

ACEPODIA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

ACEPODIA, INC.

DECEMBER 31, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ACEPODIA, INC.

Opinion

We have audited the accompanying consolidated balance sheets of ACEPODIA, INC. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2024 consolidated financial statements is stated as follows:

Existence and occurrence of cash and cash equivalents

Description

Refer to Note 4(6) for accounting policies applied to cash and cash equivalents, and Note 6(1) for details of account items. As of December 31, 2024, cash and cash equivalents amounted to \$5,868,770 thousand, constituting 86% of the total consolidated assets. As cash and cash equivalents constitute a significant portion of total consolidated assets and inherent risk exists, we considered the existence and occurrence of cash and cash equivalents a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Confirmed bank accounts and special arrangements with financial institutions to verify the existence and rights and obligations of the bank deposits;
2. Verified the authenticity of the necessary information for the bank confirmations;
3. Reviewed and tested the mathematical accuracy of bank reconciliation statements, agreed the balances with the balances per cash book and per bank balance, identified any unusual or significant items and ensured that these were properly disposed of; and
4. Selected samples of significant cash receipt and payment transactions and ascertained whether the transactions were incurred for operational needs and were properly approved.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Teng, Sheng-Wei Wendy Liang
For and on behalf of PricewaterhouseCoopers, Taiwan
March 19, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ACEPODIA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2024 | | December 31, 2023 | | |
|--|--|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 5,868,770 | 86 | \$ 6,293,987 | 92 |
| 1136 | Financial assets at amortised cost - current | 6(2) | 262,280 | 4 | - | - |
| 1170 | Accounts receivable, net | 6(3) | 122 | - | - | - |
| 1200 | Other receivables | | 22,142 | - | 2,617 | - |
| 1220 | Current tax assets | | 4,804 | - | 1,605 | - |
| 1410 | Prepayments | | 35,130 | 1 | 39,528 | 1 |
| 1470 | Other current assets | | 178 | - | 77 | - |
| 11XX | Total current assets | | <u>6,193,426</u> | <u>91</u> | <u>6,337,814</u> | <u>93</u> |
| Non-current assets | | | | | | |
| 1600 | Property, plant and equipment | 6(4) | 303,015 | 4 | 200,549 | 3 |
| 1755 | Right-of-use assets | 6(5) | 276,084 | 4 | 242,777 | 4 |
| 1780 | Intangible assets | | 2,498 | - | - | - |
| 1915 | Prepayments for equipment | | 9,032 | - | 23,467 | - |
| 1920 | Refundable deposits | | 35,269 | 1 | 13,914 | - |
| 15XX | Total non-current assets | | <u>625,898</u> | <u>9</u> | <u>480,707</u> | <u>7</u> |
| 1XXX | Total assets | | <u>\$ 6,819,324</u> | <u>100</u> | <u>\$ 6,818,521</u> | <u>100</u> |
| Liabilities and Equity | | | | | | |
| Current liabilities | | | | | | |
| 2200 | Other payables | 6(6) | \$ 146,494 | 2 | \$ 89,742 | 1 |
| 2230 | Current tax liabilities | | 7,004 | - | - | - |
| 2250 | Provisions - current | 6(10) | - | - | 6,755 | - |
| 2280 | Lease liabilities - current | | 51,770 | 1 | 40,361 | 1 |
| 2300 | Other current liabilities | | 799 | - | 732 | - |
| 21XX | Total current liabilities | | <u>206,067</u> | <u>3</u> | <u>137,590</u> | <u>2</u> |
| Non-current liabilities | | | | | | |
| 2527 | Contract liabilities - non-current | 6(14) | 13,432 | - | 13,432 | - |
| 2580 | Lease liabilities - non-current | | 259,748 | 4 | 233,450 | 4 |
| 25XX | Total non-current liabilities | | <u>273,180</u> | <u>4</u> | <u>246,882</u> | <u>4</u> |
| 2XXX | Total liabilities | | <u>479,247</u> | <u>7</u> | <u>384,472</u> | <u>6</u> |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common shares | 6(11) | 5,736,763 | 84 | 5,670,161 | 83 |
| | Capital surplus | 6(12) | | | | |
| 3200 | Capital surplus | | 4,756,271 | 69 | 4,748,749 | 70 |
| | Retained earnings | 6(13) | | | | |
| 3350 | Accumulated deficit | | (4,345,101) | (64) | (3,848,353) | (57) |
| Other equity | | | | | | |
| 3400 | Other equity interest | | 192,144 | 4 | (136,508) | (2) |
| 3XXX | Total equity | | <u>6,340,077</u> | <u>93</u> | <u>6,434,049</u> | <u>94</u> |
| 3X2X | Total liabilities and equity | | <u>\$ 6,819,324</u> | <u>100</u> | <u>\$ 6,818,521</u> | <u>100</u> |

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

ACEPODIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

| Items | Notes | Year ended December 31 | | | |
|--|---------------------------------|------------------------|--------|---------------|--------|
| | | 2024 | | 2023 | |
| | | AMOUNT | % | AMOUNT | % |
| 4000 Operating revenue | 6(14) | \$ 427 | - | \$ 16,593 | 3 |
| 5000 Operating costs | | (149) | - | - | - |
| 5900 Gross profit from operations | | 278 | - | 16,593 | 3 |
| Operating expenses | 6(4)(5)(8)(9) (17)(18) and 7 | | | | |
| 6200 General and administrative expenses | | (145,522) | (19) | (141,627) | (31) |
| 6300 Research and development expenses | | (612,655) | (81) | (310,940) | (69) |
| 6000 Total operating expenses | | (758,177) | (100) | (452,567) | (100) |
| 6900 Operating loss | | (757,899) | (100) | (435,974) | (97) |
| Non-operating income and expenses | | | | | |
| 7100 Interest income | 6(15) | 275,255 | 36 | 132,242 | 29 |
| 7010 Other income | | 109 | - | 222 | - |
| 7020 Other gains and losses | 6(5)(7)(16) | 16,035 | 2 | (508,189) | (112) |
| 7050 Finance costs | 6(5) | (6,493) | (1) | (4,844) | (1) |
| 7000 Total non-operating income and expenses | | 284,906 | 37 | (380,569) | (84) |
| 7900 Loss before income tax | | (472,993) | (63) | (816,543) | (181) |
| 7950 Income tax expense | 6(19) | (23,755) | (3) | (776) | - |
| 8200 Net loss for the year | | (\$ 496,748) | (66) | (\$ 817,319) | (181) |
| Other comprehensive income (loss) | | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation of the financial statements of foreign operations | | \$ 425,437 | 56 | \$ 4,809 | 1 |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation of the financial statements of foreign operations | | (62,178) | (8) | 39,485 | 9 |
| 8300 Other comprehensive income for the year | | \$ 363,259 | 48 | \$ 44,294 | 10 |
| 8500 Total comprehensive loss for the year | | (\$ 133,489) | (18) | (\$ 773,025) | (171) |
| Net loss attributable to: | | | | | |
| 8610 Owners of parent | | (\$ 496,748) | (66) | (\$ 817,319) | (181) |
| Comprehensive loss attributable to: | | | | | |
| 8710 Owners of parent | | (\$ 133,489) | (18) | (\$ 773,025) | (171) |
| Loss per share (in dollars) | | | | | |
| 9750 Basic loss per share | 6(20) | (\$ 0.87) | | (\$ 1.44) | |
| 9850 Diluted loss per share | 6(20) | (\$ 0.87) | | (\$ 1.44) | |

