapy regimens, and moving to earlier lines of treatment. Additionally, in terms of actual drug usage statistics, the proportion of immune checkpoint inhibitors used in earl and non-metastatic cancer patients has increased significantly from 29% in 2019 to 43% in 2024. More options and even more precise cancer treatments are expected to be available in the near future.

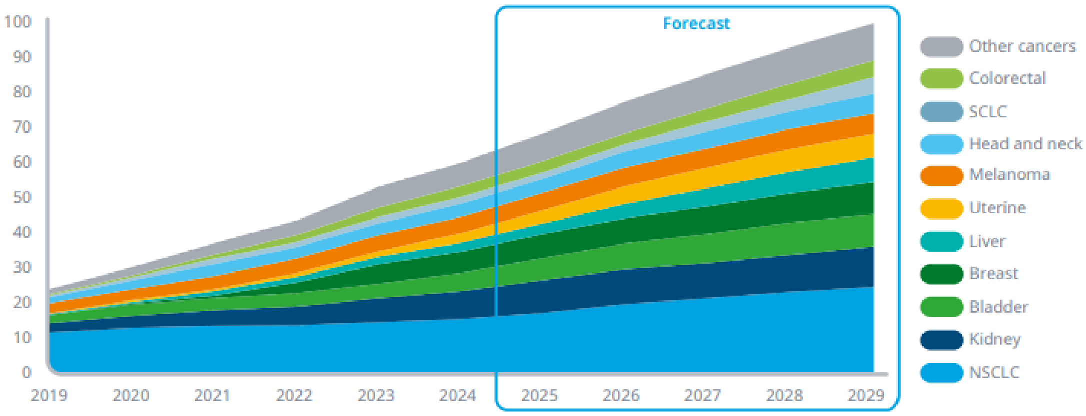
Graph. Scale of the Global Tumor Medication Market and the Growth Rate (Unit: US$ billion)

Exhibit 57: Oncology spending by region, US$Bn, 2019–2029



Graph. Sales of PD-1/PD-1 Inhibitors for Different Type of Tumors (Unit: US$ billion)

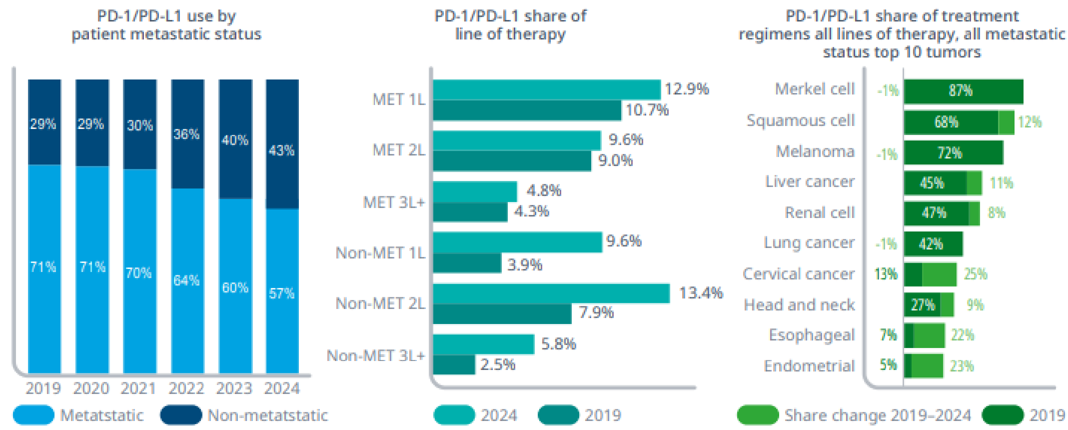
Exhibit 60: Global PD-1/PD-L1 inhibitor spending by tumor, US$Bn, 2019–2029



Source: IQVIA MIDAS Disease, Dec 2024; IQVIA Institute, Apr 2025.

Graph. PD-1/PD-L1 inhibitor use (metastasis status, line of treatment, cancer type)

Exhibit 48: U.S. PD-1/PD-L1 use by patient metastatic status, line of therapy, and tumor 2019–2024



Source: IQVIA Oncology Analytics Platform, Dec 2024.

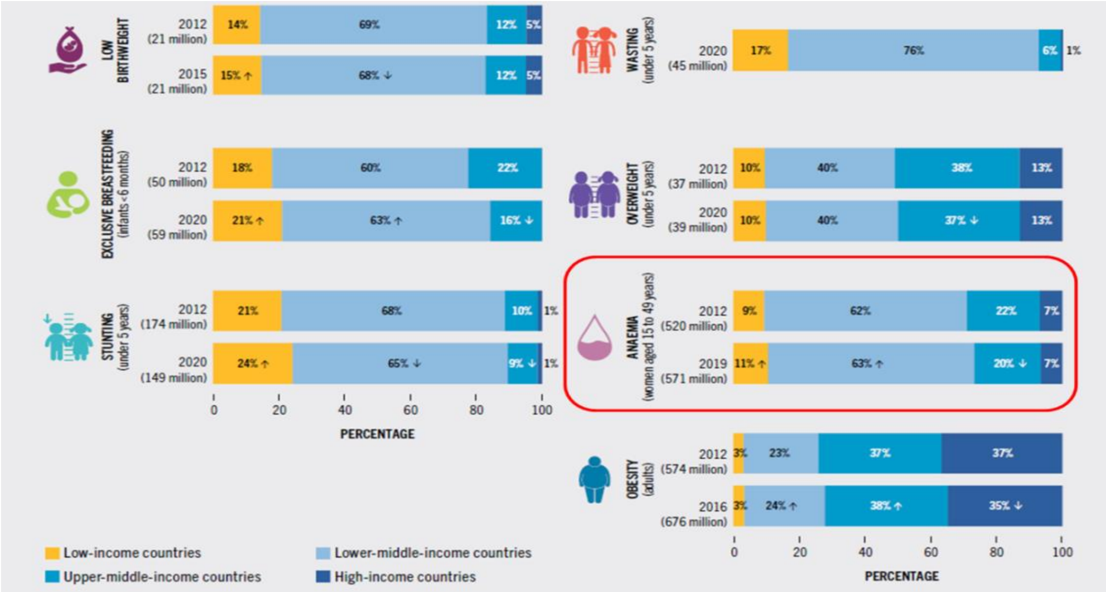
(2) Menstrual pain and iron deficiency anemia drugs

According to the latest market analysis report, in 2024, the global dysmenorrhea treatment market was estimated to be at the scale of US$5.7 billion to US$5.8 billion. The market size is expected to exceed US$10 billion between 2030 and 2033, with a compound annual growth rate (CAGR) of 7.4% to 8.4%. From menstruation to menopause, women experience menstruation for nearly 30 years. More than 80% of women have experienced menstrual discomfort, which is most common around age 20 and typically decreases with age. According to a market research survey conducted in Hong Kong, about 90% of working women believe that menstrual pain affects their work performance since the pain makes it difficult to concentrate and weakens their physical strength. They must leave early and rest in bed. It is evident that menstrual pain has certain negative impacts on women. In addition, according to UNICEF data, there are over 1.2 billion adolescents aged 10 to 19 years old (representing around 16% of the global population) with more than 50% living in the Asia-Pacific region, making it the fastest-growing market in that area. Considering the growth of the global female population and increasing awareness of menstrual health, there is a growing market demand for more effective and safer products to alleviate menstrual pain and to satisfy the daily health needs of women.

Iron-deficiency anemia is a type of anemia caused by insufficient iron, and it is one of the most common nutritional deficiencies worldwide. Apart from physiological factors of excessive menstrual bleeding and increased iron requirements during pregnancy, women during pregnancy period are also at high risk due to intestinal diseases or nutritional imbalances. According to the latest research published in The Lancet and the Global Burden of Disease (GBD), approximately one-fourth of the world's population suffers from anemia; among them, the prevalence of anemia in women of childbearing age between 15 and 49 years old is as high as 33.7% (much higher than 11.3% in men), and the number of women of childbearing age affected by anemia worldwide has increased to more than 650 million people. This has a significant impact on the incidence and mortality rates in women, and may lead to adverse pregnancy outcomes and cause harm to newborn health (such as premature birth, low birth weight, or low iron stores in infants affecting development). In view of the above, WHO has clearly set a goal of reducing the prevalence of anemia in women of childbearing age by 50% as one of its global nutrition objectives.

In terms of market size, according to the latest market reports (such as Towards Healthcare and Roots Analysis), the global iron deficiency anemia treatment market was estimated to be between US$4.7 billion and US$5.2 billion in 2024, and the compound annual growth rate (CAGR) for the period from 2024 to 2034 is expected to be approximately 7.6%, and it is projected to exceed US$10 billion between 2034 and 2035. In terms of regional development, the Asia-Pacific market and the market in China are expected to exhibit the strongest growth momentum in the future due to their large population base, gradually improving medical infrastructure, and urgent demand for anemia drugs. The potential for market development is promising.

Figure. Distribution of stunting, wasting, low birth weight, and anemia according to economy



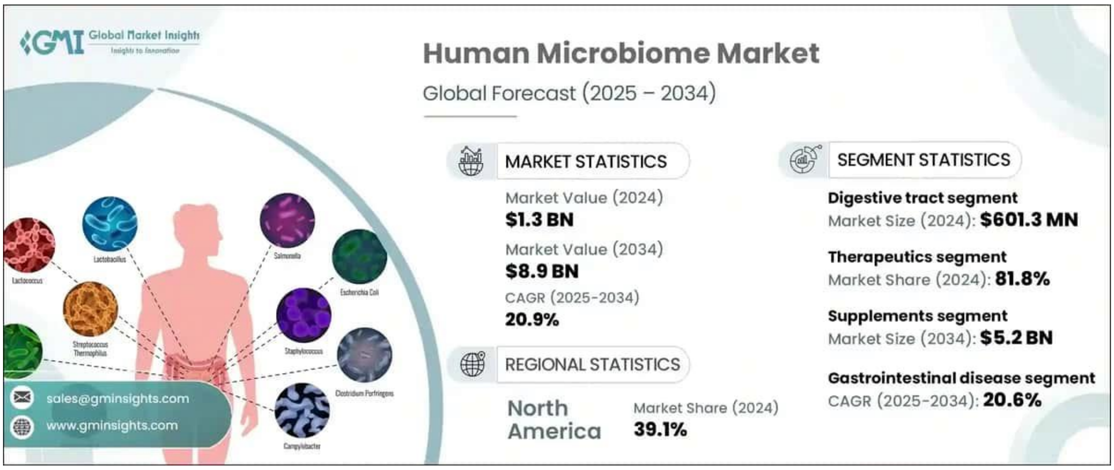
(3) New intestinal microbiota symbiotic fermentation drugs and medical devices

The gut microbiota is the body's "second brain" and "second immune system." It has co-evolved and co-existed with humans to this day, and its number can exceed 100 trillion. Due to its close relationship with human health, the European Union also launched the Metagenomics of the Human Intestinal Tract (MetaHIT) project in 2008 after the Human Microbiome Project (HMP) of the National Institutes of Health (NIH) was launched in 2007. Various countries have subsequently joined the human microbiome research project to usher in the new era of the microbiome. Within this research, intestinal microecology research remains one of the hottest subjects, and it has become a focal point for global scientific disciplines such as microbiology, clinical medicine, fundamental biology, genes, and metabolomics. The NIH has described this project as another milestone in the history of science after the Human Genome Project. Major international journals have also successively reported that gut microbes are closely related to metabolites, metabolic diseases, and cancer immunotherapy response rates. Studies have found that gut microbiota can regulate systemic immune responses through the gut-body network, and gut imbalances may lead to various diseases. As a result, major pharmaceutical and biotechnology companies have entered this emerging market, and gut microbiome therapy is booming.

According to the latest market survey conducted between 2024 and 2025 (such as Global Industry Analysts and Strategic Market Research), the global microbial therapy market value has reached approximately US$1 billion to US$1.4 billion in 2024 and is expected to grow rapidly to US$5 billion or even exceeding US$21 billion by 2030, with a compound annual growth rate (CAGR) of 31% to 56% or more. The reasons for such rapid growth of the market are mainly due to: (1) Microbiome therapy has the potential to address "unmet medical needs", particularly in oncology and autoimmune diseases; (2) increasing number of clinical evidences demonstrates the impact of the gut microbiome on disease; (3) substantial investments have been made by venture capital and multinational pharmaceutical companies; (4) clear support and review pathways have been established by regulatory agencies in various countries (e.g., the US FDA); and (5) cooperative partnerships between clinical-stage microbiome new drug companies and major pharmaceutical companies have been established. Presently, there are hundreds of biotechnology companies related to microbiome development worldwide, promoting thousands of clinical treatment projects. These biotech companies can be roughly divided into four types of fecal microbiota transplantation (FMT), probiotics, live biotherapeutic products (LBP), and companies focused on small molecules or postbiotics.

In terms of regulations and market launch process, following the USFDA's approval on the first fecal microbiota transplant therapy Rebyota (RBX2660) in November 2022, and the approval of Seres Therapeutics' new oral drug Vowst (SER-109) for the treatment of recurrent Clostridioides difficile infection (rCDI) in April 2023, microbial drug development has officially entered the commercial era. In recent years, an increasing number of postbiotic and LBP products for cancer combination therapy and immunomodulation have further advanced to enter mid- and late-stage clinical trials. This goes to show that microbiome treatment has gradually emerged and is expected to thrive in the future as gene sequencing and fermentation extraction technologies continue to be improved.

Figure. Global Market Insights Microbial Group Application Market



Source: Extracted from Global Market Insights

B. Healthcare Foods

(1) Development of microbiological research and health trend

Since the National Institutes of Health (NIH) launched the "Human Microbiome Project" in 2007, its subsequent Phase II integrated Human Microbiome Project (iHMP) results have been published in *Nature* series of journals. Through multi-omics and longitudinal research methods, the interaction mechanisms between microorganisms and hosts under diseased and healthy states have been further analyzed. Significant progress has been made in the study of human symbiotic microorganisms around the world. These studies explore the microbial communities in the gut, oral cavity, skin, nasal cavity, and reproductive tract in depth. They have found that specific microbial proteins and metabolites were closely associated with a host of diseases. In particular, the trillions of Gut Microbiota can affect digestion and absorption, they are also closely related to the human immune system and diseases associated with the "Brain-Gut Axis”. Relevant studies have shown that the intestinal microecology plays an important role in immune regulation, metabolic signaling, and brain-gut axis mechanisms.

The field of intestinal health has evolved into a huge business opportunity and become a hot spot for health product development. As the concept of intestinal health matures, demand in relevant market continues to grow. Postbiotics are an important extension of the gut health field. According to the forecast of MarketsandMarkets, the global postbiotic market is expected to grew from US$146.7 million in 2025 to US$224.8 million in 2030, with a CAGR of approximately 8.9%.

(2) Taiwan Health Food and International Development

The top three products available in Taiwan focusing on the main efficacy of "regulation of blood lipids, gastrointestinal health-care, and immune regulation" are currently the most important items in the certified health-care food products. Under the promotion of the health-care food certification system and the influence of people’s perception of food safety in recent years, it has led the industry to strengthen the scientific verification of their own products. Microbio has obtained a number of products related to the functions of these three health-care foods. Among them, "Healthy Liquid" is the first health-care food in Taiwan that has the three certified functions at the same time. "Healthy liquid" is a nano-level intestinal symbiotic bacteria metabolism essence developed by the "intestinal bacteria anaerobic symbiotic fermentation patented technology" established by Microbio Co., Ltd. to regulate the intestinal microenvironment, rebuild the intestinal micro-ecology, and has formed a health maintenance function with the core concept of "bacteria cultivation". This series of products has been successfully developed by Microbio, leading the health care industry and dedicated to the promotion of intestinal health business. Since 2025, Microbio has been committed to promoting international cooperation and expects to promote gut health products to the regions of Asia Pacific, the Americas, and Europe. We also plan to obtain international certifications, including Halal and Southeast Asia GMP qualifications for the Longtan Plant. Based on the four core business models of “raw material international licensing, product agency, OEM/ODM cooperation, and technology export”, we have established a stable and replicable global commercialization platform. Through local agency partners, we also accelerate market penetration and channel expansion, strengthened supply chain integration capabilities and cross-border operational efficiency, in order to enhance competitiveness and visibility in international markets.

WHO's 2025 data indicates that 170 of the 194 member states have reported the use of traditional medicine, and the herbal medicine market continues to expand. According to the forecast of Fortune Business Insights, the global herbal market is expected to grow from US$271.14 billion in 2026 to US$515.92 billion in 2034, with a CAGR of approximately 8.37%. Among the regions, China, Japan, South Korea, Germany and the United States are the most rapidly developing regions with the highest demand. Such growth reflects the continued rise in consumer demand for natural, herbal foods, especially in the field of preventive medicine. In addition, under the background of the national strategic plan for the development of traditional Chinese medicine and the rooted culture of traditional Chinese medicine in China, herbal and traditional health products have a relatively high market share of about 30%, which shows that the future of Chinese medicine and herbal health-care foods is boundless with the market development potential. Microbio's Lee Herb extracts the pure essence of Chinese herbal medicine based on ancient recipes, combines nutrition with advanced western science, utilizes high-end scientific research technology, and integrates traditional Chinese and western medicine for health and symptomatic concepts. A series of natural functional health-care foods are well received in the market. Ginseng Drink and Four Herbs Drink have both obtained national quality certification, creating a healthy image of all-round health care.

C. Organic Foods

(1) Low-carbon diet revolution driven by ESG

There is a growing awareness of carbon reduction globally, and consumers tend to include "carbon footprint" in their decision making. Facing the fact that 26% of global GHG comes from the food industry chain, "low-carbon diet" is no longer a slogan, but a business opportunity with premium value. The industrial focus will shift to shortening food miles (local purchase) and promoting sustainable agriculture. For Cotton Field Organic, this is not only about risk control but also an important foundation for enhancing the brand's ESG image and attracting younger customers.

