

**TaiGen Biopharmaceuticals Holdings Ltd.  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TaiGen Biopharmaceuticals Holdings Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of TaiGen Biopharmaceuticals Holdings Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Group's consolidated financial statements as of and for the year ended December 31, 2024 is as follows:

Revenue Recognition under New Drug Licensing Agreements

The main revenue is derived from licensing income generated through new drug licensing agreements. Refer to Notes 4, 5 and 19 to the consolidated financial statements. Due to variations in the identification and fulfillment of performance obligations under new drug licensing agreements, coupled with management judgment, the revenue recognition arising from new drug licensing agreements is inherently complex. Therefore, we considered the accuracy of revenue recognition related to licensing agreements as a key audit matter.

Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We obtained the understanding and tested relevant controls over new drug licensing agreements.
2. We selected samples from licensing revenue for the year ended December 31, 2024 and executed the following:
  - a. We reviewed the new drug licensing agreements to ensure that revenue recognition judgments by management complies with accounting policies.
  - b. We reviewed the new drug licensing agreements to evaluate the appropriateness of the amount and timing of revenue recognition.
  - c. We examined the collection status to ensure that collections were consistent with the new drug licensing agreements.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hsieh-Chang Li and Hui-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 4, 2025

#### Notice to Readers

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

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

# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 74,136	6	\$ 374,655	30
Financial assets at fair value through profit or loss (Notes 4 and 7)	194,403	16	65,140	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	320,385	27	147,608	12
Financial assets at amortized cost (Notes 4 and 9)	430,892	37	450,587	37
Accounts receivable (Notes 4, 10 and 19)	7,333	1	8,984	1
Other receivables	9,067	1	24,882	2
Inventories (Notes 4 and 11)	42,711	4	34,154	3
Other current assets	<u>7,158</u>	<u>-</u>	<u>4,369</u>	<u>-</u>
Total current assets	<u>1,086,085</u>	<u>92</u>	<u>1,110,379</u>	<u>90</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,453	-	9,708	1
Investments accounted for using equity method (Notes 4 and 13)	-	-	-	-
Property, plant and equipment (Notes 4 and 14)	9,969	1	16,679	1
Right-of-use assets (Notes 4 and 15)	57,503	5	73,932	6
Intangible assets (Notes 4 and 16)	12,054	1	12,985	1
Refundable deposits	<u>6,218</u>	<u>1</u>	<u>6,155</u>	<u>1</u>
Total non-current assets	<u>88,197</u>	<u>8</u>	<u>119,459</u>	<u>10</u>
<b>TOTAL</b>	<u>\$ 1,174,282</u>	<u>100</u>	<u>\$ 1,229,838</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 19)	\$ 152	-	\$ 152	-
Other payables	28,594	3	26,559	2
Current tax liabilities (Notes 4 and 21)	110	-	-	-
Lease liabilities - current (Notes 4 and 15)	16,325	1	15,977	1
Other current liabilities	<u>903</u>	<u>-</u>	<u>5,202</u>	<u>1</u>
Total current liabilities	<u>46,084</u>	<u>4</u>	<u>47,890</u>	<u>4</u>
<b>NON-CURRENT LIABILITIES</b>				
Contract liabilities - non-current (Note 19)	177	-	330	-
Lease liabilities - non-current (Notes 4 and 15)	42,386	4	58,710	5
Net defined benefit liabilities (Notes 4 and 17)	<u>3,309</u>	<u>-</u>	<u>4,010</u>	<u>-</u>
Total non-current liabilities	<u>45,872</u>	<u>4</u>	<u>63,050</u>	<u>5</u>
Total liabilities	<u>91,956</u>	<u>8</u>	<u>110,940</u>	<u>9</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 18)</b>				
Ordinary shares	<u>20,942</u>	<u>2</u>	<u>20,942</u>	<u>2</u>
Capital surplus	<u>466,295</u>	<u>40</u>	<u>444,614</u>	<u>36</u>
Retained earnings				
Special reserve	25,342	2	43,198	3
Unappropriated earnings	<u>615,259</u>	<u>52</u>	<u>635,486</u>	<u>52</u>
Total retained earnings	<u>640,601</u>	<u>54</u>	<u>678,684</u>	<u>55</u>
Other equity	<u>(45,512)</u>	<u>(4)</u>	<u>(25,342)</u>	<u>(2)</u>
Total equity	<u>1,082,326</u>	<u>92</u>	<u>1,118,898</u>	<u>91</u>
<b>TOTAL</b>	<u>\$ 1,174,282</u>	<u>100</u>	<u>\$ 1,229,838</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5 and 19)	\$ 150,651	100	\$ 123,134	100
OPERATING COSTS (Notes 11 and 20)	<u>16,132</u>	<u>11</u>	<u>11,448</u>	<u>9</u>
GROSS PROFIT	<u>134,519</u>	<u>89</u>	<u>111,686</u>	<u>91</u>
OPERATING EXPENSES (Notes 20 and 26)				
General and administrative expenses	90,547	60	98,901	81
Research and development expenses	<u>166,070</u>	<u>110</u>	<u>187,484</u>	<u>152</u>
Total operating expenses	<u>256,617</u>	<u>170</u>	<u>286,385</u>	<u>233</u>
LOSS FROM OPERATIONS	<u>(122,098)</u>	<u>(81)</u>	<u>(174,699)</u>	<u>(142)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 20)	481	-	149,399	121
Finance costs	(1,424)	(1)	(1,137)	(1)
Interest income	24,400	16	20,382	17
Gain on disposal of investments (Note 13)	-	-	164,466	134
Gain on financial assets at fair value through profit or loss, net	13,547	9	755	1
Foreign exchange gain (loss), net	54,171	36	(15,679)	(13)
Impairment loss on intangible assets (Note 16)	<u>(1,962)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net non-operating income and expenses	<u>89,213</u>	<u>59</u>	<u>318,186</u>	<u>259</u>
(LOSS) PROFIT BEFORE INCOME TAX	(32,885)	(22)	143,487	117
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(5,698)</u>	<u>(4)</u>	<u>(6,756)</u>	<u>(6)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(38,583)</u>	<u>(26)</u>	<u>136,731</u>	<u>111</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	500	1	(101)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(7,255)	(5)	(14,272)	(11)

(Continued)

# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (20,924)	(14)	\$ 42,057	34
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>(2,791)</u>	<u>(2)</u>	<u>1,238</u>	<u>1</u>
Other comprehensive (loss) income for the year	<u>(30,470)</u>	<u>(20)</u>	<u>28,922</u>	<u>24</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (69,053)</u>	<u>(46)</u>	<u>\$ 165,653</u>	<u>135</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO				
Owners of the Company	\$ (38,583)	(26)	\$ 136,731	111
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (38,583)</u>	<u>(26)</u>	<u>\$ 136,731</u>	<u>111</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO				
Owners of the Company	\$ (69,053)	(46)	\$ 165,653	135
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (69,053)</u>	<u>(46)</u>	<u>\$ 165,653</u>	<u>135</u>
(LOSS) EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ (0.05)</u>		<u>\$ 0.19</u>	
Diluted	<u>\$ (0.05)</u>		<u>\$ 0.19</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)



# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Ordinary Shares		Capital Surplus	Retained Earnings		Unrealized Gain (Loss) on Investment in Equity Investment at Fair Value Through Other Comprehensive Income	Other Equity		Total Equity
	Shares in Thousands	Amounts		Special Reserve	Unappropriated Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Employee Benefits	
BALANCE, JANUARY 1, 2023	716,844	\$ 20,910	\$ 450,263	\$ 765	\$ 541,289	\$ (15,817)	\$ (27,381)	\$ -	\$ 970,029
Appropriation of special reserve	-	-	-	42,433	(42,433)	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	(41,782)	-	-	-	-	-	(41,782)
Compensation cost of share-based payments	-	-	20,865	-	-	-	-	4,133	24,998
Issuance of employee restricted shares	1,000	32	15,268	-	-	-	-	(15,300)	-
Net profit for 2023	-	-	-	-	136,731	-	-	-	136,731
Other comprehensive income (loss) for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(13,034)</u>	<u>42,057</u>	<u>-</u>	<u>28,922</u>
Total comprehensive income (loss) for 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,630</u>	<u>(13,034)</u>	<u>42,057</u>	<u>-</u>	<u>165,653</u>
BALANCE, DECEMBER 31, 2023	717,844	20,942	444,614	43,198	635,486	(28,851)	14,676	(11,167)	1,118,898
Retirement of employee restricted shares	(3)	-	(41)	-	-	-	-	41	-
Compensation cost of share-based payments	-	-	21,722	-	-	-	-	10,759	32,481
Reversal of special reserve	-	-	-	(17,856)	17,856	-	-	-	-
Net loss for 2024	-	-	-	-	(38,583)	-	-	-	(38,583)
Other comprehensive income (loss) for 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>(10,046)</u>	<u>(20,924)</u>	<u>-</u>	<u>(30,470)</u>
Total comprehensive income (loss) for 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,083)</u>	<u>(10,046)</u>	<u>(20,924)</u>	<u>-</u>	<u>(69,053)</u>
BALANCE, DECEMBER 31, 2024	<u>717,841</u>	<u>\$ 20,942</u>	<u>\$ 466,295</u>	<u>\$ 25,342</u>	<u>\$ 615,259</u>	<u>\$ (38,897)</u>	<u>\$ (6,248)</u>	<u>\$ (367)</u>	<u>\$ 1,082,326</u>

The accompanying notes are an integral part of the consolidated financial statements.

# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) profit before income tax	\$ (32,885)	\$ 143,487
Adjustments for:		
Depreciation expense	23,697	26,072
Amortization expense	1,132	1,534
Expected credit loss	-	7,600
Net gain on fair value change of financial assets at fair value through profit or loss	(13,547)	(755)
Finance costs	1,424	1,137
Interest income	(24,400)	(20,382)
Compensation cost of share-based payments	32,481	24,998
Gain on disposal of investments accounted for using the equity method	-	(164,466)
Impairment loss on intangible assets	1,962	-
Reversal of write-down of inventories	(313)	(50)
Unrealized (gain) loss on foreign currency exchange	(40,405)	23,581
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(115,716)	-
Accounts receivable	1,651	1,830
Other receivables	10,671	(15,580)
Inventories	(8,244)	(18,753)
Other current assets	(2,613)	6,272
Other payables	1,961	655
Contract liabilities	(153)	(152)
Other current liabilities	(4,488)	4,395
Net defined benefit liabilities	(201)	(4,137)
Cash (used in) generated from operations	(167,986)	17,286
Income tax paid	(5,102)	(9,827)
Net cash (used in) generated from operating activities	<u>(173,088)</u>	<u>7,459</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(192,143)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,926	-
Purchase of financial assets measured at cost	(560,400)	(571,885)
Proceeds from sale of financial assets measured at cost	587,401	552,648
Proceeds from disposal of investments accounted for using the equity method	-	157,673
Payments for property, plant and equipment	(533)	(3,888)
Increase in intangible assets	(2,163)	(3,506)
Interest received	<u>28,040</u>	<u>14,419</u>

Net cash (used in) generated from investing activities (110,872) 145,461

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# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ -	\$ (3,000)
Repayment of the principal portion of lease liabilities	(15,976)	(16,986)
Payments for interests	<u>(1,424)</u>	<u>(1,137)</u>
Net cash used in financing activities	<u>(17,400)</u>	<u>(21,123)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>841</u>	<u>(251)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(300,519)	131,546
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>374,655</u>	<u>243,109</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 74,136</u>	<u>\$ 374,655</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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#### 1. GENERAL INFORMATION

TaiGen Biopharmaceuticals Holdings Ltd. (the “Company”) was established in Cayman Islands for the purpose of reorganization. In January and April 2008, the Company purchased all the outstanding shares of TaiGen Biotechnology Co., Ltd. (“TaiGen Company”) by issuing one share of the Company in exchange for one share of TaiGen Company. After the share-swap transaction, the Company became the holding company of TaiGen Company, while TaiGen Company’s shareholders converted into the company’s shareholders according their respective ownership percentage. The Group is mainly engaged in research and development of new drugs, including the selection of drug candidates, pre-IND trials and clinical trials.

The Company’s shares have been approved by the Financial Supervisory Commission of the Republic of China to be publicly traded on August 1, 2013. The Company’s shares have been listed on the Taipei Exchange since January 17, 2014.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 4, 2025.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by International Accounting Standards Board (IASB)</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

The Group has assessed that the application of the above amended standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

2) See Note 12, Tables 4 and 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the financial statements of the foreign operations (including subsidiaries and joint ventures in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of each reporting period, and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in joint ventures

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in joint ventures. Under the equity method, an investment in a joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. The Group also recognizes the changes in the Group's share of the equity of joint ventures attributable to the Group.

When the Group subscribes for additional new shares of a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further loss, if any.

The Group discontinues the use of the equity method from the date on which its investment ceases to be a joint venture. Any retained investment is measured at fair value at that date. The difference between the previous carrying amount of the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture. The Group accounts

for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When an entity in the Group transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Group' consolidated financial statements only to the extent that interests in the joint venture are not related to the Group.

#### h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized on a straight-line basis over estimated service lives as follows: research and development equipment - 3 to 10 years; leasehold improvements - 3 to 6 years or the shorter of the lease period; office and other equipment - 3 to 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Intangible assets

##### 1) Intangible assets acquired separately

Intangible assets (patents and computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis over the estimated useful lives as follows: patents, 20 years; computer software, 3 to 5 years. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

##### 2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.



The amounts initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as an intangible asset that is acquired separately.

### 3) Derecognition of intangible assets

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

### j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

### k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### 1) Financial assets

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

##### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Dividends and interest recognized in profit or loss.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

At the end of each reporting period, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investments in a debt instrument at FVTOCI, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by an entity in the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### 3) Financial liabilities

#### a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

#### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 1. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

### 1) Revenue from sale of drugs

Revenue from sale of drugs is recognized when the customer obtains control over promised asset. The Group satisfies a performance obligation by transferring a promised good to a customer's specific location.

### 2) Revenue from rendering of services

Revenue from rendering pharmaceutical consulting services is recognized when services are provided.

### 3) Revenue from licensing of new drug technology

For agreements with customers for licensing of new drug technology, the Group recognizes licensing revenue over the license periods or at the point in time at which the customers obtain control of the rights, based on the nature of the license. The nature of a license is a right to access the new drug technology if the Group's activities will significantly affect the new drug technology, which directly impact the customer but do not result in transfer of a good or service to the customer; the royalties are recognized as revenue on a straight-line basis over the licensing period. In case the abovementioned conditions are not met, the nature of the license is a right to use the new drug technology, the revenue is recognized at a point in time as the license is transferred to the customer.

Certain new drug licensing agreements require a sales-based royalty, for which the revenue is recognized when the performance obligations are satisfied and the customer's subsequent sales occur.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plans.

o. Share-based payment arrangements

Employee share options and employee restricted shares are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate that will eventually vest, with a corresponding increase in capital surplus or other equity - unearned employee benefits. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

When employee restricted shares are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - employee restricted shares.