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

ACEPODIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | |
|-------------|---|---|---------------------|---|--|-----------------------|--------------------|---------------------|
| | | Retained earnings | | | Other equity | | | |
| Notes | Common shares | Capital surplus | Accumulated deficit | Exchanges differences on translation of the financial statements of foreign operations | Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss | Unearned compensation | Total equity | |
| <u>2023</u> | | | | | | | | |
| | Balance at January 1, 2023 | \$ 351 | \$ 200,696 | (\$ 3,055,627) | (\$ 180,802) | \$ 24,593 | \$ - | (\$ 3,010,789) |
| | Net loss for the year | - | - | (817,319) | - | - | - | (817,319) |
| | Other comprehensive income for the year | - | - | - | 44,294 | - | - | 44,294 |
| | Total comprehensive (loss) income for the year | - | - | (817,319) | 44,294 | - | - | (773,025) |
| | Compensation cost of employee share options | - | 20,736 | - | - | - | - | 20,736 |
| | Employee share options exercised | 9,889 | 4,936 | - | - | - | - | 14,825 |
| | Convertible preferred shares converted | 2,973 | 7,179,329 | - | - | - | - | 7,182,302 |
| | Common share splits and adjustment of par value | 4,406,948 | (4,406,948) | - | - | - | - | - |
| | Issuance of common shares for cash | 1,250,000 | 1,750,000 | - | - | - | - | 3,000,000 |
| | Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition | - | - | 24,593 | - | (24,593) | - | - |
| | Balance at December 31, 2023 | <u>\$ 5,670,161</u> | <u>\$ 4,748,749</u> | <u>(\$ 3,848,353)</u> | <u>(\$ 136,508)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,434,049</u> |
| <u>2024</u> | | | | | | | | |
| | Balance at January 1, 2024 | \$ 5,670,161 | \$ 4,748,749 | (\$ 3,848,353) | (\$ 136,508) | \$ - | \$ - | \$ 6,434,049 |
| | Net loss for the year | - | - | (496,748) | - | - | - | (496,748) |
| | Other comprehensive income for the year | - | - | - | 363,259 | - | - | 363,259 |
| | Total comprehensive (loss) income for the year | - | - | (496,748) | 363,259 | - | - | (133,489) |
| | Compensation cost of employee share options | - | 1,517 | - | - | - | - | 1,517 |
| | Employee share options exercised | 47,187 | (10,110) | - | - | - | - | 37,077 |
| | Issuance of employee restricted stocks | 19,415 | 16,115 | - | - | - | (34,607) | 923 |
| | Balance at December 31, 2024 | <u>\$ 5,736,763</u> | <u>\$ 4,756,271</u> | <u>(\$ 4,345,101)</u> | <u>\$ 226,751</u> | <u>\$ -</u> | <u>(\$ 34,607)</u> | <u>\$ 6,340,077</u> |

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

ACEPODIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 | |
|--|--------------|------------------------|----------------|
| | | 2024 | 2023 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Loss before tax | | (\$ 472,993) | (\$ 816,543) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(4)(5)(17) | 80,195 | 47,180 |
| Amortization | | 472 | - |
| Interest expense | 6(5) | 6,493 | 4,844 |
| Interest income | 6(15) | (275,255) | (132,242) |
| Compensation cost for employee share options | 6(9)(18) | 2,440 | 20,736 |
| Loss on disposal of property, plant and equipment | 6(16) | 87 | 1,509 |
| Net loss on financial liabilities at fair value through profit or loss | 6(7) | - | 474,069 |
| Gains on lease modification | 6(5)(16) | (3) | (173) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable, net | | (122) | - |
| Other receivables | | (240) | 30,519 |
| Other receivables from related parties | | - | 112 |
| Prepayments | | 4,344 | (17,893) |
| Other current assets | | (101) | (76) |
| Changes in operating liabilities | | | |
| Other payables | | 56,752 | (12,142) |
| Provisions - current | | (7,068) | 6,755 |
| Other current liabilities | | 67 | 207 |
| Contract liabilities | 6(14) | - | (17,293) |
| Cash outflow generated from operations | | (604,932) | (410,431) |
| Interest received | | 255,970 | 130,037 |
| Interest paid | | (123) | - |
| Income tax paid | | (19,950) | (2,323) |
| Net cash flows used in operating activities | | (369,035) | (282,717) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortized cost - current | 6(2) | (262,280) | - |
| Acquisition of property, plant and equipment | 6(21) | (124,874) | (179,370) |
| Proceeds from disposal of property, plant and equipment | | 70 | 65 |
| Increase in refundable deposits | | (21,355) | (7,155) |
| Acquisition of intangible assets | | (2,916) | - |
| Net cash flows used in investing activities | | (411,355) | (186,460) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Redemption of lease liabilities | 6(5)(22) | (47,999) | (14,496) |
| Employee share options exercised | 6(9)(11)(12) | 37,077 | 14,825 |
| Proceeds from issuance of common shares | 6(11)(12) | - | 3,000,000 |
| Net cash flows (used in) from financing activities | | (10,922) | 3,000,329 |
| Net effect of changes in foreign currency exchange rate | | 366,095 | 36,191 |
| Net (decrease) increase in cash and cash equivalents | | (425,217) | 2,567,343 |
| Cash and cash equivalents at beginning of year | | 6,293,987 | 3,726,644 |
| Cash and cash equivalents at end of year | | \$ 5,868,770 | \$ 6,293,987 |

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

ACEPODIA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Acepodia, Inc. (the “Company”) was incorporated as a company limited by shares in the Cayman Islands on February 15, 2017. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research and development of anti-cancer cell new drugs, dedicated to researching the next generation of cancer cell immunotherapy. The Group utilises the unique antibody-cell conjugation technology platform and $\gamma\delta$ 2T cells to develop a series of immune cells that are applied with antibodies to activate the human immune system and guide the innovative treatment approach for clearing cancer cells.

The Taipei Exchange has approved the application for the listing of the Company's common shares as an emerging stock, which started trading from August 8, 2023.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 19, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|--|---|
| Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’ | January 1, 2024 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2024 |
| Amendments to IAS 1, ‘Non-current liabilities with covenants’ | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’ | January 1, 2024 |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|--|---|
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments' | 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 International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment 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 |
| Annual Improvements to IFRS Accounting Standards—Volume 11 | January 1, 2026 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for financial liabilities measured at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|------------------|-----------------------------------|--|-------------------|-------------------|-------------|
| | | | December 31, 2024 | December 31, 2023 | |
| Acepodia, Inc. | Acepodia Biotech, Inc. | Research and development biotechnology | 100% | 100% | Note 1 |
| Acepodia, Inc. | Acepodia Biotechnologies, Limited | Research and development biotechnology | 100% | 100% | Note 2 |

Note 1: Acepodia Biotech, Inc. was incorporated in December 2017 in the U.S..

Note 2: Acepodia Biotechnologies, Limited was incorporated in June 2017 in Taiwan.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is U.S. Dollar; however, the consolidated financial statements are presented in New Taiwan Dollar under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|-------------------------|---|
| Machinery and equipment | 3 ~ 7 years |
| Utility equipment | 3 ~ 5 years |
| Leasehold improvements | the lease term or years, whichever is shorter |

(12) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modification that decreases the scope of the lease, lessee decreases the carrying amount of the right-of use asset to reflect the partial or full termination of the lease, and recognized the difference between the decrease and the remeasurement of the lease liability in profit or loss.

(13) Intangible assets

Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(15) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

(16) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(17) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price on the day before the date of the resolution of the board.

(19) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
 - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
 - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees but employees must return the dividends received if they resign during the vesting period, when the Group receives dividends from employees resigning during the vesting period, the Group credits related amounts that were previously debited from retained earnings, legal reserve or capital surplus at the date of dividends declared.

(20) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Revenue recognition

A. Revenue from licencing intellectual property

- (a) The Group entered into a contract with a customer to grant a license of patents to the customer. Given the license is distinct from other promised goods or services in the contract, the Group recognizes the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. Revenue is recognized based on the transaction price. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognized as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.
- (b) Some contracts require a sales-based royalty in exchange for a license of intellectual property. The Group recognizes revenue when the performance obligation has been satisfied and the subsequent sale occurs.

B. Service revenue

The Group provides production of biomaterials services to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group’s accounting policies

Convertible preferred shares

The classification of preferred shares is determined based on its nature and rights which is described in the Shareholders Agreement. Preferred shares are classified as liabilities when it is convertible to a variable number of its equity instruments or an unconditional obligation to deliver cash or another financial asset exist. Pursuant to the Shareholders Agreement for convertible preferred shares the group issued, in the event of Deemed Liquidation Event is not controllable by the Group, the Group has no unconditional right to avoid delivering cash to settle its contractual obligations. Furthermore, given the conversion price might be further adjusted based on the Shareholders Agreement, the Group has, or might have, a contractual obligation to deliver a variable number of its equity instruments. As a result, the preferred shares are classified as financial liabilities.