(2) Enhanced food safety awareness

Clean Label has become the mainstream in the market, and domestic consumers' food safety awareness has shifted from "passive regulatory compliance" to "proactive ingredient review", with over 57% consumers focusing on raw materials and additives during selection of food products. Market trend indicates that simply labeling products as "non-toxic" is not sufficient nowadays, and the labels of "fewer additives, no additives" and "full ingredient transparency" are key to earning the trust of main consumer group aged 30-50 years old. Convenience foods that are high in fiber, non-GMO with full information transparency will be essential products for addressing the "efficient health" needs of modern people.

(3)Certification system for establishment of trust moat

Taiwan implements a rigorous dual organic certification system (official + third-party verification). Although it increases production costs, it also establishes a "trust moat" for legitimate business operators. In a market flooded with "green-washed" products, Cotton Field Organic adheres to national-level certification standards and applies an even more stringent quality control mechanism internally. Such absolute commitment to the "definition of organic" is the greatest differentiating factor between

Cotton Field Organic and general retail channels, thereby establishing an irreplaceable position in consumers' minds for the brand.

(4) Distribution channel transformation

In response to the rise of all-domain commerce, organic sales have transformed from the traditional "farmer direct sales" or "single store" model to the "all-domain commerce" era. Consumers no longer distinguish between online and offline channels, and they seek to satisfy their demands "anytime, anywhere". The integration of "physical store experience", "e-commerce convenience" and "food delivery platform immediacy" has become a key focus of channel transformation nowadays.

(5) Organic popularization and functionalization

As organic farming becomes matured and consumer awareness enhances, "organic" has changed from a niche market to the mainstream in the general market. In the face of the price competition resulting from increased market supply, future success will depend on the "product added value". Basic organic agricultural products will become the foundation, and organic processed products and health supplements combining the "functional claims" (such as high-protein, antioxidant properties, and nutritional supplements for specific groups) will be the key growth engine driving the order value and profit margin.

4. Product Competition

New drugs:

A. "MICRSOY" Oral Solution

The Company spent 15 years and invested over NT$1 billion in the research and development of Microbio's "MICRSOY" oral solution which has obtained Taiwan's first oral cancer treatment new drug certificate in December 2011. Microbio's "MICRSOY" oral solution followed the international new drug research and development specifications, and completed the rigorous pre-clinical toxicology, pharmacology, production and manufacturing control and other drug research and development in order, and completed the three phase's clinical trials in the cancer centers of Taipei Veterans General Hospital and Shin Kong Wu Ho Su Memorial Hospital. The clinical results have been proved to significantly improve the fatigue (p-value<0.0001) and decreased appetite (p-value=0.0005) caused by chemotherapy in cancer patients, and improve the ability of cancer patients to maintain family and social activities (p-value=0.0226)).

Currently, most of the chemotherapeutic protectants on the market or under developing are to solve the problem of hematopoietic cells being destroyed by chemical drugs, and there are no products on the market for stimulators of immune cell activity for cancer chemotherapy patients. As for other side effects, such as fever caused by low white blood cells, G-CSF is used to increase the number of white blood cells, and Vancomycin and Ceftazidime are combined to fight for infection as the main treatment method. Its annual sales are US$260 million. In anti-fatigue, psychostimulants such as amphetamine drugs and corticosteroids are used to relieve the symptoms. Among them, Cephalon's

Provigil drug was launched in 1999 to treat the symptoms such as fatigue, depression, and sleepiness, etc. The sales in 2000 reached to US$72 million, and it grew into US$200 million in 2002; there are Anzemet, Zofran, Kytril and other drugs for anti-vomiting with a market of approximately US$900 million; anti-depressants mostly use Prozac, Zoloft, Paxil, etc., with a market exceeding US$10 billion; in addition, there are appetite-enhancing agents such as Marinol, Oxandrin, Megace and other drugs also with a market of US$200 million. These drugs have a wide range of applications and also many side effects.

Microbio's "MICRSOY" oral solution obtained Taiwan's first oral cancer treatment new drug certificate, and its main effect is to improve the fatigue and appetite loss of cancer patients treated with chemical drugs. Aiming at the areas where "MICRSOY" can be treated as a cancer chemotherapy adjuvant or protective agent, the competitive products analysis of its existing market-related products and the types of new drugs under development is as follows:

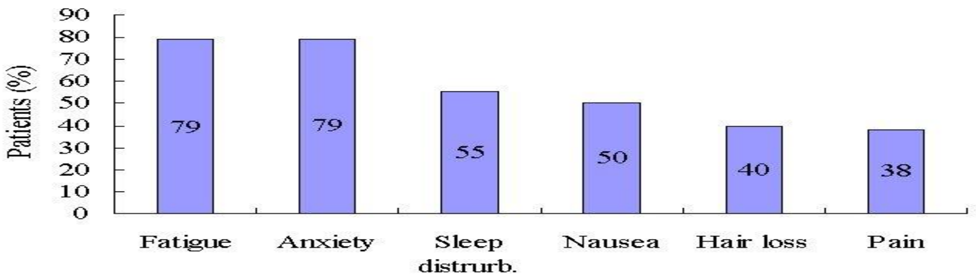
a. Appetite-boosting Drugs

At present, the commonly used appetite stimulants for the treatment of chronic diseases leading to weight loss include Marinol, which is jointly underwritten by Roxane Laboratories and Unimed Pharmaceuticals, which is a synthetic derivative of tetrahydrocannabinol; and a product, Megace, developed by Bristol-Myers Squibb is a synthetic derivative of the female hormone progesterone; in addition, there is also a product, Oxandrin, from Biotechnology General, which is a synthetic derivative of testosterone. It was clinically confirmed that after 18 cancer patients took Megace, 13 patients had an increase in appetite, and 8 of the other 9 subjects had a significant increase in calorie intake. The side effects of Marinol are feeling light, high-spirited, and easy to laugh; it can also cause dizziness, sleepiness, confusion and depression. The possible side effects of Megace include knee edema, nausea, allergic reactions, jaundice and blood pressure increased. Taking Oxandrin can cause side effects such as edema, liver dysfunction, and changes in blood lipids, etc.

b. Drugs to Relieve Fatigue

Fatigue is the most common and distressing problem for cancer patients. Approximately 79% of patients feel fatigue, especially during treatment, as shown in the figure below. The fatigue caused by cancer is quite different from the fatigue that can be solved by sleeping or resting, and the causes are quite complicated. There are currently no drugs developed for cancer-related fatigue, and generally use psychostimulants such as the drug like amphetamines, which it can easily cause the side effects of suppressed appetite; the use of corticosteroids also has great side effects; antidepressants are used to treat cancer fatigue, and its efficacy has not been confirmed. Although the psychostimulant Provigil offered by Cephalon has been confirmed to significantly alleviate the fatigue caused by cytokine therapy diseases, a placebo-controlled, double-blind, and randomized clinical trial also showed that the intervention of Provigil cannot alleviate the fatigue caused by chemotherapy or radiotherapy in lung cancer patients. The relevant results were published in the International Journal of Clinical Oncology in 2014.

Figure. Side effects experienced by cancer patients



c. Potential Effect of Enhancing the Activity of Natural Killer Cells in the Immune System

At present, there is no marketed drug in the world that uses the enhancement of natural killer (NK) cell activity as a pharmacological mechanism. The results of three phase's clinical trials have confirmed that "MICRSOY" has the potential effect of enhancing the activity of natural killer cells in the immune system.

d. Potential Efficacy in the Treatment of Neutropenia with Fever

The results of three phase's clinical trials have confirmed that "MICRSOY" has the potential efficacy to treat neutropenia with fever as a drug. At present, the drug to prevent patients with non-myeloid malignant tumors, who develop neutropenia with fever after receiving chemotherapy, is Neupogen. Neupogen was first approved by the FDA in 1991 for the treatment of 5 types of neutrophils hypocytosis (receiving myelosuppressive chemotherapy, acute myeloid leukemia receiving induction or consolidation chemotherapy, cancer patients receiving bone marrow transplantation, patients receiving autologous peripheral blood stem cell collection and treatment, and patients with severe chronic granulocytopenia), its original research company is Amgen US. In 2013, the drug's annual sales were US$1.398 billion, and its patent in the United States expired in 2013. Although it was affected by patent expiration, Neupogen's sales in 2014 were still US$1.2 billion. At present, this product is imitated by 12 companies worldwide. Neupogen is well tolerated by general patients, only a few adverse reactions must be discontinued, and the most frequently reported adverse reaction is mild to moderate (and occasionally severe) medullary bone pain. The occurrence of bone pain will vary depending on the dose and the method of injection. The incidence of subcutaneous injection is low, while the incidence of intravenous injection is high. Long-term injection of G-CSF may also cause epidermal vasculitis, and may develop into bone marrow dysplasia, myelogenous leukemia, and megasplenomegaly.

In summary, the analysis of competitors in the treatment field of cancer chemotherapy adjuvant drugs or protective agents claimed by MICRSOY shows that MICRSOY has advantages in niche markets compared to other competitive products. The comparison summary is shown in the table below.

Comparison table of the advantages of MICRSOY and the main competitors

Products	Vendor	Use Method	Reduce Neutropenia with Fever	Enhance NK Cell Activity	Increase Appetite	Reduce Fatigue	Time of Launch Approval
Neupogen®	Amgen	Injection	Prevention & Treatment	No Effect	No Effect	No Effect	1991
MGN-3	Daiwa	Oral	No Effect	Yes	No Effect	No Effect	Non-drug 1992 sold in Japan
Megace®	BMS	Oral	No Effect	No Effect	Yes	No Effect	1993
Blood Treasure PG-2	PhytoHealth	Injection	No Effect	No Effect	No Effect	Yes	2010
MICRSOY oral solution	Microbio	Oral	Yes	Yes	Yes	Yes	2011

B. "Herbiron" Oral Solution

The Company has innovated and developed the best formula composition of "Herbiron" oral solution, which has been proved by a number of basic scientific and pharmacological studies that "Herbiron" has multiple functions, and follows the international new drug research and development norms to complete rigorous drug development stage of pre-clinical toxicology, pharmacology, production and manufacturing control, etc. The results of phase III human clinical trial of the new drugs were completed in six hospitals including Taipei Veterans General Hospital, Linkou Chang Gung Memorial Hospital, Taipei Medical University Hospital, Taiwan Adventist Hospital, Wanfang Hospital, and China Medical University Hospital, and confirmed that "Herbiron" is easily absorbed and utilized by the human body. It can significantly reduce the menstrual pain intensity index (*$p=0.0004$), increase the patient's hemoglobin content (*$p<0.0001$) and serum ferritin concentration (*$p<0.0001$), and significantly increase the patient's average red blood cell volume (*$p<0.0001$). "Herbiron" oral solution has obtained the Taiwan's new drug certificate in December 2013, and it is suitable for relieving the symptoms of iron deficiency anemia and menstrual discomfort. Iron deficiency is one of the most common nutritional deficiencies. Approximately 50-70% of healthy women and 6-10% of children have varying degrees of iron deficiency. The possible causes of iron deficiency include insufficient iron intake, poor iron absorption, increased iron demands, and excessive iron loss. Iron-deficiency anemia is due to the defect in the synthesis of hemoglobin caused by lack of iron, which reduces the hemoglobin in the red blood cells in the blood. In routine blood tests, it can be found that the red blood cell index, the average red blood cell volume (MCV), the average red blood cell hemoglobin (MCH), and the hematocrit ratio (HCT) are all reduced, and blood smears also show small red blood cells with low color. Symptoms of iron deficiency anemia often vary according to the degree of anemia. When iron deficiency has not yet formed anemia, there is usually no clinical abnormality. If the iron deficiency situation continues to worsen, it will affect the production of red blood cells and cause anemia and insufficient blood oxygen supply, and it will cause obstacles to the energy supply in human cells at this time, resulting in fatigue, weakness, dizziness, shortness of breath, rapid heartbeat, and paled face, etc., and lack of physical strength, reduced exercise endurance, and immunity will fall. In the blood test report, the values of heme, transferrin saturation, and serum ferritin are used as judgment indicators. When the three indicators are necessary and only two of them are abnormal, it is indicated as latent iron deficiency without anemia symptoms. When all three indicators are abnormal, it is expressed as iron deficiency anemia. Once diagnosed with iron-deficiency anemia, the effect of food supplementation is limited, and iron must be taken orally or injected in order to effectively alleviate the symptoms of iron deficiency. In addition to the advantages of "moderate iron content, high absorption and utilization, and stable properties", Herbiron also has the effect of "relieving menstrual discomfort symptoms", that is a leading product of similar drugs. The advantages comparison of Herbiron and the main competitor, Ferrous Sulfate, is summary in the following table:

Comparison table of the advantages of Herbiron and the main competitors

	Ferrous Sulfate	Herbiron Oral Solution	Macromolecule Chelated Iron
Ingredient	Inorganic Iron	Small Molecule Organic Chelated Iron	Organic Chelated Iron
Iron Content	High	Medium	Medium
Absorption & Utilization	Low	Good	Good
Price	Low	Moderate	High
Nature	Unstable (Tended to Be Affected by Food)	Stable	Stable
Bioavailability	Adverse gastrointestinal reactions such as nausea, vomiting, epigastric pain, and constipation. Reduce bowel movements and cause constipation	Occasionally occurred very mild diarrhea (1.6%), constipation (1.6%) and reflux esophagitis (1.6%)	Allergic reaction, acute allergic reaction, itchy skin
Taste	Rust flavor	Good	N/A
Convenience of Dosage Form	Oral	Oral	Intravenous Injection

Comparison of Herbiron with the current nourishing blood and regulating menstruation products on the market:

	Herbiron	Yixin Pill	Vixulin	Shengxue Ning Tablets	Sanjie Analgesic Capsules
Indications	Relieving the symptoms of iron deficiency anemia and menstrual discomfort	Nourishes Chi and nourishes Yin Invigorating blood circulation and relieving pain	Enriching blood and promoting blood circulation Clear heat and cool blood	Nourishing Qi and Nourishing Blood	Soften the hard and disperse the gas knot Resolve phlegm and relieve pain
Permit Number	Wei-Shu-Cheng-Zhi-Zi No. 057846 (Taiwan)	NM Approval No. Z44021080 (China)	NM Approval No. Z42020181 (China)	NM Approval NO. 220030088 (China)	NM Approval No. Z20030127 (China)
Dosage	50cc/time 2 times/day	1~2 pill/time 1~2 times/day	20~30cc/time 3 times/day	2 tablets/time; Mild: 2 times/day Moderate and Severe: 3 times/day	4 pill/time; 3 times/day
Usage	Oral	Oral	Oral	Oral	Oral
Adverse Reactions	Occasionally occurred very mild diarrhea (1.6%), constipation (1.6%) and reflux esophagitis (1.6%)	Uncertain	Uncertain	A small number of upper abdominal discomfort and nausea after medication; individual patients have increased stool frequency, rash or abnormal neutrophils	Occasionally, skin itching, irritability, thirst, constipation, gastric discomfort, dizziness, nausea, diarrhea, rash, palpitations, slight increase in transaminase, urea nitrogen, changes in electrocardiogram, red blood cells in the urine

From the table above, it is shown that the use of Herbiron, in addition to moderate iron content, high absorption and utilization, and stable properties, also has the effect of relieving menstrual discomfort symptoms.

Health supplements

In terms of domestic health and nutrition food product types and product value distribution, microbial health and nutrition foods are the mainstay. According to the statistics in 2022, the production value of health and nutrition food from microorganisms, such as, lactococcus ferment extract, fungus and its metabolites, and algae reaches NT$27 billion, accounting for nearly 30% of the overall production value, a growth of about 5.1% compared to 2021 (NT$25.68 billion), of which products fermented with lactic acid bacteria contribute more than half of the overall production value of this category of health supplements. According to the global market survey report of Japan-based Global Information, from 2023 to 2030, the global market scale of herbal supplements is expected to grow at a compound annual growth rate of 6.2%. Such products include 4-in-1 beverages or berry juice-based drinks with functional ingredients such as amino acid chelated iron, collagen, CoQ10, or other Chinese prescriptions and herbal ingredients.

Microbio has obtained health-care food certifications for two products of Four Herbs Drink Beverage - Lee’s Herb, Iron with Four-Agents Decoction and Lee’s Herb 4-in-1 Supplement (drinks), whose main efficacy appeal is to promote iron absorbing herbal beverages (which aids heme production), such as ginseng beverages, youth growth beverages, and lutein beverages, that are not aimed towards women.

Microbio’s health care products cover the series of intestinal health care, eyes care, silver- haired health care, female bodybuilding, male energy, family health, etc. that fully take care of the needs of different ethnic groups. Combining traditional Chinese prescriptions and Western biotech extracted technology, using traditional Chinese medicine as the body and Western medicine as the guidelines, and in response to the advent of an aging society, the Company successfully developed the first non-sugar health and nourishing series on the market. The Lee’s Herb series products have won the SNQ Popular Sales List of Health Brand in 2018 and 2019, respectively. Among the products, Lee’s Herb - Kid Growing Herbal Essence Beverage (for boys), Lee’s Herb - Kid Growing Herbal Essence Beverage (for girls), Lee’s Herb - Papaya Four-Ingredient Iron Beverage, and Lee’s Herb - Iron with Four-Agents Decoction continue to maintain SNQ quality certification each year.

Microbio uses the core technology platform and scientific team built during the research and development of new drugs, upholds the pharmaceutical spirit to develop specialty health-care products, implements the business strategy of "rapid commercialization and product diversification" to complete a number of health-care foods, health-care foods, and functional raw materials on the market, and provides people the high-quality products with both safety and quality and the most completed health services to further strengthen consumers’ trust and loyalty to the Company’s products and create a clear distinction from other competitive products in the industry. Presently, the Company continues to expand distribution channels for its “Lee’s Herb Health-care Products”. By partnering with reputable mass retailers, convenient stores, and online shopping platforms, we actively combine physical and virtual channels to increase both the scope and depth of product sales. Meanwhile, we also actively working on the sale of Cotton Field Organic health-care foods, and through expansion of quality storefronts, integration of online and offline channels, we aim to enhance the brand value. In addition to the long-term development in Taiwan, Microbio is gradually expanding products internationally, continuing to develop online marketing, and strengthening its export markets to boost overall sales growth.