At the end of each reporting period, the Group revises its estimate of the number of employee share options and employee restricted shares expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus or other equity - unearned employee benefits.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused investment tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred income taxes are recognized in profit or loss.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### Revenue Recognition

Notes 4 and 19 describe the identification and fulfillment of performance obligations under each new drug licensing agreement, and the corresponding revenue recognition varies and involves judgment from management. In making the judgment, management considered the related factors and criteria for the fulfillment of performance obligations.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 37	\$ 10
Checking accounts and demand deposits	24,921	317,276
Cash equivalent		
Time deposits with original maturities of three months or less	<u>49,178</u>	<u>57,369</u>
	<u>\$ 74,136</u>	<u>\$ 374,655</u>
Interest rate intervals		
Demand deposits	0.03%-1.05%	0.05%-1.45%
Cash equivalent	3.75%-4.80%	1.15%-5.45%

## 7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2024	2023
Financial assets mandatorily classified as at FVTPL		
Mutual funds	<u>\$ 194,403</u>	<u>\$ 65,140</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### a. Investments in equity instruments at FVTOCI

	December 31	
	2024	2023
<u>Non-current</u>		
GPCR Therapeutics, Inc. ordinary shares (GPCR) (Note 19)	\$ 2,453	\$ 9,708

These investments in ordinary shares of GPCR are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

### b. Investments in debt instruments at FVTOCI

	December 31	
	2024	2023
<u>Current</u>		
Foreign investments		
Government bonds	\$ 162,185	\$ 60,440
Corporate bonds	<u>158,200</u>	<u>87,168</u>
	<u>\$ 320,385</u>	<u>\$ 147,608</u>
Interest rate intervals		
Government bonds	3.125%-4.750%	3.125%-3.250%
Corporate bonds	0.75%-5.00%	0.75%-3.35%

For relevant credit risk management and expected credit loss assessment information, refer to Note 25.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
Time deposits with original maturity of more than 3 months	<u>\$ 430,892</u>	<u>\$ 450,587</u>
Interest rate intervals		
Time deposits with original maturity of more than 3 months	1.05%-5.50%	1.25%-5.60%



## 10. ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Accounts receivable	\$ 15,529	\$ 16,660
Less: Allowance for impairment loss	<u>(8,196)</u>	<u>(7,676)</u>
	<u>\$ 7,333</u>	<u>\$ 8,984</u>

Except for special terms in the agreements, the average credit period provided to customers is 60 to 90 days. As of December 31, 2024 and 2023, accounts receivable for which letters of credit had been received amounted to \$6,123 thousand and \$8,984 thousand, respectively.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on customer segments, and determines the expected credit loss rate by reference to past due days of accounts receivable.

The Group writes off a accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

### December 31, 2024

	<b>Not Past Due</b>	<b>Past Due Less than 90 Days</b>	<b>Past Due 91 to 180 Days</b>	<b>Past Due 181 to 360 Days</b>	<b>Past Due More than 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 7,333	\$ -	\$ -	\$ -	\$ 8,196	\$ 15,529
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,196)</u>	<u>(8,196)</u>
Amortized cost	<u>\$ 7,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,333</u>

### December 31, 2023

	<b>Not Past Due</b>	<b>Past Due Less than 90 Days</b>	<b>Past Due 91 to 180 Days</b>	<b>Past Due 181 to 360 Days</b>	<b>Past Due More than 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 8,984	\$ -	\$ 7,676	\$ -	\$ -	\$ 16,660
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(7,676)</u>	<u>-</u>	<u>-</u>	<u>(7,676)</u>
Amortized cost	<u>\$ 8,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,984</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 7,676	\$ -
Provision of loss allowance	-	7,600
Foreign exchange	<u>520</u>	<u>76</u>
Balance at December 31	<u>\$ 8,196</u>	<u>\$ 7,676</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Finished goods	\$ 13,896	\$ 12,820
Raw materials	<u>28,815</u>	<u>21,334</u>
	<u>\$ 42,711</u>	<u>\$ 34,154</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 were \$16,132 thousand and \$10,679 thousand, which included reversal of inventory write-downs of \$313 thousand and \$50 thousand, respectively.

## 12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	<b>% of Ownership</b>	
			<b>December 31</b>	
			<b>2024</b>	<b>2023</b>
TaiGen Biopharmaceutical Holdings Limited (Cayman)	TaiGen Company	Development of innovative new drugs and consultation on pharmaceutical technology	100	100
TaiGen Company	TaiGen Biotechnology Holdings Limited (Cayman)	Investment and holding	100	100
TaiGen Biotechnology Holdings Limited (Cayman)	TaiGen Biopharmaceuticals Co. (Beijing) Ltd. ("TaiGen Beijing")	Development of innovative new drugs and consultation on pharmaceutical technology	100	100
TaiGen Company	TaiGen Biomedical Food Corporation ("TaiGen Biomedical")	Manufacture and sale of health food	100	100

Note: TaiGen Biomedical was established in November 2023.

### 13. INVESTMENTS-ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2024	2023
Material joint ventures		
Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (Dongguan HEC TaiGen)	\$ <u>          -</u>	\$ <u>          -</u>
In November 2023, the Group sold all of its interest in Dongguan HEC TaiGen to Yichang Dongguang Changjiang Pharmaceutical Co., Ltd. This transaction resulted in the recognition of a gain in profit, calculated as follows:		
Proceeds from disposal		\$ 157,673
Plus: Capital surplus - changes from investment in joint ventures accounted for using the equity method		41,782
Less: Exchange differences on translation of the financial statements of foreign operations		<u>(34,989)</u>
Gain recognized		\$ <u>164,466</u>

### 14. PROPERTY, PLANT AND EQUIPMENT

	Research and Development Equipment	Leasehold Improvements	Office and Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 115,851	\$ 60,705	\$ 27,908	\$ 204,464
Additions	3,090	-	798	3,888
Disposals	(110)	-	(3,114)	(3,224)
Foreign exchange	<u>-</u>	<u>(43)</u>	<u>(41)</u>	<u>(84)</u>
Balance at December 31, 2023	<u>\$ 118,831</u>	<u>\$ 60,662</u>	<u>\$ 25,551</u>	<u>\$ 205,044</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ 99,848	\$ 59,062	\$ 24,052	\$ 182,962
Depreciation expense	6,459	857	1,385	8,701
Disposals	(110)	-	(3,114)	(3,224)
Foreign exchange	<u>-</u>	<u>(43)</u>	<u>(31)</u>	<u>(74)</u>
Balance at December 31, 2023	<u>\$ 106,197</u>	<u>\$ 59,876</u>	<u>\$ 22,292</u>	<u>\$ 188,365</u>
Carrying amount, December 31, 2023	<u>\$ 12,634</u>	<u>\$ 786</u>	<u>\$ 3,259</u>	<u>\$ 16,679</u>

(Continued)

	<b>Research and Development Equipment</b>	<b>Leasehold Improvements</b>	<b>Office and Other Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2024	\$ 118,831	\$ 60,662	\$ 25,551	\$ 205,044
Additions	-	-	533	533
Disposals	-	-	(103)	(103)
Foreign exchange	<u>-</u>	<u>127</u>	<u>119</u>	<u>246</u>
Balance at December 31, 2024	<u>\$ 118,831</u>	<u>\$ 60,789</u>	<u>\$ 26,100</u>	<u>\$ 205,720</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2024	\$ 106,197	\$ 59,876	\$ 22,292	\$ 188,365
Depreciation expense	5,137	786	1,345	7,268
Disposals	-	-	(103)	(103)
Foreign exchange	<u>-</u>	<u>127</u>	<u>94</u>	<u>221</u>
Balance at December 31, 2024	<u>\$ 111,334</u>	<u>\$ 60,789</u>	<u>\$ 23,628</u>	<u>\$ 195,751</u>
Carrying amount, December 31, 2024	<u>\$ 7,497</u>	<u>\$ -</u>	<u>\$ 2,472</u>	<u>\$ 9,969</u> (Concluded)

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amount of right-of-use assets</u>		
Buildings	<u>\$ 57,503</u>	<u>\$ 73,932</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Additions to right-of-use assets</u>	<u>\$ -</u>	<u>\$ 56,202</u>
<u>Depreciation charge for right-of-use assets</u>		
Buildings	<u>\$ 16,429</u>	<u>\$ 17,371</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amount of lease liabilities</u>		
Current	<u>\$ 16,325</u>	<u>\$ 15,977</u>
Non-current	<u>\$ 42,386</u>	<u>\$ 58,710</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Buildings	2.16%	2.16%

c. Material lease-in activities and terms

The Group leases buildings for the use of offices with lease terms of 1 to 7 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 4,633</u>	<u>\$ 4,274</u>
Expenses relating to low-value asset leases	<u>\$ 1,233</u>	<u>\$ 1,181</u>
Total cash outflow for leases	<u>\$ 23,644</u>	<u>\$ 23,961</u>