(2) Critical accounting estimates and assumptions

Fair value measurement of convertible preferred shares

The issuance of convertible preferred shares by the Group was recognized under ‘financial liabilities designated as at fair value through profit or loss’ on initial recognition due to their compound instrument feature. The fair value of convertible preferred shares is determined considering those companies’ recent financing activities and technical development status, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these convertible preferred shares. Please refer to Note 11(3) for the financial instruments fair value information.

As of December 31, 2023 convertible preferred shares, which were classified as “financial liabilities designated as at fair value through profit or loss”, had been fully converted into common shares.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 176 | \$ 250 |
| Checking accounts and demand deposits | 2,587,035 | 1,687,987 |
| Cash equivalents | | |
| Time deposits | 3,281,559 | 4,605,750 |
| Total | <u>\$ 5,868,770</u> | <u>\$ 6,293,987</u> |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's cash and cash equivalents are centrally deposited in financial institutions in Taiwan, and the currencies are mainly US dollars.

C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------|--------------------------|--------------------------|
| Time deposit | \$ 262,280 | \$ - |

A. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$262,280 and \$0, respectively.

B. As at December 31, 2024 and 2023, the Group had no financial assets measured at amortized cost pledged as collateral.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 11(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Accounts receivable

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------|--------------------------|--------------------------|
| Accounts receivable | \$ 122 | \$ - |

The aging analysis of accounts receivable is as follows:

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------|--------------------------|--------------------------|
| Not overdue | \$ 122 | \$ - |

(4) Property, plant and equipment

| | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Unfinished construction and equipment under acceptance</u> | <u>Total</u> |
|--------------------------|--------------------------------|-------------------------|-------------------------------|---|-------------------|
| At January 1, 2024 | | | | | |
| Cost | \$ 70,193 | \$ 3,692 | \$ - | \$ 154,533 | \$ 228,418 |
| Accumulated depreciation | (27,321) | (548) | - | - | (27,869) |
| | <u>\$ 42,872</u> | <u>\$ 3,144</u> | <u>\$ -</u> | <u>\$ 154,533</u> | <u>\$ 200,549</u> |
| At January 1, 2024 | \$ 42,872 | \$ 3,144 | \$ - | \$ 154,533 | \$ 200,549 |
| Additions | 41,626 | 1,071 | 55,680 | 17,370 | 115,747 |
| Reclassifications | 20,719 | 229 | 154,533 | (154,533) | 20,948 |
| Depreciation | (19,858) | (1,020) | (13,785) | - | (34,663) |
| Disposals | (157) | - | - | - | (157) |
| Net exchange differences | 541 | 50 | - | - | 591 |
| At December 31, 2024 | <u>\$ 85,743</u> | <u>\$ 3,474</u> | <u>\$ 196,428</u> | <u>\$ 17,370</u> | <u>\$ 303,015</u> |
| At December 31, 2024 | | | | | |
| Cost | \$ 131,547 | \$ 5,070 | \$ 210,213 | \$ 17,370 | \$ 364,200 |
| Accumulated depreciation | (45,804) | (1,596) | (13,785) | - | (61,185) |
| | <u>\$ 85,743</u> | <u>\$ 3,474</u> | <u>\$ 196,428</u> | <u>\$ 17,370</u> | <u>\$ 303,015</u> |

| | Machinery and equipment | Office equipment | Leasehold improvements | Unfinished construction and equipment under acceptance | Total |
|--------------------------|----------------------------|---------------------|---------------------------|---|-------------------|
| At January 1, 2023 | | | | | |
| Cost | \$ 53,250 | \$ 2,150 | \$ 5,591 | \$ - | \$ 60,991 |
| Accumulated depreciation | (20,033) | (749) | (3,227) | - | (24,009) |
| | <u>\$ 33,217</u> | <u>\$ 1,401</u> | <u>\$ 2,364</u> | <u>\$ -</u> | <u>\$ 36,982</u> |
| At January 1, 2023 | \$ 33,217 | \$ 1,401 | \$ 2,364 | \$ - | \$ 36,982 |
| Additions | 19,922 | 2,327 | - | 152,129 | 174,378 |
| Reclassifications | 428 | 173 | - | 2,404 | 3,005 |
| Depreciation | (10,322) | (586) | (1,360) | - | (12,268) |
| Disposal | (399) | (171) | (1,004) | - | (1,574) |
| Net exchange differences | 26 | - | - | - | 26 |
| At December 31, 2023 | <u>\$ 42,872</u> | <u>\$ 3,144</u> | <u>\$ -</u> | <u>\$ 154,533</u> | <u>\$ 200,549</u> |
| At December 31, 2023 | | | | | |
| Cost | \$ 70,193 | \$ 3,692 | \$ - | \$ 154,533 | \$ 228,418 |
| Accumulated depreciation | (27,321) | (548) | - | - | (27,869) |
| | <u>\$ 42,872</u> | <u>\$ 3,144</u> | <u>\$ -</u> | <u>\$ 154,533</u> | <u>\$ 200,549</u> |

None of the Group's property, plant and equipment were pledged to others as collateral.

(5) Leasing arrangements — lessee

- A. The Group leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 3 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings and parking spaces. Low-value assets comprise office equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | Year ended | | Year ended | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2024 | December 31, 2024 | December 31, 2023 | December 31, 2023 |
| | Carrying amount | Depreciation | Carrying amount | Depreciation |
| Buildings | \$ 275,711 | \$ 45,126 | \$ 241,998 | \$ 34,574 |
| Business vehicles | 373 | 406 | 779 | 338 |
| | <u>\$ 276,084</u> | <u>\$ 45,532</u> | <u>\$ 242,777</u> | <u>\$ 34,912</u> |

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$76,940 and \$232,700, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | <u>Year ended</u> <u>December 31, 2024</u> | <u>Year ended</u> <u>December 31, 2023</u> |
|---------------------------------------|---|---|
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 6,370 | \$ 4,844 |
| Expense on short-term lease contracts | 1,778 | 731 |
| Expense on leases of low-value assets | 174 | 151 |
| Gain on lease modification | 3 | 173 |

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$49,951 and \$15,378, respectively.

(6) Other payables

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------------|--------------------------|--------------------------|
| Payables for research expense | \$ 70,979 | \$ 20,453 |
| Payables for salaries and bonus | 43,376 | 41,237 |
| Payables for equipment | 15,861 | 18,475 |
| Payables for professional fee | 7,343 | 4,657 |
| Others | 8,935 | 4,920 |
| | <u>\$ 146,494</u> | <u>\$ 89,742</u> |

(7) Financial liabilities at fair value through profit or loss

A. Amounts recognized in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

| | <u>Year ended</u> <u>December 31, 2024</u> | <u>Year ended</u> <u>December 31, 2023</u> |
|--|---|---|
| Net losses recognized in profit or loss | | |
| Financial liabilities held for trading | | |
| Warrants | \$ - | \$ 6,235 |
| Financial liabilities designated as at fair value through profit or loss | | |
| Convertible preferred shares | - | 467,834 |
| | <u>\$ -</u> | <u>\$ 474,069</u> |

B. Financial liabilities held for trading

In January 2021, the Group issued the Series B-2 warrants to B-2 round investors who invested equal to or more than US\$6,000 thousand dollars (excluding the aggregate of any other B-2 round investors). B-2 warrant holders have the right to purchase up to 606,060 newly issued Series B-2 preferred shares from the Group within two years from the contract date starting on January 18, 2021, at a price of US\$1.65 (in dollars) per share, with a total price limit of US\$1,000 thousand dollars.