Organic Products:

According to data from Stratistics MRC, the global organic food market has reached a compound annual growth rate of 14.8%, indicating a sustained demand for health and sustainability. Faced with competition from traditional organic stores (Leezen, Santa Cruz), large retailers, and strong cross-border e-commerce platforms (PX Mart, Coupang), Cotton

Field Organic is leveraging its high-density store advantages of 81 stores to transform stores into "community pre-warehouses". For the target customer group aged 30 to 50 years old, we aim to integrate fast delivery within one hour via selected stores, Uber Eats, and Foodpanda, along with “fast cooking (RTE/RTC)” merchandise, to provide a “cook-on-demand” solution. We expect to achieve new profitability indicators with high store efficiency by breaking through the traditional retail framework.

(III) Technology and Research and Development Overview

1. R&D budget invested in most recent year and up to the printing date of the Annual Report

Unit: NT$ thousand

Item \ Year	2024	2025	2026 Q1
R&D expenditure	388,658	366,713	－
Net operating revenues	1,722,852	1,894,112	－
Invested R&D expenses in the most recent year and as of the publication date of the annual report	22.56%	19.36%	－

2. The technology or products successfully developed by the Company in the most recent year and as of the publication date of the annual report

Establish the pharmaceutical technology platform of microbial fermentation (won the 2023 National New Excellence Award)

The human intestine contains hundreds of symbiotic beneficial and harmful bacteria. Beneficial bacteria can inhibit the growth of harmful bacteria, enhance immunity, and have the effect of decomposing carcinogens. Harmful bacteria will corrupt amino acids, produce carcinogens, inhibit the autoimmune system, cause diseases and promote aging. Beneficial bacteria and harmful bacteria exist in a balanced status in the intestines, which is called "bacterial balance". Once harmful bacteria dominate, humans start to get sick. Take cancer as an example, the occurrence of cancer has a lot of related to this. When harmful bacteria dominate in the intestine, the protein and fat in food are easily converted into the factors such as nitrosamines, phenol, and secondary bile acids, etc. that stimulate the growth of cancer cells; on the other hand, if the beneficial bacteria can increase in the intestine, it can inhibit the production of carcinogens and achieve the effect of preventing and inhibiting cancer. Therefore, maintaining the bacterial balance in the intestine and the activation of beneficial bacteria are closely related to the health of the human body.

The Company takes the beneficial bacteria derived from the human intestines through pure culture, domesticated culture, symbiotic culture, and then inoculates them into a culture medium rich in plant extracts to complete the fermentation under the most suitable conditions; the fermentation broth through the process of sterilized, centrifuged, filtered, concentration and maturation, etc. becomes the fermented plant drug extract. This diversified plant fermentation broth will be tested for biological activity through protein body rapid screening technology and receptor binding analysis, and its activity will be confirmed by the animal pathology model. After completing the pharmacological, toxicological test and purification activity composition, the clinical trial will prove its drug's efficacy and safety that is a new drug; then using the formulating technology prepare the products into various dosage forms.

The Company has successfully developed the technology platform of the variety of microorganisms and large-scale cultivation, and it can design different fermentation processes for different plant drugs to effectively extract the beneficial substances in plants. Through a specific screening method in the laboratory, after confirming the extracted fermented product meets the target, further conducting the biochemical experimental inspection and toxicological and pharmacological tests, and then it enters the process of new drug development. In the future, through the diversified combination of various probiotics, the company will explore the most suitable fermentation process for different plant medicinal materials and food ingredients, and combine with the rapid screening drug technology to continuously develop new drugs for different indications. Modern research on the microbiome is not limited to the intestinal tract, and there are increasingly more investigations on the skin or nasal microbiome. Microbio has produced at least 1,200 next-generation fermentation extracts using the microorganisms and mass cultivation technology platform. We have also completed the screening platform and started screening for intestinal microecology-related diseases (inflammatory bowel disease, diabetes, and fatty liver), skin microecology-related diseases (atopic dermatitis and psoriasis), and nasal microecological-related diseases (chronic sinusitis). In 2023, we have applied for medical devices (510K), and made plans for applying for medical foods, and pharmacological activity verification for new candidate drugs.We also completed US food GRAS certification in 2024, facilitating entry into the US medical food market.

The characteristics of the Company's microbial fermentation pharmaceutical technology platform are as follows:

(A) Increase active ingredients

Multiple intestinal bacteria symbiotic culture technology can transform the active substances of medicinal materials into a form that is beneficial to the human body's absorption.

(B) Infinitely extend new substances

It produces an infinite number of new substances, and through a large number of rapid and effective screening systems, it can provide a good platform for the development of the new drugs.

(C) Design for target diseases

Symbiosis culture technology can change the combination of its flora, design with appropriate medicinal materials and target diseases that can develop new drugs or specific health-care products more accurately.

(D) Safe without side effects

Through the fermentation process of beneficial bacteria, some toxic substances can be decomposed or metabolized, that can produce safer and low side effects new drugs.

(E) The process can be scaled up to meet the business needs

Due to the short growth cycle of microorganisms and the multiple growths of bacteria, a large amount of metabolites can be produced for utilization in accordance with market demands.

3. Overview of new drugs under development

Microbio is well aware of the importance of intestinal health to the human body, therefore, it has deeply cultivated to research the metabolites of symbiotic bacteria fermentation, and so far it has more than 1,200 metabolites that can change the intestinal flora. Based on the clinical experience of "MICRSOY", since 1997, the Company has established the world's leading "Innovative in Vitro Anaerobic Symbiotic Bacteria Culture Technology" and "intestinal immune reconstruction platform (SymbiotaImmuRestore Platform)" to simulate the use of human intestinal bacteria, established a large-scale fermentation production base in 2001 with the hope to accelerate the screening of new drug candidates with "intestinal microenvironment regulation", and aims to develop the world's only intestinal ecology drug that can regulate the intestinal microenvironment. The research and development of Microbio's intestinal ecological new drugs focuses on the disease areas of diabetes and inflammatory bowel disease. At present, several candidate drugs have been identified, and in response to their key drug mechanisms, the human clinical trials with relative indications will be launched.

Numerous large medical centers jointly conducted 3 clinical trials for the first-generation microecological drug MS20 to verify its efficacy, develop new medications, and investigate new dosage forms or new approaches to new drug development. The next generation of microecological drugs (TCB, TB90010, LT-17) explored the highly safe metabolites of microorganisms and conducted new clinical trials on the easy absorption and edible characteristics of microbial metabolites. Once their efficacy in the human body is verified, we can reduce the significant amount of time and funding required in the pre-clinical phase and significantly accelerate new drug development. The field of microecological new drugs has become a new direction of drug development that international pharmaceuticals and venture capital companies are paying attention to. Therefore, Microbio will be actively in line with international standards and continue to accelerate the cooperation with international renowned teams. Based on clinical evidence, new drug development and international collaboration, the three major targets of new drug R&D of Microbio. At the moment, we have completed the submission of MB107, a topical dermatological medical material for atopy and allergic dermatitis, to the FDA, confirmed the 510K regulations for the application of medical materials, and completed the expert review on the application for GRAS certification of Food for Special Medical Purposes for oral microbiome products, meeting the GRAS standards. In addition, the GRAS documents have been officially submitted to the FDA in September 2025, and the official FDA GRAS registration is expected to be obtained in 2026. In 2026, we plan to submit applications for the MB828 nasal spray medical device and MB528 vaginal gel medical device. The approved MB828 medical materials and GRAS-certified foods are planned to be launched in the United States next year. An evaluation on the insurance benefits in the United States will be conducted at the same time, in order to strive for favorable conditions to promote the entry of special medical food and innovative medical devices and products into the market.

4. Patents Granted

No.	Name of Patent	Apply Country/ Certificate Number
1	Inhibiting lipid oxidase 15-LOX (15-lipoxygenas black soybean fermentation composition)	USA, US 6,685,973 approved
2	Manufacturing method of fermented astragals with antibacterial effect	USA, US 6,709,683 approved
3	Leguminous fermentation products have the ability to regulate the activity of natural killer cells and are used in cancer treatment	USA, US 6,733,801 approved
4	Preparation method of fermented soybean extract with lipid oxidase inhibitory activity applied to prevention or treatment of asthma	USA, US 6,855,350 approved
5	The method of using fermented soybean extracts to inhibit cancer, reduce infections and promote health	R.O.C., Invention Patent No. I 239244 approved
6	The method of anti-cancer, anti-bacterial and immune regulation by fermented soybean extract	China, ZL01129316.0 approved
7	The composition of chlorogenic acid and isochlorogenic acid and the medical use of its anti-SARS virus activity	R.O.C., Invention Patent No. I 248431 approved
8	The fermented soybean extract for enhancing immune natural killer cell activity to prevent or treat cancer or infectious diseases	R.O.C., Invention Patent No. I 252759 approved
9	Manufacturing method of fermented soybean extract for extending sleep time and reducing fatigue caused by cancer patients during chemotherapy	R.O.C., Invention Patent No. I 253933 approved
10	The method of fermented astragalus antibacterial growth ingredient	R.O.C., Invention Patent No. I 260227 approved
11	Fermented soybean extract for enhancing the activity of natural killer cells	China, ZL02127156.9 approved
12	Inhibit 15-LOX with fermented soybean extract	China, ZL03157992.2 approved
13	Edible oil with the effect of regulating blood lipids	China, ZL03102983.3 approved

No.	Name of Patent	Apply Country/ Certificate Number
14	Application of fermented soybean extract in preparing medicine	China, Approved ZL20041005849.9
15	Composition for inhibiting cancer, reducing infection and promoting health	Europe, Patent No. 243274 approved
16	A composition for inhibiting 15-LOX, which contains fermented soybean extract	R.O.C., Invention Patent No. I 340647 approved
17	Astragalus fermented liquid for inhibiting the growth of cancer cells and its fermentation method	China, ZL200710089729.0 approved
18	Proline derivatives	USA, US 8,415,482 approved
19	Proline derivatives	R.O.C., Invention Patent No. I 429645 approved
20	Application of fermented soybean extract for preparation of probiotic composition	China, Approved ZL201180034981.6
21	Proline derivatives	Macao, J/001913 approved
22	Medical composition for the treatment of hepatitis C virus infection	R.O.C., Invention Patent No. I 486160 approved
23	Proline derivatives	Japan, Invention Patent No. 5753185 approved
24	Proline derivatives	China, ZL 201080002506.6 approved
25	Application of fermented soybean extract for preparation of probiotic composition	HK, HK 1180230 approved
26	USE OF A FERMENTED SOY EXTRACT AS A PREBIOTIC COMPOSITION	USA, US 9,259,450 approved
27	Proline derivatives	HK Invention Patent HK1171439
28	Proline derivatives	Australia Invention Patent 2010325980
29	Soybean fermented probiotic composition with the effects of protecting intestinal probiotics, promoting their proliferation and avoiding side effects of antibiotics	R.O.C. Invention Patent No. I552685
30	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	Japan Invention Patent No.6005041

No.	Name of Patent	Apply Country/ Certificate Number
31	Proline derivatives	South Korea Invention Patent KR 10-1768946
32	PROLINE DERIVATIVES FOR USE TO TREAT HEPATITIS C INFECTION	Canada Invention Patent 2,781,140
33	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	Europe Patent 2595641
34	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	South Korea Patent 10-1849424
35	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	Indonesia Patent IDP000051387
36	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA	Singapore Patent 10201606382V
37	Proline derivatives	Europe Patent 2507232
38	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	United Arab Emirates Patent 1424
39	Medical composition for the treatment of hepatitis C virus infection	China Patent ZL2013 80056433.2
40	Composition for the manufacture of adjuvant therapeutic agents for chemotherapy cancer patients	R.O.C. I673060
41	A PHARMACEUTICAL COMPOSITION FOR REDUCING ADVERSE GASTROINTESTINAL EFFECTS (Approved official name)	India Patent 319576
42	USE OF A FERMENTED SOY EXTRACT AS A PREBIOTIC COMPOSITION (Approved official name)	Malaysia Patent MY-170190-A
43	Anemia treatment composition with synergistic effect	R.O.C. Invention Patent No.I552685
44	USE OF A FERMENTED SOY EXTRACT FOR MANUFACTURE OF A PREBIOTIC COMPOSITION	Canada Patent 2,805,319
45	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA	Indonesia Patent IDP000067441
46	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA	South Korea Patent 10-2180165
47	COMBINED CANCER THERAPY WITH IMMUNE CHECKPOINT MODULATORS AND FERMENTATION PRODUCTS BY SYMBIOTIC MICROBIOTA	US Patent US10,869,923 B2
48	USE OF A FERMENTED SOY EXTRACT AS A PREBIOTIC COMPOSITION	Singapore Patent 10201505609Y

No.	Name of Patent	Apply Country/ Certificate Number
49	METHOD OF ACTIVATING TUMOR-INFILTRATING LYMPHOCYTES (TILS)	US Patent US 11,179,425 B2
50	USE OF A FERMENTED SOY EXTRACT AND COMPOSITION	Brazil Patent BR 112013001369-9
51	Combined cancer therapy with immune checkpoint modulators and fermentation products by symbiotic microbiota	R.O.C. Invention Patent No. I762473
52	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA	Malaysia Patent MY-187725-A
53	METHOD OF ACTIVATING TUMOR-INFILTRATING. LYMPHOCYTES (TILS).	R.O.C. Invention Patent No. I817977
54	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA	Thailand Patent No. 97650
55	COMBINED CANCER THERAPY WITH IMMUNE CHECKPOINT MODULATORS AND FERMENTATION PRODUCTS BY SYMBIOTIC MICROBIOTA	South Korea Patent No. 10-2646979
56	COMBINED CANCER THERAPY WITH IMMUNE CHECKPOINT MODULATORS AND FERMENTATION PRODUCTS BY SYMBIOTIC MICROBIOTA	Australia Invention Patent No. 2017243406
57	COMBINED CANCER THERAPY WITH IMMUNE CHECKPOINT MODULATORS AND FERMENTATION PRODUCTS BY SYMBIOTIC MICROBIOTA	Japan Invention Patent No. 7442555
58	A SYNERGISTIC COMPOSITION FOR TREATING ANEMIA AND A MEDICAMENT COMPRISING THEREOF	Vietnam Invention Patent No. 39655
59	COMBINED CANCER THERAPY WITH IMMUNE CHECKPOINT MODULATORS AND FERMENTATION PRODUCTS BY SYMBIOTIC MICROBIOTA	US Invention Patent No. 12,023,380
60	Combination therapy method for cancer using immune checkpoint regulators (e.g., immune checkpoint inhibitors) and fermented products prepared from the symbiotic microbial flora	China Invention Patent ZL201780021221. 9

(IV) Long-term and Short-term Business Development Plan

1. Short-term Business Development Plan

Microbio's MICRSOY oral solution focuses on the three main core values - broad efficacy (across specialties), professionalism (with drug certification), and convenience (ease of administration). The latest clinical trial data confirms its remarkable synergistic effect with PD-1 immunotherapy, strengthening physicians' confidence in prescribing across specialties, increasing Oncosyn's use in oncology, and expanding its reach into primary care clinics and pharmacies. These efforts aim to fully realize bidirectional growth in clinical application and market share. In the future, we will adopt more diverse marketing policies, including: (1) Collaborating with medical associations to strengthen clinical connections among specialist physicians and to increase cross-disciplinary prescribing rates in hospitals; (2) Organizing cancer support group sharing activities to promote word-of-mouth and to also allow patients to experience the effects of reduced nausea and improved quality of life in person; (3) Enhancing patient medication guidance and treatment follow-up to ensure treatment stability and sustained effectiveness.

For the sales of health supplements, given the impact posed by the epidemic in the recent years, consumers' demand for nutritional and health supplements has been growing. Therefore, Microbio continues to develop the existing tangible channels for "Lee Herb Health Supplements" more thoroughly and also strengthens the online brand marketing to increase the opportunities and vase for sales by combining virtual and tangible channels. In 2024, an e-commerce team was organized. In addition to the management of the market in Taiwan, the team also promoted international market entry with medical health products. In 2025, the team was expanded to include international operations, and an international team was officially established, covering the cross-border e-commerce and international sales functions. Based on the firm foundation in the Taiwan market, we actively expand into potential markets in China, Southeast Asia, the Americas, and Europe to accelerate global expansion. Meanwhile, we also plan to launch a number of new intestinal health products, establish a new brand positioning and international image, and cooperate with local channels through a systematic product strategy to comprehensively promote the international market expansion of the intestinal health product series.

In terms of organic channels, we will fully promote the model of "new product-driven growth" and aim to align with international organic channel standards. We will also upgrade the cotton fields in stages from traditional organic stores to "modern organic lifestyle providers". Apart from the previous one-size-fits-all approach, we have adopted a strategy of "precise product selection based on business districts", flexibly adjusting merchandise structure and store specifications according to different location conditions of residential and commercial office areas. We are committed to establishing a unique barrier emphasizing the concept of "Only Available in Cotton Field Organic" to consumers, in order to drive store visiting rate with products of high frequency and rigid demands, thereby significantly improving per-square-foot efficiency and average transaction value for each store.

2. Long Term Business Development Plans

Microbio has continued to invest in global innovative new drug development with its excellent R&D team and strong innovation strength. The causal relationship of "intestinal bacteria and disease" has been clinically verified, using various methods to improve human intestinal flora and achieve the micro-ecological treatment of "cure through bacteria" has become the focus of the global drug market. Microbio had anticipated this trend and invested into new drug development through "microbiome symbiotic fermentation" as early as year 2000. Its first product, "MICRSOY", was approved for launch in 2011 and is being used as an adjuvant drug for cancer patients. Microbio continues to invest resources into research and development. By establishing an intestine institute and drawing results from clinical uses of "MICRSOY Oral Solution," the Company conducts further studies on gut flora and has made plans to create an activity screening platform for "cancer, metabolic disorder, and autoimmune disease" supported by "in-vitro cultivation of anaerobic symbiotic bacteria" for optimization of the fermentation process, and accelerate the selection of candidate drugs that have the potential to "regulate the intestinal microbiome."