The Group's leases of certain buildings qualify as short-term leases, and leases of certain research and development equipment and other equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

	<b>Prepaid Patents and Patents</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 38,645	\$ 19,111	\$ 57,756
Additions	<u>3,506</u>	<u>-</u>	<u>3,506</u>
Balance at December 31, 2023	<u>\$ 42,151</u>	<u>\$ 19,111</u>	<u>\$ 61,262</u>

(Continued)

	<b>Prepaid Patents and Patents</b>	<b>Computer Software</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 27,858	\$ 18,885	\$ 46,743
Amortization expense	<u>1,409</u>	<u>125</u>	<u>1,534</u>
Balance at December 31, 2023	<u>\$ 29,267</u>	<u>\$ 19,010</u>	<u>\$ 48,277</u>
Carrying amount, December 31, 2023	<u>\$ 12,884</u>	<u>\$ 101</u>	<u>\$ 12,985</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 42,151	\$ 19,111	\$ 61,262
Additions	<u>2,163</u>	<u>-</u>	<u>2,163</u>
Balance at December 31, 2024	<u>\$ 44,314</u>	<u>\$ 19,111</u>	<u>\$ 63,425</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2024	\$ 29,267	\$ 19,010	\$ 48,277
Amortization expense	1,073	59	1,132
Impairment losses	<u>1,962</u>	<u>-</u>	<u>1,962</u>
Balance at December 31, 2024	<u>\$ 32,302</u>	<u>\$ 19,069</u>	<u>\$ 51,371</u>
Carrying amount, December 31, 2024	<u>\$ 12,012</u>	<u>\$ 42</u>	<u>\$ 12,054</u>
			(Concluded)

Owing to several prepaid patent rights and patent rights not intended to continue the research and development, which do not have future economic benefits, the Group recognized impairment loss of \$1,962 thousand for the year ended December 31, 2024.

## 17. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

TaiGen Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, TaiGen Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

TaiGen Beijing is a member of a state-managed retirement benefit plan operated by the local government. TaiGen Beijing is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of TaiGen Beijing with respect to the retirement benefit plan is to make the specified contribution.

### b. Defined benefit plans

The defined benefit plan adopted by the TaiGen Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries for six months before retirement. TaiGen Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, TaiGen Company assesses the balance in the pension fund. If the

amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, TaiGen Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); TaiGen Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 6,610	\$ 6,792
Fair value of plan assets	<u>(3,301)</u>	<u>(2,782)</u>
Net defined benefit liability	<u>\$ 3,309</u>	<u>\$ 4,010</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2023	<u>\$ 10,417</u>	<u>\$ (2,371)</u>	<u>\$ 8,046</u>
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>127</u>	<u>(38)</u>	<u>89</u>
Recognized in profit or loss	<u>127</u>	<u>(38)</u>	<u>89</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13)	(13)
Actuarial loss - changes in financial assumptions	192	-	192
Actuarial gain - experience adjustments	<u>(78)</u>	<u>-</u>	<u>(78)</u>
Recognized in other comprehensive income (loss)	<u>114</u>	<u>(13)</u>	<u>101</u>
Contributions from the employer	-	(360)	(360)
Liabilities extinguished on settlement	<u>(3,866)</u>	<u>-</u>	<u>(3,866)</u>
Balance at December 31, 2023	<u>6,792</u>	<u>(2,782)</u>	<u>4,010</u>
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>85</u>	<u>(36)</u>	<u>49</u>
Recognized in profit or loss	<u>85</u>	<u>(36)</u>	<u>49</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(233)	(233)
Actuarial gain - changes in financial assumptions	(175)	-	(175)
Actuarial gain - experience adjustments	<u>(92)</u>	<u>-</u>	<u>(92)</u>
Recognized in other comprehensive income (loss)	<u>(267)</u>	<u>(233)</u>	<u>(500)</u>
Contributions from the employer	<u>-</u>	<u>(250)</u>	<u>(250)</u>
Balance at December 31, 2024	<u>\$ 6,610</u>	<u>\$ (3,301)</u>	<u>\$ 3,309</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rates	1.50%	1.25%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rates		
0.25% increase	\$ (169)	\$ (192)
0.25% decrease	\$ 176	\$ 200
Expected rates of salary increase		
0.25% increase	\$ 171	\$ 194
0.25% decrease	\$ (165)	\$ (187)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
The expected contributions to the plan for the next year	\$ 240	\$ 240
The average duration of the defined benefit obligation	10.4 years	11.5 years



## 18. EQUITY

### Share Capital

	December 31	
	2024	2023
Numbers of shares authorized (in thousands) - US\$0.001 par value	1,122,514	1,122,514
Shares authorized (in thousands of U.S. dollars)	\$ 1,123	\$ 1,123
Numbers of shares issued (in thousands)	717,841	717,844
Shares issued (in thousands of U.S. dollars)	\$ 718	\$ 718
Shares issued	\$ 20,942	\$ 20,942

The change in the Company's share capital is mainly due to the retirement of employee restricted shares.

### Capital Surplus

	December 31	
	2024	2023
Issuance of ordinary shares	\$ 369,642	\$ 358,932
Employee share options	89,573	69,226
Expired employee share options	2,563	1,188
Employee restricted shares	4,517	15,268
	<u>\$ 466,295</u>	<u>\$ 444,614</u>

### Unappropriated Earnings and Dividend Policy

Under the dividend policy as the Company's Articles of Incorporation (the "Articles"), the board shall set aside out of the profits of the Company for each financial year: (i) a settlement for payment of tax for the relevant financial year; and (ii) an amount to offset losses incurred in previous years; and after setting aside the aforesaid amounts for such relevant financial year, the board of directors may, before recommending any dividend, set aside certain percentage (as may be deemed appropriate by the board of directors) of the remaining profits of the Company for the relevant financial year as reserve. Subject to the aforesaid, the Company's board of directors may propose the distribution of any remaining profits for the relevant financial year, which should be resolved at the shareholders' meeting. For the policies on distribution of compensation of employees and remuneration of directors and supervisors after amendment, refer to c. employee benefits expense in Note 20.

In addition, the Company is still at the growth stage, the dividends distribution will take into account the future and current economic overview, the Company's then working capital requirement and financial structure, and the remaining profits for the relevant financial year and previous financial years to the shareholders as dividends. No less than ten percent (10%) of the remaining profits after the reserves for the relevant financial year shall be declared and may be paid in the form of cash and/or bonus Shares, and cash dividends shall be no less than ten percent (10%) of the total amount of cash dividends and shares dividends which may be subject to adjustment by taking into consideration the Company's cash flow, revenue and future operation needs.

Pursuant to Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of The IFRS Accounting Standards", the Company should appropriate or reverse a special reserve due to debit balance of other equity.

On May 26, 2023, the Company held a general meeting of shareholders. In addition to the resolution to appropriate to the special surplus of \$42,433 thousand, the shareholders decided to retain all 2022 distributable surplus in consideration of capital needs, financial structure, and the prudent principle of sustainable business operations.

On May 29, 2024, the Company held a general meeting of shareholders. In addition to the resolution to reverse the special surplus reserve of \$17,856 thousand, the shareholders decided to retain all 2023 distributable surplus in consideration of capital needs, financial structure, and the prudent principle of sustainable business operations.

On March 4, 2025, the Company held a meeting of board of directors. In addition to the resolution to appropriate the special surplus reserve of \$19,803 thousand, the shareholders decided to retain all 2024 distributable surplus in consideration of capital needs, financial structure, and the prudent principle of sustainable business operations.

The appropriation of the Company's 2024 earnings is yet to be resolved at the shareholders' general meeting expected to be held on May 22, 2025.