C. Financial liabilities designated as at fair value through profit or loss

i. As of December 31, 2024, the Group has converted its convertible preferred shares into common shares. The details are as follows:

- (a) In January 2018, the Group issued 8,700,000 shares of Series A convertible preferred shares (“Series A-1 Preferred Shares”) to specific investors at US\$0.5 (in dollars) per share, with a total value of US\$4,350 thousand dollars.
- (b) In April 2018, the Group issued 1,965,602 shares of Series A convertible preferred shares (“Series A-2 Preferred Shares”) to specific investor at US\$0.50875 (in dollars) per share, with a total of US\$1,000 thousand dollars.
- (c) In August 2018, the Group issued 8,316,392 shares of Series A convertible preferred shares (“Series A-3 Preferred Shares”) to specific investors at US\$0.5411 (in dollars) per share, with a total value of US\$4,500 thousand dollars. Series A-1 Preferred Shares, Series A-2 Preferred Shares and Series A-3 Preferred Shares are collectively referred to as the Series A Preferred Shares.
- (d) From August 2019 to November 2019, the Group issued 13,793,640 shares of Series B convertible preferred shares (“Series B Preferred Shares”) to specific investors at US\$0.69 (in dollars) per share, with a total value of US\$9,518 thousand dollars.
- (e) In January 2021 to March 2021, the Group issued 18,627,354 shares of Series B-2 convertible preferred shares (“Series B-2 Preferred Shares”) to specific investors at US\$1.65 (in dollars) per share, with a total value of US\$30,735 thousand dollars.
- (f) In June 2021, the Group additionally issued 843,214 shares of Series B-2 convertible preferred shares (“Series B-2 Preferred Shares”) to Maxpro Investment Co., Ltd. At US\$1.6603 (in dollars) per share, with a total value of US\$1,400 thousand dollars.
- (g) In September 2021, the Group issued 43,951,609 shares of Series C convertible preferred shares (“Series C Preferred Shares”) to investors at US\$2.48 (in dollars) per share for a total value of US\$108,999 thousand dollars.
- (h) On January 17, 2023, Series B-2 Warrant holders executed the warrants and acquired 606,060 shares of Series B-2 convertible preferred shares with a total value of US\$1,000 thousand dollars. The revision of the register of shareholders was completed on February 7, 2023.

- (i) On March 17, 2023, the Group converted the abovementioned convertible preferred shares totaling 96,803,871 shares into common shares at US\$0.001 (in dollars) per share and recognized the capital surplus of US\$233,702 thousand dollars (equivalent to \$7,179,329 thousand dollars).
- ii. When the Company issued the Series C convertible preference shares, some of the issuance terms were amended. The initial convertible preference shareholders (Series A, Series B and Series B-2) can apply the issuance terms retrospectively.
- iii. The rights and characteristics of the convertible preferred shares are as follows:

Dividends rights:

The holder of preferred shares shall be entitled to receive dividends in preference to any dividends on the common shares at the rate no less than any subsequent round of shares or convertible vehicles. The preferential dividends will be paid on an as-converted basis when, as and if paid on the Common Shares.

Conversion rights:

- (a) Optional Conversion: The preferred shares may be converted into such number of fully paid and nonassessable common shares as is determined by dividing the original issue price by the conversion plan in effect at the time of conversion, at any time at the option of the holders.
- (b) Mandatory Conversion: All of the preferred shares shall be automatically converted to common shares, at the then applicable conversion rate (x) immediately upon the closing of an IPO or (y) on such date as shall be reasonably determined in good faith by the board in accordance with the advice of its underwriter, legal and tax advisors, if the Board duly approves in accordance with this agreement and the Company's Articles of Association that the Company commences an IPO process to take place at a stock exchange which requires that the preferred shares shall be fully converted into the common shares at the time of filing for registration of an IPO or earlier.

Anti-Dilution:

If at any time or from time to time after the applicable original issue date, the company issues any additional common shares at a price less than the then applicable conversion price, then the existing applicable conversion price shall be reduced, as of the opening business on the date such issue or sale, to a price determined in accordance with following formula:

$$CP_2 = CP_1 \times \frac{A + B}{A + C}$$

For purposes of the foregoing formula, the following definitions shall apply:

- (a) **CP₂** shall mean the applicable conversion price in effect immediately after the issuance or deemed issuance of the additional common shares;
- (b) **CP₁** shall mean the applicable conversion price in effect immediately prior to such issuance or deemed issuance of the additional common shares;

- (c) **A** shall mean the number of common shares deemed outstanding immediately prior to such issue or sale, treating for this purpose as outstanding as of a given date shall be the sum of (A) the number of common shares actually outstanding, (B) the number of common shares into which the then outstanding preferred shares could be converted if fully converted on the day immediately preceding the given date, and (C) the number of common shares which could be obtained through the exercise or conversion of all other rights, options and convertible securities outstanding, vested and/or exercisable, on the date immediately preceding the given date;
- (d) **B** shall mean the number of common shares which the aggregate consideration received by the company for the total number of additional common shares so issued would purchase at the applicable conversion price in effect immediately prior to such issuance or sale; and
- (e) **C** shall mean the total number of such additional common shares so issued in such transaction.

Liquidation preference:

- (a) Liquidation shall be deemed, unless otherwise waived by a supermajority resolution, to be occasioned by, or to include (each, a “liquidation event”):
 - a. Any liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily.
 - b. Any return of capital by the Company (other than dividends approved by the Board or the conversion, redemption or purchase of shares),
 - c. A merger, acquisition, sale of voting control of the Company, or sale, lease, transfer, or other disposition of all or substantially all the assets of the Company in which members do not own the majority of the outstanding shares of the surviving corporation.
- (b) In any liquidation event, the holders of the preferred shares shall be entitled to receive in preference to the holders of the common shares, an amount per share equal to twice of the issue price (as adjusted for any share dividends, consolidation, sub-division or reclassification or similar events) plus any declared and unpaid dividends. If the Company had insufficient assets to permit payment to each preferred shareholder of the full liquidation preference amount, each holder of the preferred shares shall be entitled to receive proportionally.
- (c) Distribution of remaining assets. In any liquidation event, after the payment of all preferential amounts required to be paid to the holders of the preferred shares, the remaining assets of the Company available for distribution to its shareholders shall be distributed among the holders of the preferred shares and common shares, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to common shares pursuant to the terms of this agreement immediately prior to such liquidation event.

Voting rights:

The preferred shares shall vote together with the common shares on an as converted and fully diluted basis, and have equivalent voting rights to common shares, unless otherwise provided by the law, the restated articles or by the other provisions specified herein.

- iv. For the years ended December 31, 2024 and 2023, the Group has recognized the changes in fair value amounting to \$0 and \$467,834, respectively, and they are not attributable to the changes in credit risk of the liabilities.
- v. According to IAS 32 “Financial instruments: Presentation”, the preferred shares issued do not meet the criteria for equity instrument and are therefore classified as a financial liability. The Company has designated the preferred shares as a whole as financial liabilities measured at fair value through profit or loss. The change in fair value of the preferred shares are recognized in profit or loss.

(8) Pensions

- A. The Group’s Taiwan subsidiary has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group’s Taiwan subsidiary contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. Other consolidated entities have also adopted a defined contribution pension plan under the local regulations.
- B. The pension cost under the defined contribution pension plan for the years ended December 31, 2024 and 2023 were \$3,632 and \$2,613, respectively.