Microbio has deeply cultivated to research the metabolites of symbiotic bacteria fermentation, and so far it has more than 1,200 metabolites that can change the intestinal flora, based on the clinical experience of "MICRSOY Oral Solution", uses the world's leading "the innovative in-vitro cultivation of anaerobic symbiotic bacteria" and "SymbiotaImmuRestore Platform" to accelerate the screening of new drug candidates with "intestinal micro-environment", and aims to develop the world's only intestinal ecology drug that can regulate the intestinal microenvironment. Microbio's new intestinal ecology drug R&D focuses on intestinal microecology-related diseases (inflammatory bowel disease, diabetes, and fatty liver), skin microecological-related diseases (atopic dermatitis and psoriasis), or nasal microecology related diseases (chronic sinusitis), and new drug candidates have already been identified. Meanwhile, the first-generation drug MS20 has been in cooperation with several large hospitals to actively conduct various clinical trials to expand its indications. In December 2025, the combined use of MS20 and immunotherapy significantly has improved chemotherapy side effects in cancer patients. The objective response rate in the MS20 group reaches 75%, far exceeding the 25% observed in the control group, tripling the patient response rate. Over 50% of patients have achieved disease remission within 4 weeks, and 83.3% of patients have reached the primary efficacy endpoint at 12 weeks. These results demonstrate positive outcomes for MS20 in tumor immunotherapy applications.

In an increasingly competitive global health-care food market, corporates must not only strengthen existing channels but also develop diverse sales pipelines to improve market penetration. In 2026, the development strategy for health-care food channels will focus on international market expansion, cross-industry cooperation, and digital transformation, which is to be achieved through medical channels, digital marketing, cross-border e-commerce, and international market expansion, in order to establish a comprehensive sales plan.

(1) International market development

Sale of health-care foods is no longer limited to traditional physical retail channels, but has expanded to include pharmaceutical channels, professional pharmacies, and clinics. Through integration of the business teams and medical professional groups, we aim to provide expert consultation and product recommendations, in order to further enhance brand trust. In addition, we promote the expansion of international market and business scope, in order to strengthen our business in China, Europe, and Southeast Asia through agents/distributors and cross-border e-commerce.

(2) Digital precision marketing

In the organic food and health-care food market, membership programs have become a key strategy for increasing customer loyalty. In the future, a new member bonus point redemption mechanism will be implemented through the membership management system. This mechanism will not only offer price rebates, but also establish a continuous customer interaction model through point accumulation and redemption to increase repurchase rates. Such mechanism is able to not only promote member loyalty but also serve as a tool to attract new customers, extend the member lifecycle, and further cultivate high-value consumers.

(3) Online/offline integration

To increase market share, Cotton Field Organic chain stores continue to develop potential business districts while focusing on areas with high population, concentrated target customer group and delivery potential. Meanwhile, the Company enhances cooperation with e-commerce platforms and third-party delivery platforms, expands brand influence through high-traffic digital channels, and provides a more convenient shopping experience, in order to further improve sales conversion rates.

(4) Omni-channel operation and experience

With changes in consumer shopping behavior, the health-care food market is moving towards an omni-channel approach, combining physical stores, official e-commerce, social commerce and even live-streaming, in order to create a real-time interactive shopping experience, to allow consumers to easily access desired products and to enhance overall brand competitiveness.

In terms of organic food distribution, the long-term development goal is to replicate the aforementioned successful "modern organic store model" on a large scale and break through retail boundaries, thereby constructing a comprehensive healthy lifestyle ecosystem. The goal is to establish a highly profitable and standardized franchise model, and pursue a dual strategy of "benchmark company-operated stores, and franchises with expansion of market share" to accelerate and intensify the service network, in order to further extend the brand value chain.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Sales Area of Main products:

The consolidated net operating revenues for 2025 and 2024 were NT$1,894,112 and NT$1,722,852 respectively, and the sales areas are mainly domestic sales.

2. Market Share:

The net consolidated operating revenue for 2025 was NT$1,894,112 thousand, mainly from sales of organic foods, health-care foods, and pharmaceuticals. According to Organic Magazine's reports in the previous years, Cotton Field Organic has been ranked at the top tier for the organic channel market for a long period of time, holding approximately 20% of the market share. In view of the above, Cotton Field Organic has adopted a strategy of "deep cultivation of core business districts" in recent years. Up to the end of 2025, the company has established a high-density service network of 68 stores in Taipei City, New Taipei City, Keelung and Yilan areas, demonstrating the strongest purchasing power in Taiwan. The company also holds an absolute advantage in actual market share and brand share in the northern Taiwan metropolitan area, and is not only the leader in the local organic channel but also demonstrates significant economies of scale.

3. Market future supply and demand status and growth:

<u>New biological drugs:</u>

(1) MICRSOY oral solution:

Cancer is one of the leading causes of death in the world, and the global tumor market will reach to US$269 billion by 2025. According to the World Health Organization (WHO) latest 2020 World Cancer Report released in 2022, in the next two decades, the number of cancer cases in worldwide may increase by 60%. In the countries with low- and middle-income, the increase rate may be up to 81%. One-sixth of people worldwide die of cancer every year, and the cancer burden is increasing. In 2018, approximately 9.6 million people worldwide died of cancer. According to the information of national cancer statistics announced by the National Cancer Center of China in 2019, in 2015, the incidence of malignant tumors was approximately 3.929 million and the deaths were approximately 2.338 million. On average, more than 10,000 people are diagnosed with cancer every day, and 7.5 people are diagnosed with cancer every minute. There is an urgent clinical need for the new drugs with effective treatment.

As per the clinical studies, "fatigue and depraved appetite may directly affect cancer patients' overall survival rate". About 60-90% of cancer patients experienced physical fatigue during or after treatment. This phenomenon can last from a few weeks to several years or even till the end of a patient's life cycle (European Journal of Cancer Care, 2015). Compared with patients with fatigue symptoms, the overall survival of cancer patients without fatigue symptoms increased by 52.4 months (Trends in cancer, 2017; (12): 97-110); and the difference of the overall survival between cancer patients with and without depraved appetite is 50%, or around 13 months (BMC Public Health. 2012 Sep 15;12:790). If the fatigue and depraved appetite issues can be resolved, patients' quality of life and their survival rate can be improved. "MICRSOY Oral Solution" can effectively improve fatigue symptoms of cancer patients and increase their appetite. It is the best new cancer adjuvant drug, meeting the unmet medical needs. Microbio's "MICRSOY Oral Solution" oral solution is the first oral cancer adjuvant treatment new drug in Taiwan, which it can helps to improve the fatigue and appetite loss for the patients during chemotherapy, so that patients have enough physical strength to complete the chemotherapy course. Currently, there is no similar oral medicine to treat (improve) the "fatigue" and "appetite loss" caused by chemotherapy in Taiwan, therefore, the market exclusivity of MICRSOY Oral Solution is extremely large. Since 2017, in addition to promoting the "MICRSOY Oral Solution Patient Supporting Program", the Company has also revised the specifications of MICRSOY Oral Solution and launched the 4 ml vial dose, which is convenient for patients to take one bottle at a time and achieves the stable dose, and with lower-dose and more user-friendly drug prices, patients can experience the effects of "MICRSOY Oral Solution" in improving the quality of life of the patients, so that the postoperative life can be taken care of. In August 2024, Microbio received approval from the Ministry of Health and Welfare to officially change the name of "Chemo Young" Oral Solution by Microbio to "MICRSOY" oral solution. This change aims to broaden its use by physicians across different specialties for a wider range of indications, and to improve acceptance among non-cancer patients.

The target markets of MICRSOY Oral Solution are Taiwan, China and Southeast Asia. According to the statistics from Taiwan Health Insurance Bureau, there are approximately 400,000 cancer patients in Taiwan, and the number of cancer patients increase approximately 90,000 annually; the latest data released by WHO shows that 8.8 million people die of cancer every year, and it accounts for nearly 1/6 of the total annual deaths worldwide. The incidence of malignant tumors in China is generally above the middle level. In 2023, the number of new patients accounted for 23.7% of the global total. Furthermore, the five-year survival rate for cancer patients in China was only 43.7%, compared to 69.0% in the U.S. This shows that cancer patients in China have a huge unmet medical need. With the clinical data supporting the combined use of MS20 and immunotherapy, patients undergoing chemotherapy, immunotherapy, or combination therapy can all use Leiao, which is expected to increase sales in the overall cancer treatment market.

(2) Herbiron:

From menstruation to menopause, a woman's menstrual period can last as long as 30 years, and over 80% of menstrual women experience menstrual discomfort symptoms. Such symptoms are most frequent around the age of 20 and usually decrease with age. According to a British market research company survey, about 90% of working women in Hong Kong believe that menstrual pain affects their work performance since the pain makes it difficult to concentrate and weakens their physical strength. They must leave early and rest in bed. It is evident that menstrual pain has certain negative impacts on women. According to the 2022 State of Food Security and Nutrition in the World published by the United Nations' Food and Agriculture Organization (FAO), the incidence rate of anemia for women aged 15-49 in 2019 was 29.9%, which was approximately 570.8 million women. This condition can also lead to adverse pregnancy and unhealthy newborns (such as prematurity birth, low birth weight, or infants with an iron deficiency that can affect development). As a result, one of the WHO's worldwide nutrition targets for 2030 is to reduce the prevalence of anemia in women of reproductive age by 50%. Furthermore, according to data from the WHO, currently more than one-third of people in the world suffer from anemia, and there are more than 100 million patients with iron deficiency anemia in China. According to the Healthy China Action (2019-2030) published by China in 2019, China clearly puts forward the prevention and control goal of anemia: By 2022 and 2030, the anemia rate will be lower than 12% and 10% respectively, and the anemia rate of pregnant women will be lower than 14% and 10% respectively. "Herbiron" is an innovative product that combines the concepts of Chinese and Western medicine and the essence of biochemical herbal medicine. The results of clinical trials have proved that it can simultaneously achieve the effects of iron supplementation and activating blood and regulating menstruation. In 2013, it was obtained the first "Oral Plant New Drug" certificate in Taiwan. The approved indication is the relief of symptoms of iron deficiency anemia and menstrual discomfort.

In the phase III of clinical trials for the iron-deficiency anemia patients in age 12 to 55 years old of teenagers and child-bearing women, Herbiron has been able to effectively increase the hemoglobin blood cell volume ratio, so that the iron-deficiency patients' indicators return to normal ranges, which can improve iron-deficiency anemia and menstrual discomfort, and side effects are lower than the existing drugs. It can enter a niche market that combines iron-deficiency anemia and female physiological conditioning to meet the health needs of female friends.

Health-care Products:

According to the statistics of the Ministry of Economic Affairs in 2025, with continuous growth in national income and increasing consumer health awareness, the trend of an aging society has driven a steady growth of the health-care food market. The output value of Taiwan's health-care food industry has reached record highs for several consecutive years, and the market demand increases steadily. In particular, the development of e-commerce channels, the launch of innovative products, and increasing consumer demand for immunity, intestinal health, and anti-aging benefits have driven continuous growth of the output value.

In recent years, as business operators have actively expanded into foreign markets, statistical data from market research agency Fortune Business Insights indicates that the global dietary supplement market has reached approximately US$109.2 billion in 2025, with the Asia-Pacific region accounting for approximately 42% of the market share, demonstrating a strong global demand for health brands. The North American market is approximately US$64.06 billion, while the European market reaches US$45.75 billion. Southeast Asian countries, including Malaysia, Singapore, Vietnam, Thailand, the Philippines and Indonesia, have become the target export market which domestic suppliers continue to develop, due to their huge population's needs and increasingly expanding market scale. In terms of the product demand, the US market shows continuous increase of demand for gut health, probiotics and digestion-related products, driven by the aging population, increasing awareness on chronic disease prevention and the trend of functional nutrition supplements. This has become one of the fastest-growing functional categories in recent years. Gut health has been recognized as the core of overall immunity and metabolic management, and it has become a primary factor driving the growth of health-care foods in the North American market. Microbio continues to cultivate its own brands and increase the market share in the domestic online and offline markets, while actively expanding into overseas health-care food markets. According to the global industrial trend, in general, mature markets in Europe and the U.S. show steady growth, and the demand in the Asia Pacific region is drive by demographic dividends and increasing health awareness. The overall health-care food market continues to expand, demonstrating the international market's long-term development potential and growth momentum.

In terms of strategy, Microbio focuses on two main aspects of "expansion of health product exports" and "strengthening of domestic multi-channel business" to enhance brand competitiveness and channel penetration. At the same time, by leveraging our existing health-care food R&D and manufacturing platform, we provide customers with end-to-end customized professional services from formula design and regulatory assessment to manufacturing, packaging and market launch. We continue to expand collaboration with globally recognized traditional direct sales channels, Chinese micro-merchants and international e-commerce customers, in order to create added value and to establish long-term, stable partnerships for mutual success.

Organic foods:

As Taiwan has entered the ultra-aging society, "preventive medicine" has shifted from concept to demand, driving strong growth in the organic and functional food sectors. At the same time, carbon-neutral diets have become a mainstream choice in support of the government's "2050 Net Zero Emissions" pathway. Cotton Field Organic will implement its ESG strategy and introduce new heavyweight products with international certifications, achieving corporate profitable and sustainable growth while satisfying the market demand for physical and mental well-being.

4. Competitive advantages:

A. Competitive advantages for technological innovation

The Company has innovatively established a symbiotic fermentation technology platform that simulated human intestinal microbes, through the diversified combination of various probiotics to discover the optimal fermentation process for different plant medicinal materials and food materials, and the effective ingredients in plants are extracted through this fermentation process. Meanwhile, the components that are not easily used by the human body are fermented and activated in vitro, and transformed into a form that is more easily absorbed by the human body. Using the metabolic synthesis of beneficial bacteria, in addition to enhancing the physiological activity of the original compound and reducing its original toxic side effects, it also produces a new active composition due to the metabolism of microorganisms. In addition to developing intestinal ecological (food grade) products with health benefits, this symbiotic fermentation technology can further be used to develop medical devices that can help to relieve symptoms or new microecological drugs for cancer, metabolism, skin, and other related diseases. They can also be combined with various existing drug therapies to speed up drug development.

B. Competitive advantages and opportunities of new drugs

On June 15, 2007, Taiwan’s "Act for the Development of Biotechnology and Pharmaceutical Industry" were passed by the Legislative Yuan. It includes clear incentives for fund raising and talent recruitment for new drug companies. Biotech new drug companies are easier to obtain talents and investment funds than in the past. The Company’s specific incentives based on the government’s policies have produced substantial incentives and support for biotech companies in the research and development of new drugs, and the Company accumulated the energy of research and development and abundant clinical trials of new drugs over the past years, and the Company believes that is the best time to accelerate the development of the new drug’s internationalization.

The Company spent 15 years and invested over NT$1 billion in the research and development of Microbio’s "MICRSOY Oral Solution" oral solution, after completing the phase III human clinical trials, which it has obtained Taiwan’s first oral cancer treatment new drug certificate. "MICRSOY Oral Solution" oral solution followed the international new drug research and development specifications, and completed the rigorous pre-clinical toxicology, pharmacology, production and manufacturing control and other drug research and development in order, and completed the three phase’s clinical trials in the cancer centers of Taipei Veterans General Hospital and Shin Kong Wu Ho Su Memorial Hospital. The clinical results have been proved to significantly improve the fatigue (p-value<0.0001) and decreased appetite (p-value=0.0005) caused by chemotherapy in cancer patients, and improve the ability of cancer patients to maintain family and social activities (p-value=0.0226)). For our core product, MICRSOY (MS-20), three clinical outcomes have been demonstrated. First, in cancer treatment, Phase 3 clinical trial results have showed that the product effectively improves side effects from chemotherapy. Second, in advanced NSCLC combined with immunotherapy, it significantly increases the patient response rate. Additionally, for the treatment of ulcerative colitis, combining it with existing therapies also greatly increases the remission rate. "MICRSOY Oral Solution" is Taiwan's first oral cancer adjuvant treatment new drug, due to its excellent safety, the Department of Health approved it on market as "over-counter drug", which can be sold in hospitals where doctors and pharmacists are stationed, clinics, pharmacies, etc., and it is not limited to the hospital prescription medication and convenient for patients to purchase.

"Herbiron" oral solution is a new drug individual developed by the Company with independent intellectual property rights, and it has applied for Taiwan and global patents. This new drug is approved to have the effect of "relieving the symptoms of menstrual discomfort ". Approximately 80% of menstruated women have menstrual discomfort symptoms. Currently, there are approximately 5 million menstruated women in Taiwan. The market is large and there are no obvious competitors. Compared with general iron agents, "Herbiron" oral solution has excellent physical availability. It has obvious effects in improving iron deficiency anemia, it is safe and has low side effects. It won the first prize of 2015 National Biotech and Medical Quality Award - Non-prescription Drugs in domestic pharmaceutical company category, the review team highly affirmed the research and development technology and clinical efficacy of the new drug of Microbio's "Herbiron". The aforementioned advantages have a very positive and significant impact on the company's financial and business.

MB701, developed for atopic dermatitis and psoriasis, has also received U.S. FDA cosmetic market release this year, indicating that the Company's products have moved beyond the R&D stage and officially possess international commercialization capabilities.

Due to the clinically verified causal relationship between “intestinal flora and disease”, micro-ecological therapies that improve the human gut flora through various methods and thereby achieve a “cure through bacteria” have turned into one of the most important trends of the global pharmaceutical market. These therapies have greatly benefited from revolutionary breakthroughs in the field of science in conformity to applicable laws. The use of sequencing technologies and the definition of microbiota changes have turned into PK and PD indicators widely accepted by regulatory units. These new technologies have also been incorporated as a key link of micro-ecological drug production process controls. Last year, Seres Therapeutics, a micro-ecological drug manufacturer in Massachusetts, USA, has achieved very positive clinical results with one of its products and has already submitted a biologics license application. When this latest development became public, the Company's stock price immediately soared to US$ 22.70, which represents a staggering rise of 389%. This clearly indicates that micro-ecological products gain favor in capital markets. These therapies have therefore entered a stage of rapid growth. Over 60 enterprises worldwide are currently actively engaged in this field. Even transnational pharmaceutical companies such as Nestle, Johnson & Johnson, Bristol-Myers Squibb, and Pfizer actively develop such products in cooperation with their strategic partners.