Information on the resolution made by the shareholder's meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

#### Unearned Employee Benefits

	<b>For the Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (11,167)	\$ -
Issuance of shares	-	(15,300)
Retirement of shares	41	-
Compensation cost of share-based payments	<u>10,759</u>	<u>4,133</u>
Balance at December 31	<u>\$ (367)</u>	<u>\$ (11,167)</u>

Refer to Note 23 for the issuance of employee restricted shares.

#### 19. OPERATING REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Licensing revenue	\$ 112,028	\$ 88,693
Sales revenue	38,623	30,455
Other revenue	<u>-</u>	<u>3,986</u>
	<u>\$ 150,651</u>	<u>\$ 123,134</u>

a. Contact balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	\$ 7,333	\$ 8,984	\$ 18,414
Contract liabilities - current			
Licensing revenue	\$ 152	\$ 152	\$ 152
Contract liabilities - non-current			
Licensing revenue	177	330	482
	<u>\$ 329</u>	<u>\$ 482</u>	<u>\$ 634</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

b. Licensing agreement

Productos Cientificos

In August 2016, the Group signed an exclusive agreement to grant rights to Productos Cientificos to develop and commercialize Nemonoxacin in Mexico, Brazil, Columbia, Peru, Uruguay, Paraguay, Bolivia, Venezuela, Argentina, Chile, Costa Rica, Honduras, Nicaragua, Panama, Guatemala, El Salvador, Ecuador, and other regions. Under the terms of the agreement, Productos Cientificos will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, the Group has received from Productos Cientificos an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as supply profit in the future.

Holding Disp., Co., Ltd.

In March 2015, the Group signed an exclusive distribution agreement to grant rights to Holding Disp., Co., Ltd. to commercialize Nemonoxacin, a new antibiotic, in Taiwan. (The agreement will be terminated after 5 years starting from the applicable date of the NHI drug price of intravenous formulation. After the contract period, without the notice of termination, the agreement will be automatically renewed for three years, and the same shall apply thereafter.)

Nemonoxacin intravenous formulation was approved by National Health Insurance Administration, Ministry of Health and Welfare for inclusion in National Health Insurance in February 2022. The Group received milestone payments and recognized licensing revenue in accordance with the above contract.

R-Pharm

In January 2014, the Group signed an exclusive agreement to grant rights to R-Pharm, a leading Russian pharmaceutical company, to develop and commercialize Nemonoxacin in Russian Federation, Turkey and other members of the Commonwealth Independent States. Under the terms of the agreement, R-Pharm will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, the Group has received from R-Pharm an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

Nemonoxacin intravenous formulation was approved for marketing by the Ministry of Health of the Russian Federation in August 2022. According to the above contract, R-pharm should pay the milestone price of US\$500 thousand to the Group by installments, and the Group recognized a licensing revenue while R-pharm obtained the marketing authorization of Nainofloxacin intravenous formulation in Russia.

#### Zhejiang Medicine Company, Limited

In June 2012, the Group entered into a license agreement to grant rights to Zhejiang Medicine Company, Limited (“ZMC”) for the development, manufacture and commercialization of Nemonoxacin, a new antibiotic, in China (excluding Hong Kong, Macau and Taiwan) for 20 years. Under the terms of the agreement, the Group are responsible for completing the clinical trial and filing the new drug applications with the State Food and Drug Administration in China, and ZMC has the exclusive rights to develop, manufacture and commercialize Nemonoxacin in China while TaiGen Company retain full development and commercialization rights outside the licensed territory. In addition, the Group are eligible for royalties based on ZMC’s net sales of the product.

In March 2021, the Group signed a supplementary agreement with ZMC for Nemonoxacin. Under the agreement, TaiGen Company shall transfer the patents and related technologies of Nemonoxacin in China (excluding Hong Kong, Macao and Taiwan) to ZMC and shall agree that ZMC is the holder of the license for Nemonoxacin products in the above location. Under the agreement, the Group recognized the licensing revenue after the supplementary agreement with ZMC came into effect, and ZMC obtained the license for injection. In addition, ZMC will apply for an extension of the patent as agreed by both parties and pay the Group US\$0-US\$5,000 thousand according to the approval of the extension.

#### Luminarie Canada

In September 2020, the Group signed an exclusive agreement to give rights to Luminarie Canada to develop and commercialize Nemonoxacin in Canada, Australia and New Zealand, and assisted the Group to find a licensing partner in United States. In exchange for the exclusive rights, the Group will be eligible for additional regulatory and commercial milestones in the future. The Group was informed that Luminarie Canada had declared bankruptcy on January 18, 2023, and announced that the licensing agreement with Luminarie Canada was terminated on May 12, 2023.

#### GPCR Therapeutics, Inc.

In November 2020, the Group signed an exclusive agreement with GPCR Therapeutics, Inc. (GPCR) to transfer worldwide ownership of Burixafor to GPCR and give GPCR rights to commercialize Nemonoxacin in South Korea. Under the agreement, the Group received an upfront payment and ordinary shares of GPCR in November 2020 and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

#### Joincare Pharmaceutical Group Co., Ltd.

In March 2023, the Group signed a patent license and commercialization agreement for TG-1000, a new influenza antiviral drug, with Joincare Pharmaceutical Group Co., Ltd. (hereinafter referred to as Joincare), which authorized Joincare to develop, manufacture and commercialize TG-1000, a new influenza antiviral drug, within the licensed territory (including Mainland China, Hong Kong and Macau Special Administrative Regions, excluding Taiwan). Pursuant to the contract, Joincare should pay a signing fee of CNY20,000 thousand upon the effective date of the contract, and then pay milestone payments according to the schedule of adult phase III clinical trials, pediatric clinical trials and drug launches, etc., and an annual payment of not more than 11% of the sales royalties after the launch of the new drug.

In May 2023 and May 2024, the Group received the amount according to the above contract, and recognized licensing revenue of \$88,579 thousand and \$111,876 thousand, respectively.

YSP Industries (M) Sdn. Bhd. (YSP)

On October 6, 2023, the Group signed a “License Agreement” with YSP, to grant YSP the right to apply for drug license and market its products in the licensed area (Malaysia and Singapore).

**20. (LOSS) PROFIT BEFORE INCOME TAX**

a. Depreciation and amortization (include in operating expenses)

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Depreciation expenses		
Property, plant and equipment	\$ 7,268	\$ 8,701
Right-of-use assets	<u>16,429</u>	<u>17,371</u>
	<u>\$ 23,697</u>	<u>\$ 26,072</u>
Amortization expenses		
Intangible assets	<u>\$ 1,132</u>	<u>\$ 1,534</u>

b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 4,573	\$ 4,455
Defined benefit plans	<u>49</u>	<u>89</u>
	4,622	4,544
Share-based compensation cost (Note 23)	32,481	24,998
Salaries and other employee benefits	<u>98,203</u>	<u>102,002</u>
Total employee benefits expense	<u>\$ 135,306</u>	<u>\$ 131,544</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 771
Operating expenses	<u>135,306</u>	<u>130,773</u>
	<u>\$ 135,306</u>	<u>\$ 131,544</u>

c. Compensation of employees and remuneration of directors

In compliance with the Articles of Incorporation of the Company, where the Company makes profits before tax for the annual financial year, the Company shall allocate no less than one percent (1%) of such annual profits before tax for the purpose of compensation of employees (including employees of the Company and/or any subsidiaries of the Company satisfying such conditions to be prescribed by the board of directors); and up to two percent (2%) of such annual profits before tax for the purpose of remuneration of directors.

The Group had a net loss for the year ended December 31, 2024. Therefore, no compensation of employees and remuneration of directors were accrued.

The compensation of employees and the remuneration of directors and supervisors for the year ended December 31, 2023 resolved by the board of directors on March 11, 2024 were as follows:

	<b>For the Year Ended December 31, 2023</b>
Compensation of employees	<u>\$ 1,449</u>
Remuneration of directors	<u>\$ -</u>

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other income

In 2017, the Group transferred 11.922% of the shares of Dongguan HEC TaiGen (9% of the voting power) to YiChang HEC ChangJiang Pharmaceutical Co., Ltd. The share transfer agreement also stipulated that when specific conditions are achieved, the buyer shall provide additional variable considerations to the Group for four milestones; upon the achievement of each milestone, the buyer shall pay US\$5,000 thousand, totaling US\$20,000. Since the second milestone has been reached, the buyer paid US\$5,000 thousand (approximately NT\$149,345 thousand) in November 2023 in accordance with the agreement, which was recognized as other income.