(9) Share-based payment

A. For the year ended December 31, 2024, the Group's share-based payment arrangements were as follows:

| Type of arrangement | Grant year | Quantity granted | Contract period | Vesting conditions |
|--------------------------------|------------|------------------|-----------------|---|
| Employee stock option | 2017 | 3,040,000 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2018 | 2,560,000 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2019 | 1,844,000 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2020 | 5,440,000 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2021 | 23,497,040 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2021 | 12,000,000 | 10 years | 18 months |
| Employee stock option | 2021 | 38,400 | 10 years | 12 months |
| Employee stock option | 2022 | 7,949,144 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Employee stock option | 2023 | 600,000 | 10 years | 4 years with 1 year cliff then 1/36 monthly |
| Restricted stocks to employees | 2024 | 793,085 | not applicable | 1~3 years of service and performance requirements |
| Restricted stocks to employees | 2024 | 1,148,418 | not applicable | 2~3 years of service and performance requirements |

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period. The Group will reclaim the shares and cancel the registration. Please refer to Note 6 (11) for the relevant restriction criteria.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee Stock Option Plan

| | 2024 | | 2023 | |
|---|-------------------|---|-------------------|---|
| | No. of options | Weighted-average exercise price (in US dollars) | No. of options | Weighted-average exercise price (in US dollars) |
| Options outstanding at January 1 | 27,514,876 | \$ 0.20 | 39,168,248 | \$ 0.17 |
| Options granted | - | - | 600,000 | 0.33 |
| Distribution of stock dividends / adjustments for number of shares granted for one unit of option | - | - | 39,580 | 0.16 |
| Options exercised | (4,718,664) | 0.98 | (8,017,128) | 0.06 |
| Options forfeited | (1,271,620) | 1.32 | (4,275,824) | 0.26 |
| Options outstanding at December 31 | <u>21,524,592</u> | 0.71 | <u>27,514,876</u> | 0.20 |
| Options exercisable at December 31 | <u>19,712,008</u> | | <u>21,237,584</u> | |

(b) Restricted stocks to employees

| | December 31, 2024 | December 31, 2023 |
|--------------------------------------|-------------------|-------------------|
| Stock outstanding at January 1 | \$ - | \$ - |
| Number of shares granted this period | 1,941,503 | - |
| Stock outstanding at December 31 | \$ 1,941,503 | \$ - |

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2024 and 2023 was US\$0.67 (in dollars) and US\$0.20 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

| Grant year | Expiry date | December 31, 2024 | | December 31, 2023 | |
|------------|-------------|-------------------|--------------------------------|-------------------|--------------------------------|
| | | No. of options | Exercise price (in US dollars) | No. of options | Exercise price (in US dollars) |
| 2017 | 10 years | - | \$ - | 200,000 | \$ 0.01 |
| 2018 | 10 years | 40,000 | 0.01 | 192,000 | 0.01 |
| 2019 | 10 years | 200,000 | 0.01 | 200,000 | 0.01 |
| 2020 | 10 years | 1,616,588 | 0.09 | 2,681,336 | 0.01~0.09 |
| 2021 | 10 years | 16,730,652 | 0.16~0.35 | 20,338,988 | 0.16~0.35 |
| 2022 | 10 years | 2,449,016 | 0.33~0.35 | 3,302,552 | 0.33~0.35 |
| 2023 | 10 years | 488,336 | 0.33 | 600,000 | 0.33 |

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Grant year | Stock price (in US dollars) (Note 2) | Exercise price (in US dollars) (Note 2) | Expected price volatility (Note 1) | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit (in US dollars) (Note 2) |
|------------|--------------------------------------|---|------------------------------------|----------------------|--------------------|-------------------------|--|
| 2017 | \$ 0.22 | \$ 0.05 | 98.27% | 6.08 years | - | 2.20% | \$ 0.2005 |
| 2018 | 0.19 | 0.05 | 92.84%~97.29% | 5.73~5.96 years | - | 2.49~2.80% | 0.1688~0.1708 |
| 2019 | 0.19~0.35 | 0.05 | 88.02%~89.69% | 5.02~5.43 years | - | 1.56~2.43% | 0.1648~0.3192 |
| 2020 | 0.33 | 0.05~0.35 | 91.66%~96.56% | 5.52~6.08 years | - | 0.33~1.41% | 0.2429~0.3031 |
| 2021 | 0.82~1.48 | 0.63~1.39 | 98.31%~106.89% | 5.14~6.08 years | - | 0.90~1.31% | 0.6673~1.2705 |
| 2022 | 1.26~1.33 | 1.32~1.39 | 98.21%~101.91% | 6.07~6.08 years | - | 1.36~3.78% | 1.0190~1.0634 |
| 2023 | 1.45~2.23 | 1.32 | 106.22%~106.98% | 5.58 years | - | 3.53~4.33% | 1.1928~1.9153 |

Note 1: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

Note 2: Each unit of share options can be exchanged for 4 shares of common stock after common stock splits.

F. The fair value of stock options granted on December 11, 2024 is measured based on the Group's stock at NT\$18.30 on that date.

G. Expenses incurred on share-based payment transactions are shown below:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--------------------------------|---------------------------------|---------------------------------|
| Employee Stock Options | \$ 1,517 | \$ 20,736 |
| Restricted stocks to employees | 923 | - |
| Equity-settled | <u>\$ 2,440</u> | <u>\$ 20,736</u> |

H. When calculating the number of stock options, the Group retrospectively computed the number of stock options based on the 1:4 stock split on April 26, 2023.

(10) Provisions

| | <u>Litigation</u> | |
|-------------------------------|--------------------------|--------------------------|
| At January 1, 2024 | \$ 6,755 | |
| Used during the year | (7,068) | |
| Exchange differences | 313 | |
| At December 31, 2024 | <u>\$ -</u> | |
| | <u>Litigation</u> | |
| At January 1, 2023 | \$ - | |
| Additional provisions | 6,755 | |
| At December 31, 2023 | <u>\$ 6,755</u> | |
| Analysis of total provisions: | | |
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| Current | <u>\$ -</u> | <u>\$ 6,755</u> |

Compensation lawsuit

The Group's U.S. subsidiary, Acepodia Biotech, Inc., received a letter from a former employee's attorney on February 2, 2023, claiming a labor dispute with Acepodia Biotech, Inc. and subsequently filed a compensation lawsuit in a California court. During the discovery and exchange phase of the litigation process, both parties agreed to mediation on December 19, 2023, which was successful on the same day. The parties agreed to a settlement of US\$220 thousand, and the settlement agreement was signed on January 22, 2024. As a result of the settlement, the plaintiff's lawsuit was dismissed by the California court on February 6, 2024, concluding the entire legal proceedings.

Provisions are recognized when the Group has a present legal obligation on December 31, 2023. The compensation loss was recognized in other gains and losses on the consolidated statement of comprehensive income.

(11) Share capital

A. As of December 31, 2024, the Company's authorized capital was \$9,074,905, consisting of 907,491 thousand shares of ordinary stock, and the paid-in capital was \$5,736,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|---------------------------------|
| At January 1 | 567,016,108 | 11,695,874 |
| Employee stock options exercised | 4,718,664 | 2,741,928 |
| Employee restricted shares | 1,941,503 | - |
| Convertible preferred shares converted | - | 96,803,871 |
| Common share splits | - | 330,774,435 |
| Issuance of common shares | - | 125,000,000 |
| At December 31 | <u>573,676,275</u> | <u>567,016,108</u> |

C. For changes in the year 2023, please refer to Note 6(9) of the Consolidated Financial Statements for the year 2023.

D. On January 1, 2024, the Company had 567,016 thousand outstanding common shares with a par value of \$10 (in dollars) per share. In addition, there are 4,719 thousand shares from employee stock options and 1,941 thousand shares from employee restricted shares. As of December 31, 2024, the company has issued a total of 573,676 thousand shares, with a paid-in capital of \$5,736,763.