Intestinal microbiota therapy strategies developed for different diseases can be divided into three categories: Prebiotics, Probiotics, and Postbiotics. Due to the limitations of the first two strategies, the potential of intestinal flora metabolite (postbiotics) therapies is currently explored. It was verified last year that metabolites derived from bacterial metabolites have curative effects. AhR modulator, a bacterial metabolite product developed by Dermavant, is a perfect example of OTC drug optimization. This drug is utilized for the treatment of psoriasis and atopic dermatitis. Numerous new studies direct their focus to the analysis of the relationship between metabolites and the immune system. The intestinal ecosystem is currently considered the blue ocean of this R&D field due to its rapid growth potential.

Microbio has made a deep commitment to researching metabolites generated by symbiotic bacteria fermentation (postbiotics). We have already detected over 1,200 metabolites capable of altering intestinal microbiota and are currently expanding our drug library. On top of that, we rely on our world-leading technologies such as “the innovative in-vitro cultivation of anaerobic symbiotic bacteria” and our SymbiotaImmuRestore Platform to accelerate the selection of new drug candidates for the regulation of the “intestinal micro-environment”. In combination with the progress of regulations and science, a new generation of Microbio’s intestinal ecological new drugs will make good use of the safe and edible characteristics of metabolites. The candidate metabolite drugs that have been screened this year have begun clinical food study. Once the effect in the human body is confirmed, this strategy will greatly shorten the time and the expenditure spent in the pre-clinical stage, and accelerates the speed of new drug development.

C. Established a manufacturing plant complying with ISO and passed HACCP certification

The Company’s Longtan Plant covers an area of 14,876 square meters, and it has completed the configuration of hardware and software facilities in the plant area in August 2001. In the same year, it was approved by the Department of Chinese Medicine of the Ministry of Health and Welfare as a GMP pharmaceutical factory for Chinese medicine to carry out the mass production operation for the fermentation and extraction of soybean powder of “MICRSOY Oral Solution”. The interior of the plant is divided into: Raw material room, emulsification area, culture area, concentration area, maturation area, filling area, cleaning area, etc. There are multiple strict quality controls in the production process, and the quality of products is controlled by different analytical methods. The measured items include: physical analysis: determination of odor, appearance, color, clarity, ash content and pH, etc.; chemical analysis includes the chemical analysis of index component content of TLC spectrum and HPLC spectrum. In addition, to ensure that there is no interference from impure substances, each batch of “MICRSOY Oral Solution” drugs will also be tested for the total heavy metals, aflatoxins, and microbial limits to ensure the quality of the products.

Besides, the Company entrusted the Chinese Management Association to provide guidance on ISO certification for the entire plant. In December 2002, it passed the certification of ISO 9001:2008 Quality Management System conducted by the British SGS International Certification, and the recommendation of Chinese Management Association, the Company was selected as a model enterprise for the management system observation by the Ministry of Economic Affairs in 2002. In 2004, it passed the Ministry of Economic Affairs' scientific-specific project, "Encouragement for domestic enterprises to establish R&D centers in Taiwan", granted the ISO 17025 TAF laboratory accreditation in July 2009, passed the ISO 22000:2005 & HACCP food safety system verification in August 2011, it passed the OHSAS18001:2007 occupational health and safety management system verification in January 2015, and it also passed the ISO 14001:2015 environmental management system (currently, the certification has been amended to ISO 45001:2018) verification in December 2016, demonstrating its excellent results in the formulation and implementation of the management system. The development of all products has a strict manufacturing process and quality control system, scientific efficacy experimental verification, complete safety toxicology reports and the steady stability data.

D. Microbio’s exclusive R&D technology of gut microbiome Symbiota

Symbiota® is gut microbiome developed by Microbio using a variety of gut probiotics and a unique anaerobic symbiotic fermentation technology. It is the metabolic essence produced after the symbiotic fermentation of gut probiotics, a postbiotics product developed with precision technology, and it includes Taiwan's first approved oral new drug, MICRSOY oral solution (MS-20), as well as Symbiota yeast enzyme, MicroSoy health serum, and Young Elixir, which are available through Cotton Field Organic’s organic channels. New developments utilizing Symbiota® technology and different strains include TB90010 for diabetes and LT-17 for liver function.

Symbiota® has obtained a Generally Recognized as Safe (GRAS) Independent/Self-affirmed safety conclusion in the United States, which is an important strategy for the Company's global market access. Unlike probiotics, this product refers to postbiotics manufactured in Taiwan through the symbiotic cultivation of multiple intestinal probiotics. The scope of GRAS certification covers organic soybean fermentation products composed of combinations of multiple probiotics, yeast, or mixtures of their strains, encompassing all microbiome products currently exclusively developed by Microbio. Symbiota® has been granted with numerous patents in major countries around the world. In the future, it will adopt a diversified product listing strategy, including pharmaceuticals, medical materials, special medical foods, health-care foods, and general foods, in accordance with the laws and regulations of each country, thereby accelerating its international market access.

E. Numerous health-care foods with health food certifications

The development of the Company's health foods and health-care foods, due to the high standards of strict manufacturing standards, it has obtained a number of health food certifications, which it strengthens consumers' trust and loyalty to the Company's products, and it is clearly distinguished from other competitive products in the industry.

Of which, the product of Chemo Young has obtained the health-care food certification by the Wei-Shu-Jian-Shi-Zi No. A00062 since April 2005, which it can help to increase intestinal probiotics and improve gastrointestinal function; in June 2005, it obtained the health-care food certification by the Wei-Shu-Jian-Shi-Zi No. A00064, which it has the effect of helping to promote the activity of natural killer cells and the splenic cells hyperplasia, and immune regulation. Once again, it obtained the health-care food certification by the Wei-Shu-Jian-Shi-Zi No. A00082 in July 2006, which it can help to delay blood low-density lipoprotein oxidation (the above certifications No. 64 and No. 82 are merged into the No. 62 health-care food certification due to the certification number merger of Department of Health). In December 2009, Lee Herb's Super Red Yeast Capsules were obtained the health-care food certification by the Wei-Shu-Jian-Shi-Zi No. 000007. In addition, the "Lee's Herb, Iron with Four-Agents Decoction Drink" researched and developed by the Company has obtained the health-care food certification of "Promoting Iron Absorption" by the Wei-Shu-Jian-Shi-Zi No. A00142. This product is the first food product that passed the " Promoting Iron Absorption " health-care food certification in the country, and the approved health-care efficacies are (1) helping to promote iron absorption (2) helping to increase heme production. This product has passed the animal oral toxicity test, which proves that the human body can be consumed for a long time without toxicity. Through the 14-day heme regeneration test in anemic mice proved that compared with the traditional four substances or ferrous sulfate, the hemoglobin production and iron absorption rate in animal's body have significant improvement of effects and help to increase the body's hemoglobin production. It is the first four-substances beverage in the market to obtain the certification of health food with the effect of promoting iron absorption. In December 2014, "Lee Herb's Four substances Super Supplement (drinks)", passed the health care efficacy certification of the Ministry of Health and Welfare for "Promoting Iron Absorption Function" (Wei-Bu-Jian-Shi-Zi No. A00266). In February 2015, "Herbal Compound Capsules" was approved for the health food certification with health-care efficacy of "Liver-Protecting Function (for Chemical Liver Injury)" by the Ministry of Health and Welfare (Wei-Bu-Jian-Shi-Zi No. A00269). In July 2016, "Imperial-grade ginseng beverage" passed the health food certification with health-care efficacy of "Immune Regulatory Function" (Wei-Bu-Jian-Shi-Zi No. A00306). Currently, we plan to expand from the Chinese market into the international market, moving from GRAS to HALAL. We have also obtained GMP and Islamic certifications in Southeast Asia to enter the Islamic market with a population exceeding 2 billion.

F. Self-developed marketing channel

By the end of 2025, Cotton Field Organic has steadily established 81 stores nationwide, and also holds a leading position in organic channels in northern Taiwan. In 2026, the company will adopt a "precise site selection" strategy to focus on areas with high consumption potential, in order to increase the density of market planning. In addition, the company leverages physical channels to function as both "experience centers" and "satellite warehouses", and actively expands non-physical channels. Through deep cultivation of self-operated e-commerce, social media viral marketing by group purchase leaders, network volume from large-scale e-commerce brand stores, and the momentum of food delivery platforms (Uber Eats/Foodpanda), we have established a "high-density omni-channel network" to strengthen market penetration and brand share.

G. Customized service project for high-quality health-care products

Using the established health care product development platform, Microbio successfully alliance with internationally renowned marketing/direct sales customers, completed a number of cooperative development of health care products and exported them to Hong Kong, Southeast Asia, etc. In addition, the Company also actively negotiates with a number of key customers in China for OEM cooperative development and new health-care products launched. In the future, the Company will continue to adopt diverse product launch strategies while complying with global regulations with flexibly utilization of five modalities of pharmaceuticals, medical devices, cosmetics, special medical foods, and health supplements, in order to accelerate the international market launch of the research and development outcomes.

5. The favorable and unfavorable factors, and countermeasures

A. Favorable factors

a. Dominate the market demands and marketing channels of the products.

b. High-quality product’s manufacturing technology to meet customer needs.

c. The government actively promotes the biotechnology industry, has listed the pharmaceutical industry as an emerging important strategic industry, and provided a number of preferential measures; the government established a development promotion group for biotechnology and pharmaceutical industries to assist in upgrading the industries; in June 15, 2007, Taiwan’s "Biotechnology New Drug Development Regulations" was approved by the Legislative Yuan, and there are clear incentives for fund raising and talent recruitment for new drug companies, which biotech new drug companies are easier to get talent and investment funds than in the past. It should be the best time to accelerate the development of the globalization of new drugs.

d. Taiwan and China, signed the ECFA and the cross-strait medical and health cooperation agreement in December 2010, which it is a very beneficial policy for domestic new pharmaceutical companies to enter the China market.

e. With the improvement of living standards in China, and the increasing people paying attention to health and the aging of the population structure, the demands for the market of health care products is expected to increase.

f. In recent years, the Chinese government has continued to promote innovations in the systems, management, and services related to cross-border e-commerce, promoting its rapid development. In 2024, the total import and export volume of China's cross-border e-commerce was approximately RMB 2.6 trillion, an annual increase of approximately 8–10% (according to customs statistical announcement range), accounting for roughly

5.8%–6% of China's total foreign trade import and export volume, and continues to grow.

g. The market of organic products is growing year by year.

h. The government actively promotes organic agriculture.

i. Consumer's food safety awareness is on the rise.

B. Unfavorable factors

a. Biotechnology and pharmaceutical technology is a high-tech industry, and related production technologies and products are strictly protected by patent regulations.

Countermeasures:

The Company committed to establishing a core technology platform and applying for international patent as the protection for the results of research and development.

b. New drug development is time-consuming. During the development of new drugs requires quite a lot and quite long of the investment in manpower, material resources, capital, and time, etc., and the development of new drugs involves a wide range of scientific fields.

Countermeasures:

①The Company concentrates the manpower of research and development, recruits experienced experts and scholars, and sets goals and strategies to work together for new drug development.

②The Company jointly develops products with the strategic alliance of major international pharmaceutical companies, and actively establishes the marketing channels to expand the market of the products.

③The Company actively develops the health-care market in cross-strait, and uses the sales income of health-care products to support the research and development of new drugs, so as to improve the losses caused by the development of new drugs and enhance the company's operating strength.

c. The government's relevant supporting laws and regulations are not supportive to the development of the industry.

Countermeasures:

Combining domestic experts or technical staff with practical experience, in accordance with biotechnology policy, pre-clinical research and development, clinical trials and market investment, etc., the Company jointly conducts cross-field reviews, hopes to brainstorm and propose specific plans to make suggestions to the chief of government, and promotes inter-ministerial integration to really and effectively implement the promotion of industrial development, that prompt the government to attach importance to the integration of relevant laws and regulations and assist in the development and upgrading of the industry.

d. Cotton Field has been deeply rooted in the market for 32 years, building strong brand trust and possessing "from farm to table" vertical integration capabilities to satisfy consumers' one-stop shopping needs for fresh food, dried goods, and health products.

However, the high production cost inherent in organic agriculture creates pressure in terms of price competition. Regarding the external environment, the global "health and wellness" and "zero emissions" trends have been established, along with the government's promotion of the "2050 Net Zero Pathway", brining significant policy benefits and development opportunities for formal organic business operators; furthermore, consumer price sensitivity in an inflationary environment also increases. All of these factors are the hurdles the organic industry must overcome.

<u>Countermeasures</u>:

To seize green business opportunities and to ensure sustainable profits, Cotton Field Organic adopts three core strategies:

①Safeguarding brand authority and establishing a trust moat: Uphold the "Seven Quality Commitments" and ensure transparent traceability, and confront the chaotic "green-wash" phenomena in the market. Enhance consumer awareness through food and agriculture education, and transform "trust" into the highest brand premium to differentiate from price competition.

②Optimize the product structure and improve profitability and popularity: Focus on developing "high-value, self-owned brands" and entry-level merchandise to lower the entry barrier and to achieve a win-win situation for food safety and profit.

③Full-area business integration for maximum coverage: Overcome the barriers between the physical and digital worlds, integrate in-store experiences with instant delivery to provide seamless "full-scenario service" and penetrate consumers' lifestyles to expand market share.

e. Local brands or well-known brands from Europe, the United States, Japan and South Korea still have a dominant position in terms of overseas market expansion of health products. Take China's cross-border e-commerce as an example, between 2022 and 2023, health care brands from the United States and Australia were the main source of consumers purchasing for overseas health products as their first choice. This trend continued into 2025 in the cross-border e-commerce market for health supplements, with products from the U.S., Australia, and other mature markets remaining the mainstream choice for consumers. The top five health brands – including those from the United States, Australia, and Germany, accounting for over 60% of the market share.

<u>Countermeasures</u>:

①Cultivate the ability of cross-border marketing, recruit talents with overseas market experience, set goals and strategies, and work hard for the new market.

②Understand the dynamics of the foreign health food market, collect overseas market intelligence through local consumer research and market analysis reports, etc., and formulate marketing promotion plans that are tailored to local conditions based on indicators such as local culture and consumer behavior.

③Continue to invest in the overseas health care market, and invest the gains from the sales of health supplements to promote the brand products. From product packaging, online channels to social media, emphasize the unique selling proposition, and combine digital advertising and medical public relations operations to quickly build brand awareness.

(II) Key purpose and manufacturing process of main products

1. Main product applications

A. New drugs:

Name of New Drug	Main (Trial Application) Efficacy
“MICRSOY” Oral Solution	Improvement of fatigue and loss of appetite in chemotherapy patients.
“Herbiron” Oral Solution	Alleviation of iron deficiency anemia and menstrual discomfort

B. Health foods:

Name of Product	Health Care Efficacy
Young Elixir	1. Improves gastrointestinal function: Helps to increase probiotics in the intestines. 2. Regulates blood lipid function: Helps to delay the oxidation of low-density lipoprotein in blood. 3. Immune regulation function: (1). It can promote the proliferation of spleen cells. (2). It can promote the activity of natural killer cells.
Premium LeeHerb 4-in-1 Iron-Fortified Beverage	Promotes iron absorption function: 1. Helpful to promote iron absorption. 2. Helpful to increase heme production.
Microbio February Red® Multi-Vitamin Iron Tablets	Improving iron absorption.
Lee Herb Four Substances Super Supplement (Drinks)	Enhanced iron absorption
Herb compound capsules	Liver protection function (for chemical liver injury): For liver injury in rats induced by carbon tetrachloride: 1. Helpful to reduce the GOT (AST) and GPT (ALT) values in plasma. 2. Helpful to increase the content of albumin in plasma.

C. Health-care foods:

Brand	Name of Product	Healthcare function
Lee Herb’s Hundred-year Health Series	Green Papaya Four Substances Iron	Four substances kampo herb combines green papaya juice and fenugreek to supplement nutrition and adjust physique
	Zero Calorie Four Substances Iron	A zero-calorie four-substance kampo drink rich in ferrous glycine, adjusts physique and adds a ruddy complexion.

Brand	Name of Product	Healthcare function
	Marigold Flower Lutein	With extracts of bilberry and black current, and the patented free form lutein, the product improves protections, making eyes comfortable and bright.
	Grown-up Essence Drink	Adjusts physique for men and women at the growth stage, helps digestion and balanced absorption of nutrients.