## 21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current year	\$ 5,698	\$ 8,276
Adjustments for prior year	<u>-</u>	<u>(1,520)</u>
	<u>\$ 5,698</u>	<u>\$ 6,756</u>

A reconciliation of accounting profit (loss) and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
(Loss) profit before tax	<u>\$ (32,885)</u>	<u>\$ 143,487</u>
Income tax (benefit) expense calculated at the statutory rate (20%)	\$ (6,577)	\$ 28,697
Permanent differences	(4,910)	(9,006)
Unrecognized temporary differences	(971)	(233,786)
Unrecognized loss carryforwards	10,139	205,396
Offshore income tax expense	5,588	8,276
Adjustments for prior year	-	(1,520)
Effect of different tax rates of group entities operating in other jurisdictions	<u>2,429</u>	<u>8,699</u>
Income tax expense recognized in profit or loss	<u>\$ 5,698</u>	<u>\$ 6,756</u>

The Company and TaiGen Biotechnology Holdings Limited (Cayman) are exempt from income tax under the jurisdiction's laws. The ROC's income tax rate of 20% is applicable to TaiGen Company and TaiGen Biomedical. TaiGen Beijing is eligible for a preferential income tax rate of 15% as a result of its recognition under the "High and New Technology Enterprises Certification".

b. Current tax liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Income tax payables	<u>\$ 110</u>	<u>\$ -</u>

c. Unused loss carryforwards, unused investment credits and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Loss carryforwards	<u>\$ 2,841,305</u>	<u>\$ 3,015,246</u>
Investment tax credits	<u>\$ 363,665</u>	<u>\$ 382,638</u>
Deductible temporary differences		
Cumulative investment loss on investees under the equity method	\$ 1,156,430	\$ 1,174,386
Net defined benefit liabilities	<u>3,309</u>	<u>4,010</u>
	<u>\$ 1,159,739</u>	<u>\$ 1,178,396</u>

d. Information on unused investment deductions and loss carryforwards:

1) As of December 31, 2024, the information on investment credits is as follows:

<b>Laws and Statutes</b>	<b>Tax Credit Source</b>	<b>Remaining Creditable Amount</b>
Act for the Development of Biotech and Pharmaceutical Industry	Research and development expenditures	<u>\$ 363,665</u>

A profit-seeking enterprise pursuant to the Act for the Development of Biotech and Pharmaceutical Industry may deduct its research and development expenditures from its income tax payable effective from the fiscal year in which the enterprise is subject to corporate income tax. If the investment tax credits exceed the tax liability for that year, it may be carried forwards as an offset to the tax liability for four subsequent tax years.

2) Loss carryforwards as of December 31, 2024 comprised of:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 339,418	2025
241,335	2026
234,110	2028
279,972	2029
245,029	2030
351,972	2032
1,097,174	2033
<u>52,291</u>	2034
<u>\$ 2,841,305</u>	

e. The income tax returns of TaiGen Company through 2022 have been assessed by the tax authorities.

## 22. (LOSS) EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Basic (loss) earnings per share	<u>\$ (0.05)</u>	<u>\$ 0.19</u>
Diluted (loss) earnings per share	<u>\$ (0.05)</u>	<u>\$ 0.19</u>



The (loss) earnings and weighted average number of ordinary shares outstanding in the computation of (loss) earnings per share were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Net (loss) profit for the year		
(Loss) profit for the period attributable to owners of the Company	<u>\$ (38,583)</u>	<u>\$ 136,731</u>
Weighted average number of ordinary shares in the computation of		
basic (loss) earnings per share (in thousand shares)	717,484	716,896
Effect of potentially dilutive ordinary shares		
Restricted shares for employee	-	280
Compensation of employees	<u>-</u>	<u>95</u>
Weighted average number of ordinary shares used in the		
computation of diluted (loss) earnings per share	<u>717,484</u>	<u>717,271</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

When calculating the diluted earnings per share for the year ended December 31, 2024, the weighted average number of ordinary shares resulting from the employee restricted shares would have an anti-dilutive effect and therefore were not included in the calculation of diluted earnings per share.

Since the exercise price of the options or warrants issued by the Company exceeded the average market price of the shares during the years ended December 31, 2024 and 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share.

## **23. SHARE-BASED PAYMENT ARRANGEMENTS**

### **a. Employee share option**

In May 2013, 30 thousand shares of share options were granted to TaiGen Company's employees. Each option entitles the holder to subscribe for one share of the Company's restricted shares when exercisable. The options were granted to TaiGen Company's qualified employees. The options granted are valid for 1 to 10 years and exercisable at certain percentages after a vesting period of 0 to 5 years or when certain performance conditions are satisfied.

On April 29, 2020, the Company's board of directors approved the issuance of 20 thousand units of employee share options. Each option entitles the holder to the right to subscribe for one thousand ordinary shares of the Company. Full-time employees of the Company and its subsidiaries were granted 1,130 and 15,000 options in March 2021 and August 2020, respectively. The options granted are valid for 5 years and exercisable at certain percentages after a vesting period and when certain performance conditions are satisfied.

On April 12, 2023, the Company's board of directors issued 10 thousand units of employee share options. Each option entitles the holder to the right to subscribe for one thousand ordinary shares of the Company. Full-time employees of the Company and its subsidiaries were granted 9,000 options in April 2023. The options granted are valid for 5 years and exercisable at certain percentages after a vesting period and when certain performance conditions are satisfied.

Information on employee share options in 2024 and 2023 was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Shares (In Thousands)</b>	<b>Weighted- average Exercise Price (US\$)</b>	<b>Shares (In Thousands)</b>	<b>Weighted- average Exercise Price (US\$)</b>
Balance at January 1	16,526	\$0.6487	8,316	\$0.7971
Options granted	-	-	9,000	0.5033
Options forfeited	(520)	0.6423	(775)	0.5607
Options expired	<u>-</u>	-	<u>(15)</u>	0.1700
Balance at December 31	<u>16,006</u>	0.6490	<u>16,526</u>	0.6487
Options exercisable, end of the year	<u>7,754</u>	0.8005	<u>5,952</u>	0.8017
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ 6.02</u>	

Information on outstanding options was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Range of Exercise Price</b>	<b>Weighted- average Remaining Life (In Years)</b>	<b>Range of Exercise Price</b>	<b>Weighted- average Remaining Life (In Years)</b>
Employee Share Options Granted in 2020	\$ 23.55	0.60	\$ 23.55	1.60
Employee Share Options Granted in 2021	19.10	1.17	19.10	2.17
Employee Share Options Granted in 2023	15.35	3.28	15.35	4.28

Fair value-based method was adopted for employee share options, and the inputs to the model are as follows:

	<b>Employee Share Options Granted in 2023</b>	<b>Employee Share Options Granted in 2021</b>	<b>Employee Share Options Granted in 2020</b>	<b>Employee Share Options Granted in 2013</b>
Grant-date share price	\$15.35	\$19.10	\$23.55	\$0.17
Exercise price	\$15.35	\$19.10	\$23.55	\$0.17
Pricing model:	Black-Scholes pricing model	Black-Scholes pricing model	Black-Scholes pricing model	Binomial option pricing model
Assumptions:				
Expected volatility	46.18%-52.13%	41.30%-43.46%	41.30%-43.46%	67.30%-69.61%
Expected life	3.5-4.83 years	3.5-4.5 years	3.5-4.5 years	10 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	1.11%-1.14%	0.28%-0.33%	1.18%-1.29%	1.18%-1.29%

**b. Employee restricted share plan**

On May 26, 2023, the Company's shareholders' meeting approved the free issuance of 3,000 thousand employee restricted shares with a par value of \$0.001 per share, which amounted to US\$3 thousand, which was approved by the FSC on October 20, 2023. The Company issued 1,000 employee restricted shares with a fair value of \$15.3 per share on December 13, 2023.