E. The Board of Directors during its meeting on March 13, 2024 adopted a resolution to issue 1,941,503 employee restricted ordinary shares with the effective date set on December 11, 2024. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

| | 2024 | | | | Total |
|---|---------------------|------------------------|--------------------------------|------------------|---------------------|
| | Share premium | Employee stock options | Restricted stocks to employees | Others | |
| At January 1 | \$ 4,553,916 | \$ 182,594 | \$ - | \$ 12,239 | \$ 4,748,749 |
| Compensation cost of employee share options | - | 1,517 | 923 | - | 2,440 |
| Employee stock options exercised | 21,013 | (31,123) | - | - | (10,110) |
| Employee stock options forfeited | - | (21) | - | 21 | - |
| Restricted employee stock | - | - | 15,192 | - | 15,192 |
| At December 31 | <u>\$ 4,574,929</u> | <u>\$ 152,967</u> | <u>\$ 16,115</u> | <u>\$ 12,260</u> | <u>\$ 4,756,271</u> |

| | 2023 | | | | Total |
|---|---------------------|------------------------|------------------|-------------|---------------------|
| | Share premium | Employee stock options | Others | | |
| At January 1 | \$ 5,378 | \$ 193,615 | \$ 1,703 | \$ - | \$ 200,696 |
| Compensation cost of employee share options | - | 20,736 | - | - | 20,736 |
| Employee stock options exercised | 25,537 | (20,601) | - | - | 4,936 |
| Employee stock options forfeited | - | (10,536) | 10,536 | - | - |
| Convertible preferred shares converted | 7,179,329 | - | - | - | 7,179,329 |
| Common share splits and adjustment of par value (| 4,406,948) | - | - | (| 4,406,948) |
| Issuance of common shares | 1,750,620 | (620) | - | - | 1,750,000 |
| At December 31 | <u>\$ 4,553,916</u> | <u>\$ 182,594</u> | <u>\$ 12,239</u> | <u>\$ -</u> | <u>\$ 4,748,749</u> |

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the Company's distribution of earnings and dividend policy is as follows:

- i. As the Company continues to grow, based on the need for capital expenditure, business expansion and sound financial planning for sustainable development, it is the Company's dividends policy that the dividends may be allocated to the shareholders in the form of cash dividends and/or bonus shares according to the Company's future expenditure budgets and funding needs.
- ii. Unless otherwise provided in the applicable listing rules of the R.O.C., the net profits of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the shareholders in the general meeting for approval:
 - (a) to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
 - (b) to set off cumulative losses of previous years (if any);
 - (c) to set aside ten percent (10%) as legal reserve pursuant to the applicable listing rules of the R.O.C. unless the accumulated amount of such legal reserve equals to the total paid-up capital of the Company;

- (d) to set aside an amount as special reserve pursuant to the applicable listing rules of the R.O.C. and requirements of the Authority; and
- (e) with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative retained earnings and the amount of reversed special reserve), the Board of Directors may present a proposal to distribute to the shareholders by way of dividends at the annual general meeting for approval pursuant to the applicable listing rules of the R.O.C. Dividends may be distributed in the form of cash dividends and/or bonus shares, and, subject to Cayman Islands law, the amount of dividends may be 100% but shall be at least 10% of the net profit after the deduction of the items (a) to (d) above. Cash dividends shall comprise a minimum of 10% and a maximum of 100% of the total dividends allocated to shareholders.
- B. The Group has an accumulated deficit for the years ended December 31, 2024 and 2023, and thus had no earnings for distribution.

(14) Operating revenue

| | <u>Year ended</u> <u>December 31, 2024</u> | <u>Year ended</u> <u>December 31, 2023</u> |
|--|---|---|
| Revenue from contracts with customers | | |
| Service revenue | \$ 427 | \$ - |
| Revenue from licencing intellectual property | <u>-</u> | <u>16,593</u> |
| | <u>\$ 427</u> | <u>\$ 16,593</u> |

A. Contract liabilities

- (a) The Group has recognized the following revenue-related contract assets and liabilities:

| <u>Items</u> | <u>December 31, 2024</u> | <u>December 31, 2023</u> | <u>January 1, 2023</u> |
|------------------------------------|--------------------------|--------------------------|------------------------|
| Contract liabilities - non-current | | | |
| Licencing intellectual property | <u>\$ 13,432</u> | <u>\$ 13,432</u> | <u>\$ 30,725</u> |

- (b) Revenue recognized that was included in the contract liability balance at the beginning of the year:

| | <u>Year ended</u> <u>December 31, 2024</u> | <u>Year ended</u> <u>December 31, 2023</u> |
|--|---|---|
| Revenue from licencing intellectual property | <u>\$ -</u> | <u>\$ 16,593</u> |

B. In January 2020, Acepodia Biotechnologies, Ltd. (“Acepodia Taiwan”) entered into an option and license agreement with JW (Cayman) Therapeutics Co., Ltd. (“JW”), whereby Acepodia Taiwan granted JW an exclusive first right to exercise option to acquire an exclusive sublicensable and fee-bearing right and license under certain Acepodia patents and know-how to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize two Acepodia’s cell therapy candidates for the treatment of solid tumors and hematologic malignancies in Mainland China, Hong Kong, and Macau. The patents and specialized technologies of the Group are applied to develop two types of cell therapy drug candidates for the treatment of solid tumors and hematologic malignancies.

JW has the right to exercise the aforementioned option upon written notice from Acepodia Taiwan that certain clinical trial milestones for each product have been completed. Acepodia Taiwan has received an upfront payment of US\$500 thousand dollars and an additional US\$500 thousand dollars after submission of an investigational new drug (“IND”) to the FDA for each product.

In June 2023, the Group completed the conditions for the first licensed product, and JW was granted the right to exercise the first option. On July 7, 2023, JW decided not to exercise the option for the first licensed product and terminated the authorisation plan for the first licensed product. Under the contract, the Group has no further obligations regarding the first licensed product. Therefore, in accordance with IFRS No. 15, the "Contract liabilities" attributable to the first licensed product was transferred as revenue in July 2023.

As of December 31, 2024, since the contractual obligation of the second licensed product has not been fulfilled, JW has not had the right to exercise any option for the second licensed product. Thus, the payments received from JW for the second licensed product is recognized under "Contract liabilities - non-current," and no related revenue has been recognized by the Group.

(15) Interest income

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|------------------------------------|---------------------------------|---------------------------------|
| Interest income from bank deposits | \$ 275,089 | \$ 132,142 |
| Other interest income | 166 | 100 |
| | <u>\$ 275,255</u> | <u>\$ 132,242</u> |

(16) Other gains and losses

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|---------------------------------|
| Foreign exchange gains (losses) | \$ 16,320 | (\$ 25,399) |
| Losses on disposals of property, plant and equipment | (87) | (1,509) |
| Net losses on financial liabilities at fair value through profit or loss | - | (474,069) |
| Compensation losses | - | (6,859) |
| Gains on lease modifications | 3 | 173 |
| Other losses | (201) | (526) |
| | <u>\$ 16,035</u> | <u>(\$ 508,189)</u> |

(17) Expenses by nature

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---------------------------|---------------------------------|---------------------------------|
| Commissioned research fee | \$ 220,483 | \$ 63,807 |
| Employee benefit expense | 216,390 | 196,260 |
| Consumables expense | 112,018 | 61,734 |
| Depreciation (Note) | 80,195 | 47,180 |
| Professional fee | 64,628 | 50,918 |
| Other expenses | 64,463 | 32,668 |
| | <u>\$ 758,177</u> | <u>\$ 452,567</u> |

Note: Depreciation includes depreciation of property, plant and equipment and right-of-use assets.

(18) Employee benefit expense

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|---------------------------------|
| Wages and salaries | \$ 193,062 | \$ 160,439 |
| Labor and health insurance fees | 13,536 | 9,694 |
| Pension costs | 3,632 | 2,613 |
| Compensation cost for employee share options | 2,440 | 20,736 |
| Other personnel expenses | 3,720 | 2,778 |
| | <u>\$ 216,390</u> | <u>\$ 196,260</u> |

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2024 and 2023, the Group did not recognize any employees' compensation and directors' remuneration.

C. Information related to employees' compensation and directors' remuneration, as approved by the Company's board of directors, has been posted on the Market Observation Post System.

(19) Income tax

A. Components of income tax expense:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---------------------------------------|---------------------------------|---------------------------------|
| Current tax: | | |
| Current tax on profits for the year | \$ 10,344 | \$ - |
| Prior year income tax underestimation | 13,411 | 776 |
| Income tax expense | <u>\$ 23,755</u> | <u>\$ 776</u> |

B. Reconciliation between income tax expense and accounting profit

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---------------------------------|---------------------------------|
| Tax calculated based on loss before tax and statutory tax rate (Note) | (\$ 138,492) | (\$ 85,249) |
| Expenses disallowed by tax regulation | (58) | 3,992 |
| Temporary differences not recognized as deferred tax assets | (4,792) | 2,997 |
| Taxable loss not recognized as deferred tax assets | 150,236 | 79,702 |
| Change in assessment of realisation of deferred tax assets | (6,894) | (1,442) |
| Prior year income tax underestimation | 13,411 | 766 |
| Withholding tax | 10,344 | - |
| Income tax expense | <u>\$ 23,755</u> | <u>\$ 766</u> |

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

| December 31, 2024 | | |
|--------------------------|--------------------|----------------------------------|
| Qualifying items | Unused tax credits | Unrecognized deferred tax assets |
| Research and development | \$ 46,967 | \$ 46,967 |

Note: The unused tax credits can be offset against the current income tax payable for the next five years with a range of not more than 50% of each year's income tax payable, but the last year can be fully offset.