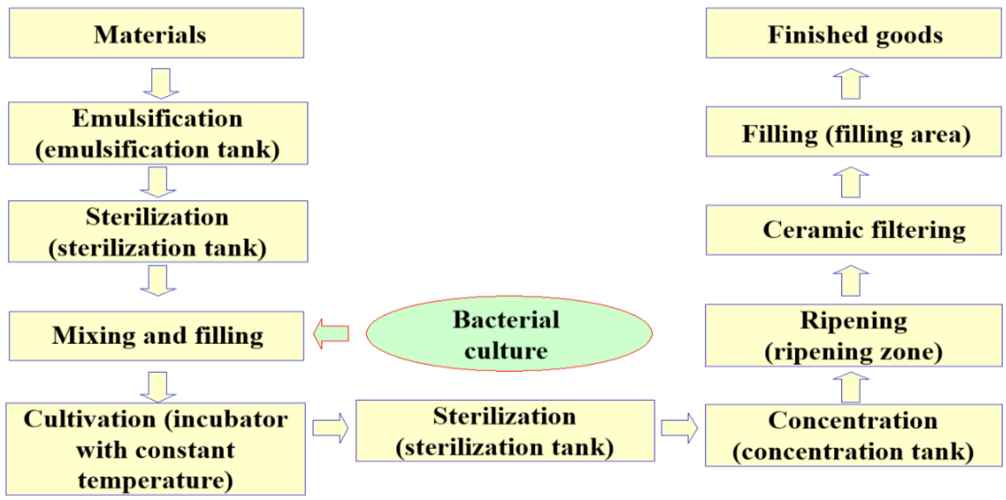
D. Organic foods:

Organic food is produced using natural and organic farming methods and no use of synthetic chemicals, food ingredients, hormonal, or antibiotics. It includes grains, foods and beverages, processed foods, pulses and spices, fruits and vegetables, and processed foods. Organic foods are considered fresher, healthier and more sustainable than conventional foods because they help the environment and provide many health benefits. The main product items and product concepts are as follows:

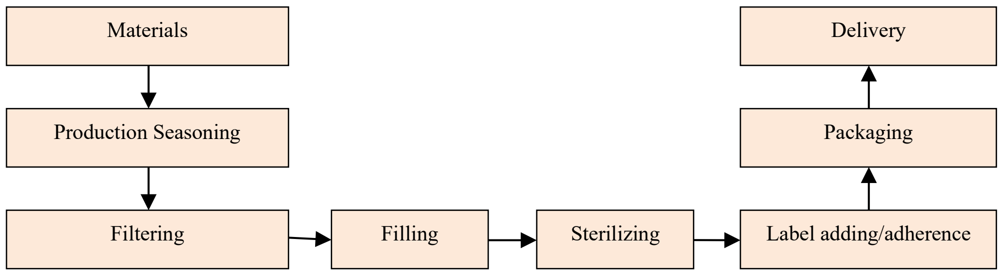
Product type	Product Concepts
Organic vegetables, melons, sprouts, fruits	Priority is given to domestic organic or natural agricultural, aquacultural and husbandary products, avoiding artificial synthetic chemical additives, and combining traditional food culture with modern biotech to promote physical and mental health is the priority. Increase foreign organic products year by year to increase product abundance and customers' selectivity.
Organic grains, whole grains, beans, nuts, dried fruits	
Organic whole wheat steamed buns, steamed buns, bread, five-grain rice & noodles, etc.	
Organic wheatgrass juice, energy soup, Ashitaba juice, fruit juice, organic integrated milk and other beverages	
Functional health care conditioning products (promote metabolism, enhance absorption, balance nutrition, improve immune system)	
Additive-free frozen prepared instant meals and instant cooking products	
Environmental protection, sustainable, traceability certification and traceable of safe fish and livestock products	
Organic seasoning oil, salt, sauces, vinegar, and sugar	

2. The Production Process:

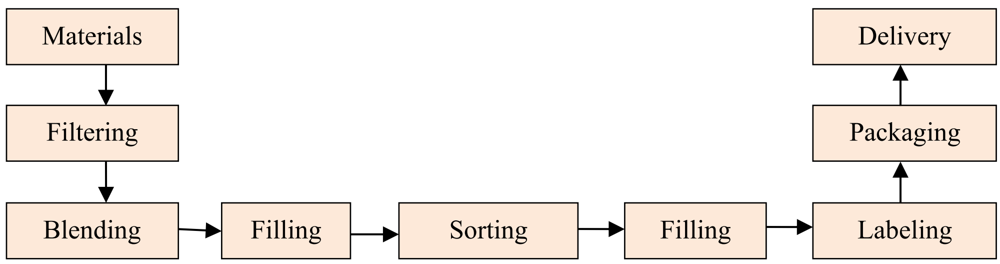
Concentrate Agent:



Beverages :



Capsules:



(III) Primary raw material supply status:

Major Raw Materials	Supply source	Status of Supply
Organic Soybeans	Mainly from Greenrize Co., Ltd.	Stable and Sufficient Supply
Chinese Herbal Medicine	Mainly from Jiahui Ginseng Medicine Co., Ltd.	Stable and Sufficient Supply
Other Raw Materials	Domestic suppliers such as Chambio Technology Co., Ltd., HG BIO Biomedical Materials Co., Ltd., Chen Ding Enterprises Co., Ltd., Toong Yeuan Enterprise Co., Ltd., GeneFerm Biotech Co., Ltd.	Stable and Sufficient Supply
Other Materials	Domestic suppliers such as Taiwan Hong Chuan, Taiwan Glass Ind., and Chia Hsiang Fa Enterprises Co., Ltd. and	Stable and Sufficient

Major Raw Materials	Supply source	Status of Supply
	Lihli Pharmaceutical Packaging Ltd., Co.	Supply

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the last two years or in any year and the purchase (sales) amount and ratio thereof, and please explain the reason of changes thereof:

1. Names of suppliers who accounted for more than 10% of the total amount of goods purchased in any of the most recent two years, the amounts and percentages of the goods purchased and the reasons for the increase or decrease:
   The Company has no suppliers whose purchase amount accounts for more than 10% of the total purchase amount in the last two years and the most recent quarter.
2. Names of customers who accounted for more than 10% of the total amount of goods sold in any of the most recent two years, the amounts and percentages of the goods sold and the reasons for the increase or decrease:
   The Company has no customers whose sales amount accounts for more than 10% of the total sales amount in the last two years and the most recent quarter.

III. Number of employees, average service year, average age and educational level distribution ratio in the last two years and up to the publication date of the annual report

Year		2024	2025	As of March 31, 2026
Number of employees	Management Staff	23	29	31
	Administration Staff	143	146	144
	R&D and Technical Staff	41	37	39
	Production Line Staff	94	91	90
	Store Salesperson	405	415	417
	Total	706	718	721
Average age		43.2	44.2	44.1
Average years of service		6.3	6.5	6.6
Academic Distribution	Ph.D.	2%	2%	2%
	Master	7%	7%	8%
	College	59%	59%	58%
	High School	30%	30%	29%
	Below high school	2%	2%	2%

IV. Information on Environmental Protection Expense

Any losses suffered by the Company for the most recent year until the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: Not applicable.

V. Labor-Management Relationship

(I) The Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status:

1. Employee Welfare:

(1) Implementation Status of the Incentive System

Item No.	Important Items	Summary
1.	Excellent Employee Reward	If the incident is verified to be true or there is specific evidence, and according to degree of excellence, an announcement of
2.	R&D Rewards	After the patent application is registered for R&D achievements, bonuses will be awarded to the relevant employees of the project.
3.	Sales Bonus	Sales target achieved, and the sales bonus will be awarded.
4.	Group Bonus	Contest winners from department or cross-department, the group bonuses will be awarded.
5.	Proposal incentives	Based on the score of the proposal, different rewards are provided
6.	Year-end bonuses	The year-end bonuses will be issued based on the company's annual operating results.
7.	Performance bonuses	The performance bonuses will be paid based on the employee's annual work performance.
8.	Annual performance-based salary adjustment	Based on the price index, industry salary adjustment rate, and the degree of outstanding performance, adjusts salary for employees.
9.	Employee stock options	Distribute the stock options to outstanding employees in accordance with the principle of stock options subscription.

(2) Implementation Status of Employee Welfare

Item No.	Company	Item No.	Employee Welfare Committee
1.	Employee Health Check-up	1.	Wedding Cash Gift
2.	Labor Insurance and Health Insurance	2.	Funeral Consolation
3.	Group Insurance	3.	Child Birth Cash Gift

Item No.	Company	Item No.	Employee Welfare Committee
4.	Education allowance for employee's children	4.	Consolation for Death of Employee
5.	Discount for employees' purchasing	5.	Gifts for Dragon Boat Festival and Mid-Autumn Festival
6.	Year-end bonuses	6.	Annual Travel and Birthday Cash Gift
7.	staff rooms (massage service)	7.	Movie appreciation for employees

2. Status of Employee's continued education and training:

The Company has formulated the "Training Management Operation Procedures" and plans relevant training courses in accordance with the requirements of functions and professions to enhance employees' knowledge and to improve the overall quality of employees and business performance. The actual results of the related training in 2025 are as follows:

Total Training Hours	Average Training Hours per Person
4,932	33.55

3. Retirement System and Its Implementation Status:

In accordance with the relevant regulations of the Labor Standards Act, the Company allocates employee's retirement reserves at 2% of the total monthly salary and deposits it in a special account in the Bank of Taiwan. The Company handles the payment of employee's pensions in accordance with the regulations of the Labor Standards Act. Since July 1, 2005, for employees who choose the pension system applying the Labor Pension Act, the Company contribute 6% of the employees' monthly salaries to their individual pension account in the Bureau of Labor Insurance. For the payment of employees' pensions, if there are the service years in the affiliated company, the pension payment shall be paid by the employee's retirement reserve special account from the old system in accordance with their service years in the affiliated company.

4. The agreements between employee and employer and the status of protection measures for various employee's rights:

The Company uses the mechanism such as the new staff orientation, annual training, regular employee's activities, and internal proposal award, etc. to have employees to understand the Company's culture, system and their own rights and interests, and improve their professional abilities; through the internal proposal reward system, colleagues may use this to propose the suggestions for the process improvement and seek new and change at any time, for the Company meeting the needs of employees in a timely manner, so that the employees to establish a good relationship with the Company that is like-minded and collaborate. Therefore, employees' loyalty to the Company and job satisfaction are enhanced, and employees are willing to make more efforts to the Company, create greater contribution and value for the Company, and the relations between employees and employer are harmonious.

5. Working environment and employee safety measures:

(1) The Company has established a safety and health management unit to handle labor safety and health management matters and implement automatic inspection and workplace measurement; we continue to improve various safety and health measures to create a safe, healthy, comfortable and friendly work environment.

(2) The Company enhances to handle various health and safety training, promotions, and exercises to effectively strengthen employees' operational safety awareness, intelligence and adaptability to ensure their work safety.

(3) Regularly conduct the health check-up for employees, provide special discount for employees to purchase the Company’s health products, and care about the employees’ health.

(4) The Company has set up staff rooms and occasionally holds festive events, such as Christmas gift exchange activities, etc. Through a comfortable and stress-free space for the heart, employees can relax emotionally, relieve stress, and improve work efficiency.

(5) When entering the laboratory, all personnel of the Company need to wear lab coats and shoes to avoid contamination from chemical or microbial operations, and to maintain the work safety of the operators.

(6) The Company's Longtan plant has passed the verification of OHSAS18001:2007 Occupational Safety and Health Management System in January 2015. It also successively passed the verifications for organic food, ISO22000/HACCP certification, halal certification, ISO 9001 certification and ISO 45001 certification in 2022.

(7) In order to protect gender equal work rights and protect employees free from sexual harassment in the work and service environment, the Company has established "Sexual Harassment Prevention Methods, and Appeal and Disciplinary Methods", and established sexual harassment complaint channels to ensure measures like prevention, correction, disciplinary and treatment improvement are taken in timely manner, and thus a health working environment is created.

(8) To ensure the implementation of the Ethical Corporate Management Best Practice Principles, the Company has established the dedicated unit, in charge of assisting the board of directors and the management to prescribe, supervise, and implement the Ethical Management Policy, and programs preventing unethical conducts; while the implementation status is reported to the Board of Directors at the end of each year, and the implementation of training and advocacy for all employees.

6. Ethical Evaluation of Employees' Conducts:

(1) The Company has formulated "Work Rules", which include professional ethics, rights and obligations, code of services, welfare measures, health and safety, and training. The purpose is to prevent improper behavior and make employees’ conducts comply with the norms of "Work Rules".

(2) "Work Rules" are not only well-known on the homepage of the Company's internal website, but also a necessary training and assessment item for new recruit staff, so that employees can clearly understand and comply with the code of conduct.

(3) In order to achieve the Company’s strategic goals and business plan development, the Company implements the performance management system, and based on the company’s culture, values and the ability to achieve strategic goals, the Company has formulated four categories of functional items: core, management, R&D, and sales. The Company requests all employees to demonstrate and implement the code of conduct on their work performance, which is included in the items of performance appraisal.

(II) Any losses suffered by the Company in the most recent year and up to the printing date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company always regards employees as the most valuable asset and attaches great importance to the future development of employees. Therefore, the relations between employees and employer have always maintained harmony, and no loss due to labor disputes has occurred.

VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management:

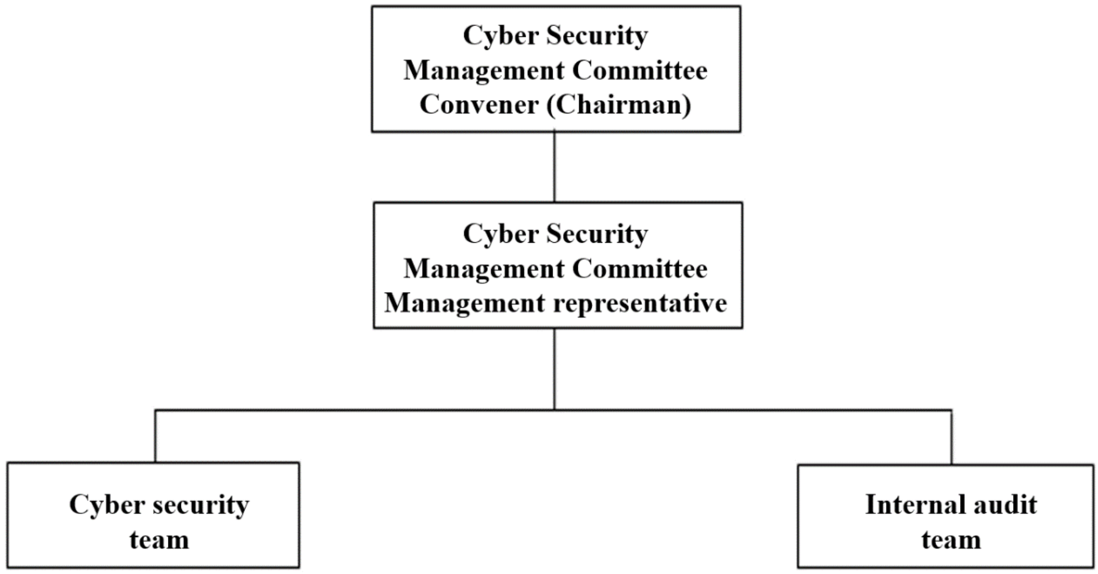
1. Cyber security risk management architecture:

The Information Security Committee of the Company’s Information Security Department controls information security management. It is convened by the Chairman, and an information security management representative post has been established. The information security team and the internal audit team of the committee are responsible for setting the information security policy (hereafter “the Policy”) and devising implementation plans.

The information security team reports the Company’s information security management status to the information security management representative each quarter and reviews the information security policy every year. The internal audit team (audit office) is responsible for auditing and conducts regular information security policy implementation status checks every year. It also tracks the implementation of defect improvement plans.

In 2025, the information and communication security team has 2 members, and the internal audit team has 2 members. During the period, one cyber security meeting was held. No major cyber security violations occurred.

Cyber security risk management framework



2. Cyber security policy:

The Company has completed theISO 27001 ISMS ISO 27001 ISMS verification and obtained the certificate in the 4th quarter of 2022, and formulated information security policies to ensure the confidentiality, integrity, and availability of information assets. The goal is to meet the relevant legal and regulatory requirements, such as the Cyber Security Management Act and its bylaws, and protect the Company from deliberate or accidental threats internally and externally. The policy architecture includes: purpose, applicable scope, objective, responsibility, management indicators, management review and implementation. The license upgrade has been completed in 2024 to upgrade from ISO 27001:2013 to ISO 27001:2022, with a certification validity period from March 2025 to March 2028.

3. Specific management program:

(1) Establishment of management measures:

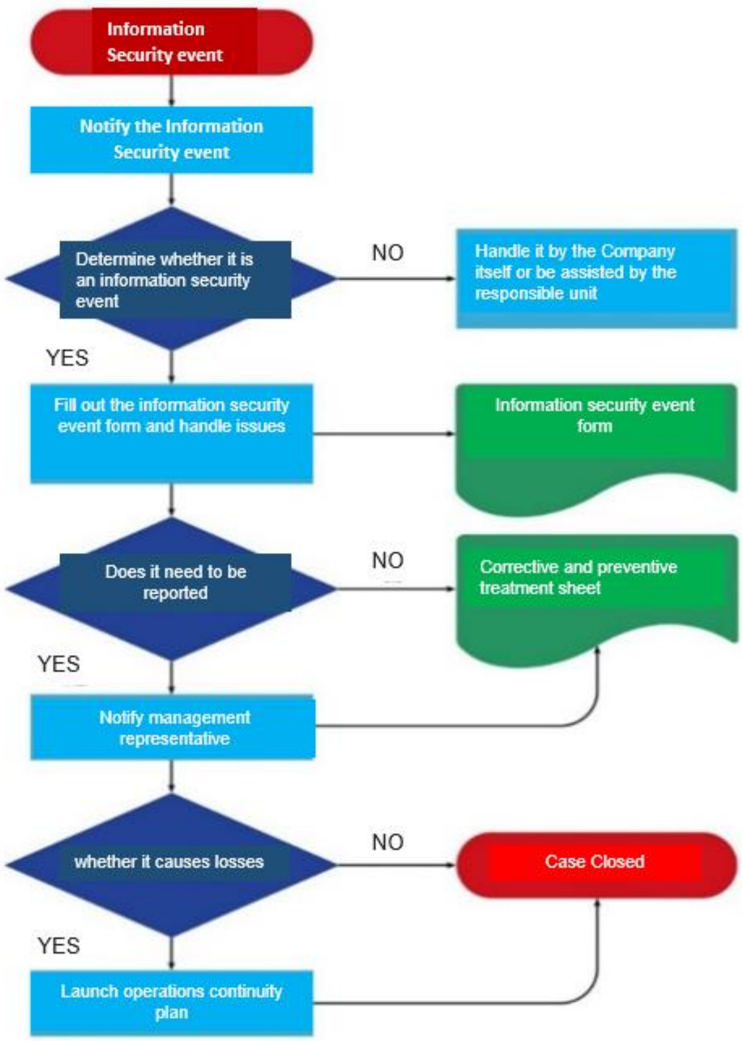
To establish a sound cyber security management system, we passed ISO 27001 certification in October 2022 and received the certificate at the end of the same year. We also have completed the ISO 27001 recertification and have obtained the certificate in 2025 to strengthen our information security management. By implementing the relevant management system according to the international information security management standards, the employees' awareness of information and communication security is improved, and the establishment of the Correct Internet Usage Guidelines. Presently, the Company has formulated cyber security policies and related management procedures as follows: Cyber Security Policy, Cyber Security Organization and Target Management Procedures, Information Asset Management Procedures, Cyber Security Risk Assessment, Physical Security, Operational Security, Access Control, and Cyber

Security Event Management, and other relevant procedures and manuals.