The vested conditions for the above-mentioned restricted employee rights shares are as follows:

If the allotted employee achieves the performance indicators before the end of the year of issuance, the maximum of shares vested in January of the following year will be 70%. If the allotted employee achieves the performance indicators before the end of the next year of the issuance, the maximum of shares vested in January of the following year will be 30%.

The right of the employees who are allotted restricted shares is limited before the vested conditions are met as follows:

- 1) The employee restricted shares shall not be sold, pledged, transferred, gifted, guaranteed or otherwise disposed of.
- 2) Voting rights at shareholders' meetings, allotment (subscription) of shareholders, and right of dividends: The same as other ordinary shares of the Company. However, the allotment of dividends also needs to be paid to the trust.
- 3) After an employee is allotted the employee restricted shares given by the Company, the Company may withdraw the shares and cancel them free of charge if the employee restricted shares are allotted and the vested conditions have not met, but the employees are not required to return or pay back the rights and dividends derived from them.

The related information of employee restricted shares in 2024 and 2023 was as follow:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Shares (In Thousands)</b>	<b>Shares (In Thousands)</b>
Balance, beginning of year	\$ 1,000	\$ -
Issuance of shares	-	1,000
Vested shares	(700)	-
Canceled shares	<u>(3)</u>	<u>-</u>
Balance, end of year	<u>\$ 297</u>	<u>\$ 1,000</u>

- c. The compensation costs of the aforementioned share-based payments were \$32,481 thousand and \$24,998 thousand for the years ended December 31, 2024 and 2023, respectively.

## 24. CAPITAL MANAGEMENT

The capital structure of the Group consists of equity. Key management personnel of the Group review the capital structure on a regular basis. In order to balance the overall capital structure, the Group may adjust the number of new shares and other equity instruments issued.

## 25. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	<u>\$ 194,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,403</u>
Financial assets at FVTOCI				
Foreign government bonds	\$ -	\$ 162,185	\$ -	\$ 162,185
Foreign corporate bonds	-	158,200	-	158,200
Foreign investments in unlisted shares	<u>-</u>	<u>-</u>	<u>2,453</u>	<u>2,453</u>
	<u>\$ -</u>	<u>\$ 320,385</u>	<u>\$ 2,453</u>	<u>\$ 322,838</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>65,140</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>65,140</u>
Financial assets at FVTOCI				
Foreign government bonds	\$ -	\$ 60,440	\$ -	\$ 60,440
Foreign corporate bonds	-	87,168	-	87,168
Foreign investments in unlisted shares	<u>-</u>	<u>-</u>	<u>9,708</u>	<u>9,708</u>
	<u>\$ -</u>	<u>\$ 147,608</u>	<u>\$ 9,708</u>	<u>\$ 157,316</u>

There were no transfers between Levels 1 and 2 in 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVOCI

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 9,708	\$ 23,980
Recognized in other comprehensive income	<u>(7,255)</u>	<u>(14,272)</u>
Balance at December 31	<u>\$ 2,453</u>	<u>\$ 9,708</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of foreign government bonds and foreign corporate bonds is determined by the quoted market prices provided by third-party price services.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Foreign investments in unlisted shares	The market approach: The fair value is assessed according to the recent transaction price of the investment target or similar market transaction prices and market conditions. The significant unobservable inputs are discounted prices for the lack of marketability.

While all the other variables are held constant and the liquidity discount increases by 1%, the fair value will decrease by \$53 thousand and \$201 thousand as of December 31, 2024 and 2023, respectively.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL	\$ 194,403	\$ 65,140
Financial assets at amortized cost (1)	527,646	865,263
Financial assets at FVTOCI (2)	322,838	157,316

Financial liabilities

Amortized cost (3)	28,594	26,559
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- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, financial assets measured at amortized cost and refundable deposits.
- 2) The balances included investments in debt and equity instruments.
- 3) The balances included other payables.

d. Financial risk management objectives and policies

The Group's main target of financial risk management was to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group was devoted to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity was reviewed and approved by the board of directors in compliance with relative regulations and internal control policy, and the authority and responsibility were delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Group's operating activities traded in foreign currency exposed primarily to the financial risks of changes in foreign currency exchange rates. The Group monitored the exchange rate fluctuations timely and regulated foreign currency position to reduce the influence of the exchange rate fluctuations on the Group's income.

The sensitivity analysis focused on outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax profit or loss associated with New Taiwan dollars strengthen/weakening 5% against the relevant currency.

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Increase/decrease	<u>\$ 41,325</u>	<u>\$ 59,967</u>

b) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates risk at the end of the reporting period was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 800,455	\$ 655,564
Cash flow interest rate risk		
Financial assets	24,921	317,276

The Group manages regarding interest rate risk sensitivity has a limited impact on pre-tax profit or loss and other comprehensive income.

c) Other price risk

The Group was exposed to price risk through its investments in financial asset at FVTPL and financial asset at FVTOCI. The Group has built real-time control mechanism, it is expected not to occur significant price risk.

The sensitivity analyses below were determined based on the Group's exposure to investment price risk for financial asset at fair value at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax profit or loss and pre-tax other comprehensive income associated with market price which had been 5% higher/lower.

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Pre-tax profit or loss		
Increase/decrease	<u>\$ 9,720</u>	<u>\$ 3,257</u>
Pre-tax other comprehensive income		
Increase/decrease	<u>\$ 123</u>	<u>\$ 485</u>

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk is the carrying amount of the respective recognized financial assets. The Group conducts transactions only with selected financial institutions and corporations with good credit ratings, and there is no sign of concentration of credit risk; thus, the management does not anticipate any material losses resulting from default on contracts.

Credit risk management of investment in debt instrument

The debt instruments invested by the Group are financial assets measured at fair value through other comprehensive profit and loss. The policy adopted by the Group is to invest only in debt instruments with a credit rating above investment grade (including) and with low credit risk in the impairment assessment. Credit rating information is provided by independent rating agencies. The Group continues to track external rating information to monitor changes in the credit risk of the invested debt instruments and at the same time examines other information such as the bond yield curve and significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Group measures the expected credit loss of 12 months of investment in debt instruments by reference to default loss ratios provided by external credit rating agencies. The total carrying amount of the Group's current credit risk rating mechanism and investments in debt instruments of each credit rating is as follows:

December 31, 2024

<b>Credit Level</b>	<b>Definition</b>	<b>Basis of Recognition of Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Total Carrying Amount at December 31, 2024</b>
Normal	The debtor has low credit risk and sufficient ability to settle contractual cash flows.	12 months expected credit loss	0%	\$ 320,385

December 31, 2023

<b>Credit Level</b>	<b>Definition</b>	<b>Basis of Recognition of Expected Credit Losses</b>	<b>Expected Credit Loss Rate</b>	<b>Total Carrying Amount at December 31, 2023</b>
Normal	The debtor has low credit risk and sufficient ability to settle contractual cash flows.	12 months expected credit loss	0%	\$ 147,608

3) Liquidity risk

The Group has sufficient operating capital to meet cash need. Therefore, no material liquidity risk was anticipated.

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

### Compensation of Key Management Personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 29,234	\$ 29,328
Share-based compensation cost	15,892	10,837
Post-employment benefits	<u>420</u>	<u>420</u>
	<u>\$ 45,546</u>	<u>\$ 40,585</u>

The remuneration of directors, supervisors and other key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends.



## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2024, the Group has entered into various research contracts with future minimum payments amounting to approximately \$3,422 thousand.

## 28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31						
2024			2023			
Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount	
<u>Financial assets</u>						
Monetary items						
CNY	\$ 98,001	4.5608	\$ 446,962	\$ 198,262	4.3352	\$ 859,508
USD	14,319	32.785	469,448	13,502	30.705	414,587
<u>Financial liabilities</u>						
Monetary items						
CNY	1,373	4.5608	6,263	1,189	4.3352	5,157
USD	2,552	32.785	83,651	2,267	30.705	69,604

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$54,171 thousand and \$(15,679) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

## 29. NOTES TO DISCLOSURES

Except as shown in Tables 1 to 6, there are no other matters to be disclosed.