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

U.S. Federal tax

| Year incurred | Amount filed/ assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
|---------------|---------------------------|-------------------|-------------------------------------|----------------|
| 2019 | \$ 23,407 | \$ 1,656 | \$ 1,656 | No expiry date |
| 2020 | 36,822 | 36,822 | 36,822 | " |
| 2021 | 174,369 | 174,369 | 174,369 | " |
| | <u>\$ 234,598</u> | <u>\$ 212,847</u> | <u>\$ 212,847</u> | |

California State tax

| Year incurred | Amount filed/ assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
|---------------|---------------------------|-------------------|-------------------------------------|-------------|
| 2021 | <u>\$ 174,356</u> | <u>\$ 154,156</u> | <u>\$ 154,156</u> | 2041 |

Profit-seeking enterprise income tax

| Year incurred | Amount filed/ assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
|---------------|---------------------------|---------------------|-------------------------------------|-------------|
| 2017 | \$ 7,277 | \$ 7,277 | \$ 7,277 | 2027 |
| 2018 | 51,481 | 51,481 | 51,481 | 2028 |
| 2019 | 90,187 | 90,187 | 90,187 | 2029 |
| 2020 | 91,282 | 91,282 | 91,282 | 2030 |
| 2021 | 177,216 | 177,216 | 177,216 | 2031 |
| 2022 | 408,671 | 408,671 | 408,671 | 2032 |
| 2023 | 398,678 | 398,678 | 398,678 | 2033 |
| 2024 | 751,179 | 751,179 | 751,179 | 2034 |
| | <u>\$ 1,975,971</u> | <u>\$ 1,975,971</u> | <u>\$ 1,975,971</u> | |

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

| | December 31, 2024 | December 31, 2023 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | <u>\$ 1,587</u> | <u>\$ 14,988</u> |

F. The subsidiaries' Acepodia Biotechnologies Limited, income tax returns through 2022 have been assessed and approved by the Tax Authority.

(20) Loss per share

| | <u>Year ended December 31, 2024</u> | | |
|---|-------------------------------------|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Loss per share (in dollars)</u> |
| <u>Basic (diluted) loss per share</u> | | | |
| Loss attributable to ordinary shareholders of the parent | (\$ 496,748) | 570,313 | (\$ 0.87) |

| | <u>Year ended December 31, 2023</u> | | |
|---|-------------------------------------|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Loss per share (in dollars)</u> |
| <u>Basic (diluted) loss per share</u> | | | |
| Loss attributable to ordinary shareholders of the parent | (\$ 817,319) | 567,016 | (\$ 1.44) |

For the years ended December 31, 2024 and 2023, the potential ordinary shares due to share-based payment may result in anti-dilutive effect; therefore, they are excluded from the computation of diluted earnings per share.

When calculating the weighted average outstanding shares, the Group retrospectively computed the weighted average outstanding shares based on the 1:4 stock split on April 26, 2023 and issuance of common shares with a par value of \$10 (in dollars) per share.

(21) Supplemental cash flow information

A. Investing activities with partial cash payments

| | <u>Year ended December 31, 2024</u> | <u>Year ended December 31, 2023</u> |
|---|---|---|
| Purchase of property, plant and equipment | \$ 136,695 | \$ 174,378 |
| Add: Ending balance of prepayments for equipment | 9,032 | 23,467 |
| Beginning balance of payables for equipment | 18,475 | - |
| Less: Ending balance of payables for equipment | (15,861) | (18,475) |
| Beginning balance of prepayments for equipment | (23,467) | - |
| Cash paid during the year | <u>\$ 124,874</u> | <u>\$ 179,370</u> |

B. Financing activities with no cash flow effects

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|---------------------------------|
| Warranty converted to convertible preferred shares | \$ - | (\$ 37,050) |
| Convertible shares converted to common shares | - | (7,145,252) |
| | <u>\$ -</u> | <u>(\$ 7,182,302)</u> |

(22) Changes in liabilities from financing activities

| | 2024 | | |
|--|----------------------|---------------------|------------------------|
| | Lease liabilities | Preferred shares | Warrant liabilities |
| At January 1 | \$ 273,811 | \$ - | \$ - |
| Changes in cash flow from financing activities | (47,999) | - | - |
| Impact of changes in foreign exchange rate | 2,478 | - | - |
| Changes in other non-cash items | 83,228 | - | - |
| At December 31 | <u>\$ 311,518</u> | <u>\$ -</u> | <u>\$ -</u> |

| | 2023 | | |
|--|-------------------|---------------------|------------------------|
| | Lease liabilities | Preferred shares | Warrant liabilities |
| At January 1 | \$ 52,406 | \$ 6,685,363 | \$ 30,912 |
| Changes in cash flow from financing activities | (14,496) | - | - |
| Convertible preferred shares converted | - | (7,182,302) | - |
| Impact of changes in foreign exchange rate | 64 | (7,945) | (97) |
| Changes in fair value | - | 467,834 | 6,235 |
| Changes in other non-cash items | 235,837 | 37,050 | (37,050) |
| At December 31 | <u>\$ 273,811</u> | <u>\$ -</u> | <u>\$ -</u> |

7. Related Party Transactions

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|----------------------------------|-------------------------------|
| Polaris Biopharmaceuticals, Inc. | Other related parties |

(2) Significant related party transactions

Research and development revenue (presented as deduction of research and development expenses):

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|----------------------------------|---------------------------------|---------------------------------|
| Polaris Biopharmaceuticals, Inc. | <u>\$ -</u> | <u>\$ 771</u> |

The Company entered into a research collaboration agreement with Polaris Biopharmaceuticals, Inc. in June 2022. According to the agreement, the actual research expenses incurred will be shared jointly by both parties.

(3) Key management compensation

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---------------------------------|---------------------------------|
| Salaries and other short-term employee benefits | \$ 47,950 | \$ 53,391 |
| Share-based payments | (3,776) | 13,490 |
| | <u>\$ 44,174</u> | <u>\$ 66,881</u> |

8. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

The Group signed a license agreement with Lawrence Berkeley National Laboratory (refer herein as “Berkeley Lab”) at the University of California, USA in September 2018. Pursuant to this contract, Berkeley Labs grants the Group a non-transferable, limited exclusivity and specific rights inclusive of royalties. The Group develops, manufactures, uses, sells, offers to sell and imports concession products accordingly. The Group is responsible for the development, sale and commercialization of all licensed products and reserves the right to make final decisions regarding such activities.

The Group has paid a one-time franchise fee of US\$15 thousand dollars at the time of signing the contract and a franchise maintenance fee of US\$5 thousand dollars per year prior to the commercial sale of the franchised products as agreed, in addition to a phased payment of the franchise fee subject to the achievement of each milestone. The above contract stipulates that when the relevant technology (or product) is sublicensed to a third party, the Group will pay Berkeley Lab a certain percentage of the sublicensing income according to the licensing year of the agreement. If the Group produces and sells the related products on its own, a derivative interest payment will be paid for a percentage of the annual net sales during the contract period.

Given the uncertainty surrounding the development of the Group's core treatment, the occurrence probability, timing, and reasonably estimable amount of the aforementioned items remain uncertain.

(2) Commitments

The Group’s expenditures contracted for at the balance sheet date but not yet incurred are summarized as follows:

| | December 31, 2024 | December 31, 2023 |
|-------------------------------|-------------------|-------------------|
| Clinical trial plans | \$ 930,000 | \$ 246,150 |
| Property, plant and equipment | 41,418 | 50,720 |
| | <u>\$ 971,418</u> | <u>\$ 296,870</u> |

9. Significant Disaster Loss

None.