(2) Information technology assistance:

In the regard of cyber security safeguard, the Company enhances multiple layers of software and hardware protection which have been set up, including account password complexity authentication, host and user antivirus, online behavior management, malicious website protection, firewall blocking, host data backup, data encryption, network IP management, and other preventive measures.

Cyber Security Incident Reporting and Response Flow Chart



4. Resources invested for cyber security management:

(1) Promotion and improvement: Improve employees' information security concepts and strengthen self-protection awareness, hold at least one information security management review meeting every year, supervise and control relevant information security systems and events throughout the year, and hold at least 3 hours of information security promotion annually and 1 information and communication security incident notification drill. In 2025, a total of 3 sessions of cyber security

education and trainings were held for all employees, covering IoT security and recent security case analysis, cyber security protection and personal data protection education and training, as well as personal data protection practices. In 114, a total of 3 email social engineering drills were conducted to enhance the information security awareness of the Company's personnel.

(2) Joining the information security joint defense mechanism: The Company has joined the TWCERT/CC Information Security Alliance in September 2022, and joined the Software Association of the Republic of China - Information Security Chief Friendship Association in August 2023. For the exchange of cyber hacking intelligence, we hope to expand the breadth of the Company's information security defense and strengthen information security resilience through the joint defense mechanism and sharing of cyber hacking intelligence.

(II) List any losses suffered by the company for the most recent year until the publication date of the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: In the most recent year and up to the annual report publication date, the Company has not suffered any loss due to cyber security incidents. The Company continues to implement the targets of cyber security management policy, and conducts the recovery plan drills regularly, to protect the key system and data safety of the Company.

VII. Important Contracts

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Exclusive Authorization Contract	Academia Sinica	September 2007 ~ September 2027	Signed an exclusive authorization contract with Academia Sinica for the following specific technologies: 1. The active ingredients isolated from the fermentation broth of Taiwanese bacteria and qualitative antibacterial and anti-influenza. 2. The active ingredients isolated from the fermentation broth of Taiwanese bacteria and qualitative anti-cancer. 3. Determination of separation, characterization, and molecular target of anti-inflammatory active ingredients in PA plants. 4. Separation and characterization of anti-cancer active ingredients in	None

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
			PA plant medicinal materials. 5. Separation and characterization of anti-cancer substances in "Soybean Symbiosis Fermentation Broth".	
Exclusive Technology Authorization Contract	Oneness Biotech Co., Ltd Academia Sinica	2007.09 (Retroactively Effective) ~ September, 2027	The Company signed an exclusive out-licensing of technology agreement with Oneness Biotech and the Academia Sinica in January 2009 to replace the rights and obligations of five specific technologies in the exclusive licensing contract signed between the Company and the Academia Sinica.	None
Authorization Contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd	November 2017 ~ Last expiry date of authorized patent	Exclusive authorization of OB318 Antrodia Cinnamomea new anti-liver cancer drug.	None
Authorization Contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd	2018.09~2045.12	Exclusive authorization of ON101 new drug for diabetic foot wound healing.	None
Authorization Contract (Signed by Microbio Shanghai)	Fountain Biopharma Co., Ltd (Note 1)	November 2017 ~ Last expiry date of authorized patent	Exclusive authorization of rights of FB704A (Anti-IL6) in China, Hong Kong and Macau.	None
Authorization Contract (Signed by Microbio Shanghai)	Fountain Biopharma Co., Ltd (Note 1)	2018.09-2030.02	Exclusive authorization of rights of FB825 (Anti-CεmX) in China, Hong Kong and Macau.	None
New Drug Exclusive R&D Cooperation and Authorization Contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd LEO PHARMA A/S	Start from April 15, 2020	Exclusive cooperation and authorization of new antibody drug FB825.	None
Collaborative research and development contract (Signed by Microbio	Oneness Biotech Co., Ltd	109.10-2026.12	Collaborative development of COVID-19 drug SNS812	None

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Shanghai)				
Commissioned service contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd	2021.01–2027.12	Commissioned research for FB825 clinical trials	None
Collaborative research and development contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd	2022.07–2026.07	Collaborative research on dosage form conversion and bridging trial	None
Joint development agreement (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd CHO Pharma, Inc.	2022.12~2027.12	Joint development of the “glycosylation-based nucleic acid delivery technology”.	None
Commercialization cooperation contract (Signed by Microbio Shanghai)	China Resources Double Crane Pharmaceutical Co., Ltd.	2024.07~2043.07	Exclusive “Commercialization cooperation licensing (authorization) agreement” for “FESPIXON” Cream in China	None
Collaborative research and development contract (Signed by Microbio Shanghai)	Oneness Biotech Co., Ltd	2024.07–133.07	Collaborative development of the metabolic drug SNS851	None
Supply and Sales Contract	Chuan Lian Enterprise Co., Ltd.	2025.01-2025.12	Product agreement and transaction conditions of supply and sales.	None

Note 1: Dissolved after merging with Oneness Biotech, the related rights and obligations will be borne by Oneness Biotech.

Five. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial status

Unit: NT$ thousand

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	3,406,169	3,135,752	270,417	9%
Long-term investments	6,823,450	8,491,949	(1,668,499)	(20%)
Property, plant and equipment	1,014,787	1,143,751	(128,964)	(11%)
Intangible assets	150,051	178,017	(27,966)	(16%)
Other assets	939,345	977,522	(38,177)	(4%)
Total assets	12,333,802	13,926,991	(1,593,189)	(11%)
Current liabilities	791,987	535,848	256,139	48%
Other liabilities	1,337,328	1,522,085	(184,757)	(12%)
Total liabilities	2,129,315	2,057,933	71,382	3%
Share capital	5,881,706	5,881,706	0	0
Capital surplus	3,933,454	4,980,133	(1,046,679)	(21%)
Retained earnings (cumulative deficit)	(735,574)	(1,075,215)	339,641	(32%)
Total equity	10,204,486	11,869,058	(1,664,572)	(14%)

I. The main causes and influences of fluctuation over 20% or above and fluctuation of amount over NT$10 million are described as below:

Long-term investment: Mainly due to the recognition of investment losses under the equity method and the liquidation of the affiliated enterprise Microbio Singapore Pte. Ltd.

Current liabilities: Mainly due to the US$6,400 thousand (equivalent to NT$202,576 thousand) contract payment received from the FB825 licensing agreement between Microbio Shanghai and LEO Pharma that was reclassified from other liabilities, and the accounts payable of RMB 7,329 thousand (equivalent to NT$32,951 thousand) incurred due to Microbio Hong Kong’s purchase of Xiang Lei Tang Foot Cream at the end of the current period.

Capital reserve: Mainly due to the resolution passed at the ordinary shareholders’ meeting on May 29, 2025 to compensate the loss of NT$1,075,215 thousand with capital reserve.

Accumulated losses: Accumulated losses for 2025 decreased from 2024 and was mainly due

to a decrease in investment losses recognized under the equity method. II. The above-mentioned fluctuation does not have a significant impact on the principal activities.

II. Financial Performance

Unit: NT$ thousand

Item \ Year	2025	2024	Increase (Decrease)	Change in %
Operating income	1,894,112	1,722,852	171,260	10%
Operating cost	1,140,657	1,046,770	93,887	9%
Gross profit	753,455	676,082	77,373	11%
Operating expenses	1,160,567	1,127,497	33,070	3%
Operating losses	(406,620)	(451,143)	44,523	(10%)
Non-operating income and expenses	(544,963)	(827,245)	282,282	(34%)
Net income (loss) before tax	(951,583)	(1,278,388)	326,805	(26%)

I. Reason of increase/decrease change:

Non-operating income and expenditure: The main reason for the decrease in net non-operating expenditure in 2025 from 2024 was the decrease in investment losses recognized under the equity method in 2025.

II. Financial and business impacts of the forecast for sales for next year and basis for the forecast on the Company in the future and countermeasures:

1. Sales Volume Forecast and Basis: Please refer to “2026 Business Plan Overview” (II) Sales Volume Forecast and Basis on page 6 of the Annual Report.
2. Possible impacts on the Company's future financial operations and response plans: Microbio Co., Ltd. and its subsidiaries plan to improve the operational performance through R&D, selling and investment in biotech products as well as selling health supplements and organic food to reach our profit target.

III. Cash Flow

(I) Analysis of cash flow change in the most recent year:

Item \ Year	2025	2024	Increase (Decrease) (%)
Cash flow ratio (%)	10.77%	98.89%	(88.12%)
Fund flow adequacy ratio (%)	36.49%	37.69%	(1.20%)

Cash reinvestment ratio (%)	0.68%	3.7%	(3.02%)
In 2024, Microbio (Shanghai) signed an exclusive "Commercialization cooperation licensing (authorization) agreement" with China Resources Double-Crane Pharmaceutical Co., Ltd. for “FESPIXON” Cream. Contract liabilities were recognized in accordance with the contract, and net cash inflow was generated from operating activities. Therefore, the cash flow ratio in 2024 was higher than that in 2025.			

(II) Improvement of low liquidity: Not applicable.

(III) Cash liquidity analysis for the next year:

Unit: NT$ thousand

Cash balance at the beginning of the period	Estimated yearly net cash inflow from operating activities	Estimated cash outflow of whole-year investment and financing activities.	Anticipated Cash Surplus (Shortage)	Remedies for cash shortage	
			Kuang＋Wen－Chi	Investment plan	Financing plan
2,556,106 (Note)	50,000	(150,000)	2,456,106	0	0

1. Cash flow analysis for the coming year:

(1) Operating activities: Expected growth of operating income year over year.

(2) Investment and financing activities: Expected fixed deposits held for more than three months and lease principal repayment

2. Analysis on remedy for estimated cash shortage and liquidity: Not applicable.

(Note): Fixed deposit of more than three months is included and accounted as “Financial Assets at Amortized Cost - Liquid”.

IV. Impacts of major capital expenditures in the most recent year to financial performance: None.

V. Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year

Unit: NT$ thousand

Description / Item	Net income (loss) after tax of 2025	Main business	Policy	Main cause of profit and deficit	Improvement Plans	Investment plan for the next year
Microbio Pharmaceutical Co., Ltd.	(119,866)	Investment in holding companies	Indirect investment in China's new biotech drug development through the company	Recognition of the loss from the investment of the investee - Microbio (Shanghai)	1. Microbio (Shanghai) and Oneness Biotech Co., Ltd. signed an agreement of exclusive FB825 cooperative development and authorization with the multinational pharmaceutical company in April 2020. Currently, relevant R&D are underway aiming to meet the agreed R&D progress so as to recognize the royalty income. 2. The new coronavirus drug SNS812 developed by Microbio (Shanghai) in collaboration with Oneness Biotech completed Phase II human trial unblinding in September 2024. Based on the results of the Phase II clinical trial, the company is actively seeking cooperation with international pharmaceutical companies or	None
Microbio (Shanghai) Co., Ltd.	(264,342)	Technology development, technology transfer, technology consultation service, and technical services in the fields of pharmaceutical production, commissioned pharmaceutical production, pharmaceutical wholesale, medicine, food products, and health technology	China production base and marketing center	1. Development of new pharmaceutical projects continues to be implemented. 2. Signed an exclusive "commercialization cooperation licensing (authorization) agreement" for "FESPIXON" Cream with China Resources Double-Crane Pharmaceutical Co., Ltd. According to the contract, the second installment of the license royalty has been collected and recognized		None

Item \ Description	Net income (loss) after tax of 2025	Main business	Policy	Main cause of profit and deficit	Improvement Plans	Investment plan for the next year
				as contract liabilities, and revenue is also recognized evenly over the license period.	governments to submit an EUA application or subsequent clinical trial applications to accelerate the drug's launch. 3. The Company entered into an exclusive commercialization cooperation licensing (authorization) agreement with China Resources Double-Crane Pharmaceutical Co., Ltd. for "FESPIXON" Cream in China. This strategic cooperation will accelerate the product's market launch in China, with a continued focus on securing inclusion in the national medical insurance program as a phased goal, further consolidating and strengthening the Company's innovative drug R&D and commercialization capabilities in the Chinese market.	

Item \ Description	Net income (loss) after tax of 2025	Main business	Policy	Main cause of profit and deficit	Improvement Plans	Investment plan for the next year
Microbio (Hong Kong) Co., Ltd.	(1,228)	Domestic trade, import and export, technological development, technical transfer, technical consulting, and technical services in the field of pharmaceutical technology	Marketing center	Through Microbio (Hong Kong), Microbio (Shanghai) sold the "FESPIXON" Cream to China Resources Double-Crane Pharmaceutical and gross profit was recognized.	The Company strengthens its cooperation with China Resources Double-Crane Pharmaceutical, and continues to aim for the phased inclusion of its main product "FESPIXON" in China's national medical insurance program to improve sales performance.	None
Microsoy International Inc.	3,607	Sales of nutritional food products, dietary supplements, and beverages	Development of channels for organic products	Stable growth of revenues	Not applicable.	None
Cotton Field Organic	(2,493)	Organic food trading, business consulting, and magazine (journal) publishing	Expansion of directly-managed stores and launch of the franchise business	Organization expansion with higher personnel expenses compared to the same period last year.	Through new product development and diverse content marketing, the Company aims to establish brand value and to improve revenue and operational performance.	None
Oneness Biotech Co., Ltd	(1,044,773)	Retail of environmental drugs, intellectual property rights, biotech services, other industrial and	Reduction of the risk of developing new drugs and introduction of strategic partners.	Higher R&D expenses were incurred due to numerous international clinical trials for new drugs conducted.	Actively expand sales channels in China and other international markets.	None

Item \ Description	Net income (loss) after tax of 2025	Main business	Policy	Main cause of profit and deficit	Improvement Plans	Investment plan for the next year
		commercial services, and research and development services.				
Diamond Biofund Inc.	(1,174,732)	General investment, venture capital, wholesale of chemical raw materials, intellectual property rights, biotech services, and research and development services	Long-term investment to create interests for shareholders in corresponding to the governmental policy of promoting the biotech industry and encouraging to start venture capital funds, plus the growing business and promising future.	Recognition of investment profit or loss based on the operation of the investment targets.	Introduction of investment projects with promising opportunities to generate profits in accordance with the short, medium and long term plan.	None
Jing Ying Investment Co., Ltd.	(19,333)	General investment				None
Xin Yao Biotech Investment Co., Ltd.	(70,196)	General investment				None
Mircobio Singapore Pte. Ltd.	(14,996)	Wholesale of pharmaceutical products and dietary supplements	Owning drug license in Singapore, obtaining health insurance and seller's permit, building	Mainly due to the recognition of foreign currency exchange losses.	Liquidation procedures were completed on December 20, 2025.	None

Item \ Description	Net income (loss) after tax of 2025	Main business	Policy	Main cause of profit and deficit	Improvement Plans	Investment plan for the next year
			marketing channels and becoming the corporate headquarters for the development of pharmaceutical, dietary supplements and organic foods markets in Southeastern Asia.			
Cotton Field Organic Farm Inc.	(48,682)	Crop cultivation	Cultivation of organic produce and supplying to affiliates	Mainly due to the recognition of loss on valuation of financial assets.	Optimize the planting and supply process, improve yield and quality stability, strengthen demand communication with affiliated entities, reduce waste and cost, and expand diverse sales channels, in order to improve overall operational benefit.	None

VI. Risks

(I) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future countermeasures:

(1) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company in the most recent year.

Unit: NT$ thousand

Item	2025
Interest income	62,629
Interest Expense	11,725
Foreign exchange loss	22,756

A. Exchange rate changes:

The consolidated interest income and interest expense of 2025 respectively account for 3.31% and 0.62% of the consolidated operating revenue of NT$1,894,112 thousand. Due to its low proportion, the fluctuation of exchange rate change does not have a significant influence on the Company.

B. Effect of exchange rate changes:

The consolidated interest income and interest expense of 2025 account for 1.2% of the consolidated operating revenues. Microbio (Shanghai) conducts a valuation of the USD fixed deposits, generating valuation losses.

C. Inflation:

We closely monitor the price fluctuation and maintain great interaction with the suppliers. Thus, inflation has a limited effect on us.

(2) Specific measures corresponding to the change of the exchange rate and the interest rate:

A. Close attention to the trend and change of the international currency market to monitor the trend and make a response accordingly while requiring the employees to consider the risk of exchange rate change and adjust the price before giving quotation appropriately to ensure profits.

B. Maintaining great interaction with banks in order to receive more information on foreign currency and interest rates as well as preferable quotation.

C. Close attention to the trend of interest rates and use various financial tools of the capital market to acquire capitals at lower costs.

(II) Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products; main reason for profit or loss; and future countermeasures:

Microbio and its subsidiaries have established “Asset Acquisition and Disposal Procedures”, “Procedures for Endorsements and Guarantees” and “Procedures for Lending Funds to Other Parties” which have been approved in the Shareholders’ Meeting. The relative business will be handled in accordance with related procedures. Microbio and its subsidiaries have not been involved in high-risk or high leverage investment, loan to others, endorsement and derivative transactions.

(III) Future research & development projects and corresponding budget:

(1) Future R&D plans: Please refer to relevant description of “2026 Important R&D Project

Implementation Plan" of "2026 Business Plan Overview" on page 6 of the Annual Report.

(2) Expected investment in R&D budget:

Unit: NT$ thousand

Item	2026
R&D expenditure	400,000

(IV) The effects that the key domestic and international policy and law changes have on the financial operations of the Company as well as the countermeasures:

The biotechnology and pharmaceutical industries are one of the focus of the government currently. In order to promote the development of the biotech and pharmaceutical industries, the governmental institutions established tax incentives and provided various research and development subsidies. While actively applying for tax benefits and subsidies to reduce expenses, we also require the management level to monitor the changes in significant international and domestic policies and regulations in order to fully control and respond to the market change. In the most recent year, important domestic and foreign policies and laws did not pose a significant impact on the Company's financial operations.

The competent authority made a significant amendment to "Act Governing Food Safety and Sanitation" on June 19, 2013 which aimed to review current regulations related to food health and fix the problems in implementation. There are special chapters for food safety and risk management, food import management, and food inspection, check and regulations. After the amendment has been approved, the health authorities have more power to put the food industry more accountable and increase fines and punishment if a violation occurs while building a complete food safety management system to lead the food safety management to a new era.