### 30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on financial information of segments. The Group's reportable segments were as follows:

The chief operating decision maker classified the operating segment into development, research and sales of new drugs, among others. The operating segment of development, research and sales of new drugs are mainly engaged in the research, development, manufacturing and sale of various new drugs and cell products. The other segments are mainly engaged in consultation on pharmaceutical technology and manufacturing and sale of health food.

#### a. Segment revenue and results

	<b>Development, Research and Sales of New Drugs</b>	<b>The Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<u>2024</u>				
Revenue from customer	\$ 149,150	\$ 1,501	\$ -	\$ 150,651
Revenue from other segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	\$ 149,150	\$ 1,501	\$ -	\$ 150,651
Segment loss	\$ (32,087)	\$ 536	\$ -	\$ (31,551)
General and administrative expenses				(90,547)
Non-operating revenue, net				<u>89,213</u>
Loss before income tax				\$ (32,885)
Segment depreciation and amortization expenses	\$ 19,856	\$ -		\$ 19,856
Non-segment depreciation and amortization expenses				<u>4,973</u>
Total depreciation and amortization expenses				\$ 24,829
Segment assets	\$ 68,892	\$ 1,223		\$ 70,115
General assets				<u>1,104,167</u>
Total assets				<u>\$ 1,174,282</u>

(Continued)

	<b>Development, Research and Sales of New Drugs</b>	<b>The Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<u>2023</u>				
Revenue from customer	\$ 119,148	\$ 3,986	\$ -	\$ 123,134
Revenue from other segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>\$ 119,148</u>	<u>\$ 3,986</u>	<u>\$ -</u>	<u>\$ 123,134</u>
Segment loss	<u>\$ (79,013)</u>	<u>\$ 3,215</u>	<u>\$ -</u>	<u>\$ (75,798)</u>
General and administrative expenses				(98,901)
Non-operating revenue, net				<u>318,186</u>
Profit before income tax				<u>\$ 143,487</u>
Segment depreciation and amortization expenses	<u>\$ 22,486</u>	<u>\$ -</u>		\$ 22,486
Non-segment depreciation and amortization expenses				<u>5,120</u>
Total depreciation and amortization expenses				<u>\$ 27,606</u>
Segment assets	<u>\$ 50,075</u>	<u>\$ -</u>		\$ 50,075
General assets				<u>1,179,763</u>
Total assets				<u>\$ 1,229,838</u>
				(Concluded)

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Taiwan	\$ 38,775	\$ 30,569	\$ 84,002	\$ 108,017
China	<u>111,876</u>	<u>92,565</u>	<u>1,742</u>	<u>1,734</u>
	<u>\$ 150,651</u>	<u>\$ 123,134</u>	<u>\$ 85,744</u>	<u>\$ 109,751</u>

Non-current assets exclude financial instruments.

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Customer A	\$ 111,876	\$ 92,565
Customer B	30,460	30,559

**TABLE 1**

**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Accounts	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TaiGen Biotechnology Co., Ltd.	<u>Mutual funds</u>							
	Franklin Huamei Money Market Fund	-	Financial assets at fair value through profit or loss	7,108,317	\$ 76,636	-	\$ 76,636	-
	Fidelity Funds - US Dollar Cash Fund A-USD	-	"	86,643	34,313	-	34,313	-
	Franklin Templeton Investment Funds-Franklin U.S. Dollar Short-Term Money Market Fund	-	"	189,117	83,454	-	83,454	-
	<u>Stocks</u>							
	GPCR Therapeutics, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	89,586	2,453	0.87	2,453	-
	<u>Government bonds</u>							
	United State of America	-	Financial assets at fair value through other comprehensive income - current	-	162,185	N/A	162,185	-
	<u>Corporate bonds</u>							
	Volkswagen Group of America Finance, LLC	-	Financial assets at fair value through other comprehensive income - current	-	32,585	N/A	32,585	-
	The Walt Disney Company	-	"	-	31,444	"	31,444	-
	TSMC Global Ltd.	-	"	-	31,766	"	31,766	-
	Mitsubishi Corporation	-		-	32,861	"	32,861	-
	Sumitomo Mitsu Trust Bank	-		-	29,544	"	29,544	-

Note 1: Securities as used in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of IFRS 9 “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, this column is not required to be filled out.

Note 3: Refer to Tables 4 and 5 for information on investments in subsidiaries and associates.

**TABLE 2**

**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Second-tier subsidiary	\$ 445,332	-	\$ -	-	\$ -	\$ -

Note 1: Above transactions were eliminated upon preparation of the consolidated financial statements.

Note 2: The par value of the Company’s shares is not \$10, the transaction amount requirement of 20% of the paid-in capital is calculated based on 10% of the Company’s shareholders’ equity.

**TABLE 3**

**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd.	a.	Other payables-related parties	\$ 83,492	Subject to agreed conditions	7.11
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Other payables-related parties	5,425	"	0.46
1	TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Operation revenue	733	"	0.49
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Accounts receivable - related parties	445,332	"	37.92
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Contract liabilities - current	740	"	0.06
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Contract liabilities - non-current	2,034	"	0.17

Note 1: The number column is illustrated as following:

- a. The parent company is numbered 0.
- b. The subsidiaries are sequentially numbered from 1 based on their investment structure.

Note 2: There are three types of intercompany transactions:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary

Note 3: Above transactions were eliminated upon preparation of the consolidated financial statements.

Note 4: The transaction amount is calculated as a percentage of consolidated total revenue or total assets, and in the case of asset and liability items, the closing balance is calculated as a result of consolidated total assets. In the case of profit and loss items, the cumulative amount is calculated in the form of total consolidated revenue.

**TABLE 4**

**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Income (Loss) Recognized	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd.	Taipei	Development of innovative new drugs and consultation on pharmaceutical technology	\$ 2,471,513	\$ 2,471,513	247,151,392	100	\$ 1,165,939	\$ (26,438)	\$ (26,438)	Subsidiary (Note 1)
TaiGen Biotechnology Co., Ltd.	TaiGen Biotechnology Holdings Limited (Cayman)	British Cayman Islands	Investment holding	748,228	748,228	163,000,000	100	(407,825)	17,515	17,515	Second-tier subsidiary (Note 1)
	TaiGen Biomedical Food Corporation	Taipei	Manufacture and sale of health food	3,000	3,000	300,000	100	3,352	440	440	Second-tier subsidiary (Note 1)

Note 1: Above transactions were eliminated upon preparation of the consolidated financial statements.

Note 2: Refer to Table 5 for information on investments in mainland China.



**TABLE 5**

**TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Development of innovative new drugs and consultation on pharmaceutical technology	\$ 748,228 (US\$ 24,900 thousand)	Reinvesting in China through a company registered in a third region (TaiGen Biotechnology Holdings Limited (Cayman))	\$ 748,228 (US\$ 24,900 thousand)	\$ -	\$ -	\$ 748,228 (US\$ 24,900 thousand)	\$ 17,515	100	\$ 17,515 (Note 2)	\$ (407,825)	\$ -	Note 1

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$748,228 (US\$24,900 thousand)	\$748,228 (US\$24,900 thousand)	\$699,563

Note 1: Has been written off when preparing the consolidated financial report.

Note 2: It is calculated based on the financial statements of the investee company audited by accountants according to the proportion of shareholdings.

**TABLE 6****TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
National Development Fund, Executive Yuan	103,007,259	14.34
YFY Inc.	97,502,590	13.58
Taiwan Sugar Corporation	43,883,058	6.11

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the common shares and preferred shares of the Company that have completed delivery without physical registration (including treasury shares). The share capital recorded in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information shows that the shareholder transfers the holdings to the trust, it is disclosed separately by the trustor who has opened a special trust account for the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, refer to the public information Observatory.