10. Significant Events after the Balance Sheet Date

None.

11. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | \$ 5,868,770 | \$ 6,293,987 |
| Financial assets at amortised cost | 262,280 | - |
| Accounts receivable | 122 | - |
| Other receivables | 22,142 | 2,617 |
| Guarantee deposits paid | 35,269 | 13,914 |
| | <u>\$ 6,188,583</u> | <u>\$ 6,310,518</u> |
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | | |
| Other payables | \$ 146,494 | \$ 89,742 |
| Lease liability | \$ 311,518 | \$ 273,811 |

B. Financial risk management policies

- (a) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risks), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group mainly operates in Taiwan and United States of America and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the NTD and USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and US subsidiaries' functional currency: USD; Taiwan subsidiaries' functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2024 | | |
|---|--|------------------|---------------------|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 14,885 | 32.785 | \$ 487,999 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 343 | 32.785 | \$ 11,241 |
| December 31, 2023 | | | |
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 13,455 | 30.705 | \$ 413,138 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 269 | 30.705 | \$ 8,272 |

- iii. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023 amounted to \$16,320 and (\$25,399), respectively.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| | Year ended December 31, 2024 | | |
|---|------------------------------|--------------------------------|--------------------------------------|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss (NTD) | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 4,880 | \$ - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 112 | \$ - |
| | Year ended December 31, 2023 | | |
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss (NTD) | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 4,131 | \$ - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 83 | \$ - |

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows of financial assets stated at amortised cost.
- ii. For banks and financial institutions, the Group only accepts institutions with stable credit quality as trading counterparts. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The indicators used by the Group to determine credit impairment of debt instrument are as follows:
 - (i) The issuer encounters major financial difficulties and the probability of going bankrupt or other financial reorganization increased.
 - (ii) The active market for the financial assets disappears due to financial difficulties of the issuer.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the expected loss rates used by the Group are not considered significant.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2024 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---------------------|--------------------------|--------------------------|--------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Other payables | \$ 146,494 | \$ - | \$ - | \$ - |
| Lease liability | 57,802 | 57,784 | 157,283 | 58,159 |
| | | | | |
| December 31, 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| <u>Non-derivative financial liabilities</u> | | | | |
| Other payables | \$ 89,742 | \$ - | \$ - | \$ - |
| Lease liability | 45,701 | 45,648 | 128,379 | 72,975 |

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortised cost-current, accounts receivable, other receivables, refundable deposits and other payables, are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities: None.

D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the year ended December 31, 2024, there were no changes in Level 3. The following chart is the movement of Level 3 for the year ended December 31, 2023:

| | December 31, 2023 | | |
|-------------------------------------|------------------------------|---------------------|--------------|
| | Preferred shares liabilities | Warrant liabilities | Total |
| At January 1 | \$ 6,685,363 | \$ 30,912 | \$ 6,716,275 |
| Losses recognized in profit or loss | 467,834 | 6,235 | 474,069 |
| Settled during the year | (7,145,252) | (37,050) | (7,182,302) |
| Effect of exchange rate changes | (7,945) | (97) | (8,042) |
| At December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

F. For the year ended December 31, 2024, there was no transfer in or out of Level 3. For the year ended December 31, 2023, the Group has transferred preferred share liability and warranty liability out from Level 3.

- G. The Finance and Accounting Department is in charge of engaging external appraisers to conduct valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement: None.

12. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 1.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

None.

13. Segment Information

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the Group's operating segment are the same as the summary description of the material accounting policies described in the notes to the consolidated financial statements. The profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating the performance of the operating segment.

(3) Information about segment profit or loss, assets and liabilities

The Group is a single reportable unit, for the reportable information is the same as the financial statements.

(4) Reconciliation for segment income (loss)

The net loss from segment reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

| | Non-current assets | | Revenue | |
|----|--------------------|-------------------|--------------------------|------------------|
| | December 31, | | Years ended December 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| US | \$ 37,689 | \$ 45,780 | \$ - | \$ - |
| TW | 588,209 | 434,927 | 427 | 16,593 |
| | <u>\$ 625,898</u> | <u>\$ 480,707</u> | <u>\$ 427</u> | <u>\$ 16,593</u> |

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

| | Year ended December 31, | |
|-----------|-------------------------|------------------|
| | 2024 | 2023 |
| | Revenue | Revenue |
| Company A | \$ - | \$ 16,593 |
| Company B | 427 | - |
| | <u>\$ 427</u> | <u>\$ 16,593</u> |

Acepodia, Inc. and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Marketable securities | General ledger account | Counterparty | Relationship with the investor | Balance as at January 1, 2024 | | Addition | | Disposal | | | Balance as at December 31, 2024 | | |
|----------------|-----------------------|---|--------------------------------|--------------------------------|-------------------------------|--------------|------------------|------------|------------------|---------------|------------|---------------------------------|------------------|--------------|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount |
| Acepodia, Inc. | Stock | Investments accounted for using equity method | Acepodia Biotechnologies, Ltd. | Subsidiary | 240,000,000 | \$ 2,400,000 | 50,000,000 | \$ 500,000 | - | - | - | - | 290,000,000 | \$ 2,900,000 |

Acepodia, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|------------------------|--------------------------------|------------------------------------|-------------------|------------|---------------------------------------|-------------|--|-------------|-------------------------------------|--|----------|
| | | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of notes/accounts (payable) | |
| Acepodia Biotech, Inc. | Acepodia Biotechnologies, Ltd. | Fellow subsidiary | Service revenue | \$ 343,677 | 100% | 90 days | The prices and terms to related parties were not significantly different from transactions with third parties, except for particular transactions with no similar transactions to compare with. For these transactions, the prices and terms were determined in accordance with mutual agreements. | | \$ 221,896 | 100% | |

Acepodia, Inc. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2024 | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|------------------------|-----------------------------------|---------------------------------------|---------------------------------|---------------|---------------------|----------------|---|------------------------------------|
| | | | | | Amount | Action taken | | |
| Acepodia Biotech, Inc. | Acepodia Biotechnologies, Ltd. | Fellow subsidiary | \$ 221,896 | 2.18 | \$ - | Not applicable | \$ - | \$ - |

Acepodia, Inc. and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 4) |
|--------------------|------------------------|--------------------------------|------------------------------|------------------------|----------|-------------------|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 0 | Acepodia, Inc. | Acepodia Biotechnologies, Ltd. | Parent company to subsidiary | Service expense | \$ 5,454 | Note 3 | 1227% |
| 0 | Acepodia, Inc. | Acepodia Biotechnologies, Ltd. | Parent company to subsidiary | Other payables | 1,476 | Note 3 | 0% |
| 1 | Acepodia Biotech, Inc. | Acepodia Biotechnologies, Ltd. | Subsidiary to subsidiary | Service revenue | 343,677 | Note 3 | 80486% |
| 1 | Acepodia Biotech, Inc. | Acepodia Biotechnologies, Ltd. | Subsidiary to subsidiary | Account receivables | 221,896 | Note 3 | 3% |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: The transaction terms of significant inter-company transactions are similar with the normal transaction term except for circumstances in which there are no similar transactions for reference and the terms will be negotiated and determined by both parties.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Acepodia, Inc. and Subsidiaries
Information on investees
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2024 | | | Net profit (loss) of the investee for the year ended December 31, 2024 | Investment income (loss) recognized by the Company for the year ended December 31, 2024 | Footnote |
|----------------|--------------------------------|----------|--|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|---|----------|
| | | | | Balance as at December 31, 2024 | Balance as at December 31, 2023 | Number of shares | Ownership (%) | Book value | | | |
| Acepodia, Inc. | Acepodia Biotech, Inc. | U.S.A | Biotechnology research and development | \$ 626,155 | \$ 626,155 | 2,000 | 100% | \$ 477,333 | \$ 14,308 | \$ 14,308 | |
| Acepodia, Inc. | Acepodia Biotechnologies, Ltd. | Taiwan | Biotechnology research and development | 2,900,000 | 2,400,000 | 290,000,000 | 100% | 928,958 (| 726,932) (| 726,932) | |