In addition to our active commitment to product upgrades and acquisition of health-care food permits pursuant to the "Health Food Control Act", we adopt autonomous controls and management in a rigorous manner for generic health-care food products. We carry out stringent systematic management pursuant to the "Good Manufacturing Practices for Health Food Manufacturers". We strive to achieve an outstanding manufacturing environment and rigorous product hygiene and safety inspections through raw material source controls coupled with quality control checks. The goal is to ensure that consumers can trust our products and use them in a worry-free manner and turn Microbio into a benchmark enterprise and model in the biotechnology and food industry.

(V) Effects of and response to changes in technology (including risk of cyber security) and the industry relating to corporate finance and sales:

Our company and subsidiaries should always pay attention to the related changes in technology in the business (including the risk of information security). Depending on situations, specially assigned personnel or team should evaluate its impact on the future development and financial growth of the company. It is necessary to grasp the latest trends in the industry. To strengthen its information security management performance and execution, the Company has implemented multi-level software/hardware protection, introduced the ISO 27001 ISMS, and obtained certification by the end of 2022. The goal is to strengthen the relevant procedures and enhance the Company's information security to prevent damages or impacts on the Company. By the date of the publication of the newspaper or magazine, there is no major information risk happened to our company.

There is a special technical threshold for the bio-technological and pharmaceutical industries. Moreover, they are protected by patents. Therefore, there is no major changes during the period of patent protection. In addition, our company always pays attention to the technological development in the bio-technology industry and evaluates the possible impacts. When necessary, we will adjust our direction or strategy, responding to the changes in the technology industry flexibly. To avoid possible impacts effectively, our company implements the following measures. For the Most Recent Year, there have been no major technological changes that have affected our company's financial conditions significantly.

(1) We have prepared sufficient funds to minimize the risk of failure in the development of new drugs.
(2) Evaluate the opportunities and benefits of each developing drug.
(3) Simultaneous development of new drugs and similar biological medicinal product.
(4) Endeavor to save funds and keep costs reasonable. Carry out budget control strictly to reduce unnecessary expenditure. Cope with the government's industrial policy to apply for R&D project funding.

(VI) The effects that corporate image have on corporate crisis management and the countermeasures:

Since the establishment of Microbio, we have enhanced internal management in the company, approached the internal market actively, and promoted the capacity in quality management. For the Most Recent Year until the Publication Date of the Annual Report, there has been no risk caused by Microbio and subsidiaries to the related enterprises due to the changes in the corporate image.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions:

For the most recent year and up to the publication date of the Annual Report, Microbio has not committed to any merger.

(VIII) Expected benefits from, risks relating to, and response to factory expansion plans:

The capacity and facilities of the current Longtan Plant can still satisfy the demand of internal sales. Therefore, there is no expansion plant plan.

(IX) The risks of concentrated procurement or sales as well as the countermeasures:

Regarding purchasing, Microbio and subsidiaries maintain good relationships with the suppliers. There are always two or more suppliers for raw materials and materials purchase, with stable supply. Moreover, there is no purchase from a single supplier at 10% or more of the purchase total. Regarding the sales, Cosmed, PX Mart, Chinese medicine distributors, and other regular channels are the sales channel of our company's healthy food. Cotton Field Organic is the retail channel of the organic food with general consumers as objects. Therefore, there is no situation where a single customer reaches the aggregate sales of 10% or higher of the total. In sum, Microbio and subsidiaries have no risks in the concentration of purchase or sales.

(X) The effects and risks that large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the Company's shares have to the Company as well as the countermeasures:

For the Most Recent Year until the Publication Date of the Annual Report, the Directors, Supervisors, and major Shareholders holding over 10% of the Company's Shares did not conduct large-number transfers of shares. Therefore, there are no major risks to the operation of the company because of the large-number transfers or replacement shares.

(XI) The effects and risks that operating rights changes have to the Company as well as the countermeasures:

For the Most Recent Year until the Publication Date of the Annual Report, the Directors, Supervisors, and major Shareholders holding over 10% of the Company's Shares of Microbio and subsidiaries did not affect the operation of the company because of operating rights changes. Moreover, the company has made a complete internal control system and related management regulations. It will minimize the risk caused by operating rights changes.

(XII) Litigation and non-litigation cases:

The results of convicted confirm cases in major appeals and pending major lawsuits, and litigation and non-litigation cases of the Directors, Supervisors and Presidents, the actual Responsible Person, and Shareholders holding over 10% of the Company's Shares of Affiliated Companies that affect the shareholders' rights or securities price significantly: Not applicable

(XIII) Other important risks, and mitigation measures:

(1) Risks associated with new drug development:

"High risks" represent an inevitable characteristic of the new drug development industry. The lengthy drug development process is marked by high uncertainty since success cannot be guaranteed. Even if products successfully enter the human clinical trial stage, there is still the risk of unexpected results, discontinuation, or failure, resulting in an enormous waste of time and R&D expenditures.

<u>Countermeasures</u>:

Fully aware that risks of failure in the development of new drugs, we put government resources to good use; when a new drug enters the clinical stage, we apply for the Technology Project subsidy initiated by the Ministry of Economic Affairs to reduce R&D costs and expenditures. Also, through substantial incentives and support for biotechnology enterprises, the government provides clear incentives for the research and development, financing and high-end professional talent recruitment of new drug enterprises under the "Act for the Development of Biotech and New Pharmaceuticals Industry". Thanks to the Act, the Company is able to have access to professional talent and funding for investments. At the same time, the stable sales of the Company's own healthcare products are also used to fund the capital, which in turn reduces the risks associated with new drug development.

(2) Risk of perishing microbial culture:

Since this Company relies on microbial symbiosis and fermentation technologies to develop new plant-based drugs and health-care food products, microbial cultures represent the lifeline of the company, ensuring production continuity. Loss of these cultures due to natural disasters or pollution would result in a material impact on future business and manufacturing operations.

<u>Countermeasures</u>:

As microbial cultures represent the lifeline of the company, in addition to keeping the microbial cultures safely in the culture center, we also keep backups in different places to ensure the continuity of the microbial cultures and minimize the risk of culture loss.

(3) Product quality control risks:

Since medical foods are crucial for human health and safety, the product quality requirements are relatively strict. Since Chinese herbal medicine mostly consists of plants or minerals found in nature, complicated factors such as source, place of origin, and harvest seasons often make it extremely difficult to prescribe storage conditions and ingredient specifications. Therefore, quality control is a key link in the development of new plant-based drugs.

<u>Countermeasures</u>:

We strictly abide by domestic food/drug regulations and international GMP standards of the Pharmaceutical Inspection Co-operation Scheme (PIC/S). We have established stringent standards from raw material selection and supply evaluation to product quality control at all stages. In the second year after the Company was founded, we established the Longtan GMP pharmaceutical plant and food plant for strictly controlling quality to be in compliance with the Chemistry, Manufacturing and Controls (CMC) operating procedures, ensuring the consistency of product stability. At present, our Longtan Plant has mature technology and research and development and is ISO 9001:2015, ISO 22000/HACCP, and Chinese medicine GMP certified. In addition, the inspection laboratory of the Longtan Plant has attained the ISO 17025 laboratory certification by the Taiwan Accreditation Foundation (TAF) to strictly enforce quality control to reduce the risk of product quality control.

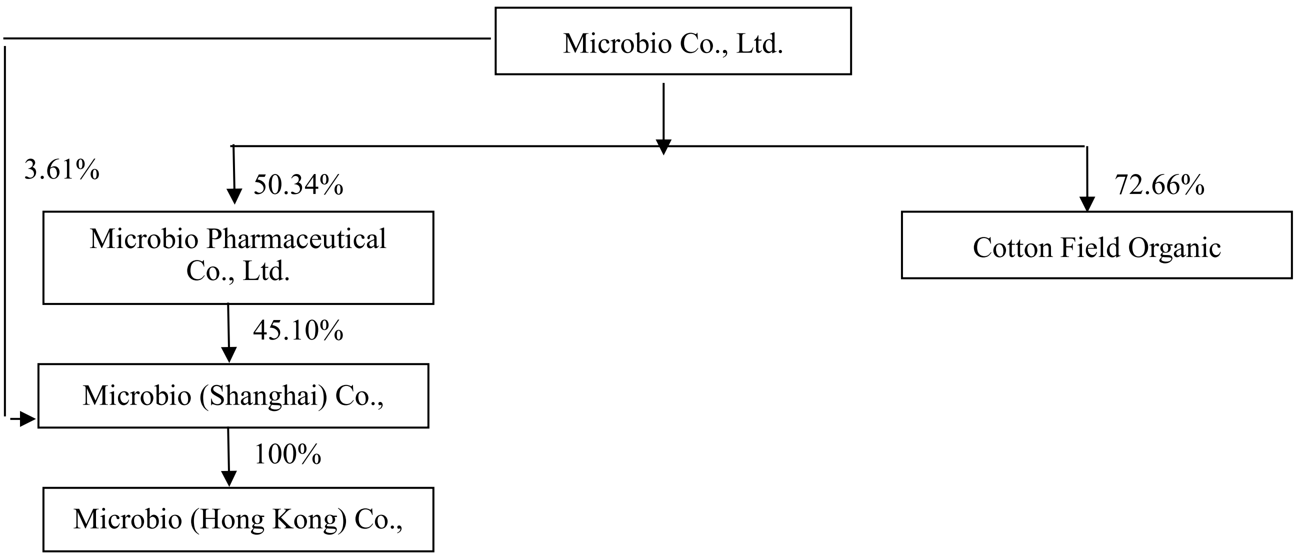
VII. Other important matters: None

Six. Special Notes

I. Information on affiliated enterprises

(I) Affiliated Enterprise Consolidated Business Report

1. 2025 Affiliated Enterprise Organizational Chart



2. Basic information of each affiliates:

December 31, 2025: Unit: NT$ thousand

Name of Company	Date of Establishment	Address	Paid-in capital	Main business or production items
Microbio Pharmaceutical Co., Ltd.	January 29, 2004	Offshore Chambers, P.O. Box 217, Apia, Samoa	928,128	Investment in holding companies
Cotton Field Organic	February 19, 2008	22F, No. 66, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City	594,377	Organic food trading, business consulting, and magazine (journal) publishing
Microbio (Shanghai) Co., Ltd.	February 25, 2004	No. 1188, Guangxing Road, Songjiang District, Shanghai	1,916,476	Technology development, technology transfer, technology consultation service, and technical services in the fields of

Name of Company	Date of Establishment	Address	Paid-in capital	Main business or production items
		City		pharmaceutical production, commissioned pharmaceutical production, pharmaceutical wholesale, medicine, food products, and health technology
Microbio (Hong Kong) Co., Ltd.	August 07, 2019	RM 803, 8/F EASEY COMM BLDG 253-261 HENNESSY RD WANCHAI HK	3,143	Domestic trade, import and export, technological development, technical transfer, technical consulting, and technical services in the field of pharmaceutical technology

3. Information on the same shareholders who are presumed to have control and affiliation relations: None.

4. Industries covered by the overall affiliate enterprise businesses:

Name of Affiliated Companies	Businesses and division of labor in interrelationship
Microbio Pharmaceutical Co., Ltd.	Investment in holding companies
Cotton Field Organic	Organic food trading, business consulting, and magazine (journal) publishing
Microbio (Shanghai) Co., Ltd.	Technology development, technology transfer, technology consultation service, and technical services in the fields of pharmaceutical production, commissioned pharmaceutical production, pharmaceutical wholesale, medicine, food products, and health technology
Microbio (Hong Kong) Co., Ltd.	Domestic trade, import and export, technological development, technical transfer, technical consulting, and technical services in the field of pharmaceutical technology

5. Directors, Supervisors and Presidents of Affiliated Enterprises:

December 31, 2025

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares held	Shareholding percentage
Microbio Pharmaceutical Co., Ltd.	Director	Lu, Kung-Ming	0	0%

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares held	Shareholding percentage
Cotton Field Organic	Chairman	Microbio Co., Ltd. Representative: Huang, Shan-Ney	43,186,538	72.66%
	Director	Microbio Co., Ltd. Representative: Hsu, Ching-Chang		
	Director	Microbio Co., Ltd. Representative: Lu, Ching-Chuan		
	Director	Yitai Investment Co., Ltd. Representative: Chen, Chih-Chuan	2,640,066	4.44%
	Director	Weng, Hsiang-Chun	240,735	0.41%
	Supervisor	Wang, Ying-Chun	0	0%
	President	Hsu, Ching-Chang	0	0%
Microbio (Shanghai) Co., Ltd. (Note)	Chairman	Microbio Co., Ltd. Representative: Chen, Chao-Lung	US$2,200,000	3.61%
	Director	Microbio Co., Ltd. Representative: Li, Tsu-Te		
	Director	Microbio Co., Ltd. Representative: Chen, Yuan-Chun		
	Director	Oneness Biotech Co., Ltd Representative: Cheng, Chih-Hui	US$2,640,000	4.33%
	Director	Lu, Kung-Ming	US$6,633,721	10.88%
	Supervisor	Kuo, Ching-Hua	0	0%
	President	Chang, Yi-Chung	USD23,256	0.04%
Microbio (Hong Kong) Co., Ltd.	Director	Lu, Kung-Ming	0	0%

Note: Shares held by Directors of Microbio (Shanghai) are disclosed by subscribed registration capital and ratio of investment.

6. Operational Highlights of Affiliated Companies:

December 31, 2025

Unit: NTD (thousand), Earnings per share (net loss) NTD

Name of Company	Paid-in capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Current (loss) profit (after tax)	Earnings per share (net loss) (after tax)
Microbio Pharmaceutical Co., Ltd.	928,128	688,365	0	688,365	0	(43)	(119,866)	(4.06)
Cotton Field Organic	594,377	1,827,289	770,274	1,057,015	1,717,043	19,455	(2,493)	(0.04)
Microbio (Shanghai) Co., Ltd.	1,916,476	2,521,886	1,041,736	1,480,150	40,506	(285,019)	(264,342)	—
Microbio (Hong Kong) Co., Ltd.	3,143	35,823	33,747	2,076	2,766	(1,171)	(1,228)	(17.22)

(II) Affiliated Enterprise Consolidated Financial Statements: Please refer toMOPSfor the 2025 consolidated financial statements.

Path: MOPS > Single Company > Electronic File Download > Financial Reports

Website address: https://mops.twse.com.tw/mops/#/web/t57sb01_q1

(III) Relation Report: Please refer to pages 237–239 of the Annual Report.

II. Information on Private Placement of Securities for the Most Recent Year and Up to the Printing Date of the Annual Report:

None.

III. Additional Information Required to be Disclosed:

All the commitments made by the Company for listing on TPEx have been completed.

Seven. For the most recent year and up to the printing date of the annual report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act:

NO	Announcement date	Subject
1	2025.02.25	Description of successful exploratory clinical trial results for the combination of currently available drugs to treat ulcerative colitis, as reported in the media for Microbio's "MICRSOY" with combinational use with existing drugs.
2	2025.02.26	Announced that its subsidiary, Microbio (Shanghai) Co., Ltd., received the first payment of RMB 50 million for the new drug license of "FESPIXON" Cream from China Resources Double-Crane Pharmaceutical Co., Ltd. as stipulated in the contract.
3	2025.03.05	Announced that the Company's MB107 cream passed ISO13485 medical device quality system certification.
4	2025.05.13	Announced that the Phase II clinical trial results of the new drug SNS812 co-developed by the subsidiary Microbio (Shanghai) Co., Ltd. and Oneness Biotech Co., Ltd. were selected for oral presentations at the 2025 ATS American Thoracic Society.
5	2026.02.24	Announced that the new small nucleic acid drug SNS851, co-developed by the subsidiary Microbio (Shanghai) Co., Ltd. and Oneness Biotech Co., Ltd. received approval from the Australian human subject ethics review committee to begin Phase I human clinical trials and has been filed with the Australian Therapeutic Goods Administration for recordation.
6	2026.02.25	The Company's Symbiota series of intestinal micro-ecological products, including Heat-treated soyabean fermentate, has received market entry approval from the European Union.

No. Jin-Shen 11401757 dated 2026.3.27

Addressee: Microbio Co., Ltd.

Subject: Regarding the information in your company's Annual Relation Report 2025, the comments on the Statement of No Inconsistent Information. Please use as reference.

Description:

I. Regarding the 2025 Relation Report compiled by your company on March 15, 2026 in accordance with "Guidelines to the Consolidated business reports with affiliated enterprises and Consolidated Financial Statement of Affiliates" there is no major inconsistent between the information disclosed in the report and the financial report in the same period. The Statement is attached.

II. The accountant compared with the Relation Report of the Enterprise compiled by your company in accordance with "Guidelines to the Consolidated business reports with affiliated enterprises and Consolidated Financial Statement of Affiliates" and the notes in the Financial Report of your Company in 2025, no inconsistency has been discovered in the aforementioned account.

Deloitte & Touche

CPA Cheng, Chin-Tsung

CPA Chiu, Meng-Chieh

Statement of Relation Report

The Relation Report 2025 of the Company is compiled in accordance with the “Guidelines to the Consolidated business reports with affiliated enterprises and Consolidated Financial Statement of Affiliates,” and no inconsistency has been founded in the information disclosed in the report and the information in the financial report in the same period.

Sincerely,

Company name: Microbio Co., Ltd.

Responsible Person: Chen, Cheng-Wen

March 27, 2026

Microbio Co., Ltd.
Relation Report
2025

I. Relationship between Subordinate Company and Controlling Company

Unit: Share; %

Name of the investor	Control reasons	Shareholding and pledging of the controlling company			Directors, Supervisors, and Managers of Controlling Company	
		Number of shares held	Shareholding percentage	Pledged shares	Title	Name
Kingbird Tech Co., Ltd.	Actual control	47,682,838	8.10%	0	Chairman and President	Chen, Cheng-Wen

II. Transaction Status

(I) Purchase and Sales Transaction: None

(II) Property Transaction: None

(III) Financing Status: None

(IV) Property Leasing: None

(V) Endorsement and Guarantee: None

(VI) Other Important Transactions: None

Microbio Co., Ltd.

Responsible Person: Chen, Cheng-Wen