

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Senhwa Biosciences, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Senhwa Biosciences, Inc. as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Senhwa Biosciences, Inc. as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 parent company only financial statements* section of our report. We are independent of Senhwa Biosciences, Inc. 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 Senhwa Biosciences, Inc.'s 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Senhwa Biosciences, Inc.'s 2024 parent company only financial statements is stated below:

Existence of bank deposits

Description

Refer to Note 4(5) for accounting policies on cash equivalents and Note 6(1) for details of cash and cash equivalents. As at December 31, 2024, Senhwa Biosciences, Inc.'s cash and cash equivalents amounted to NT\$996,818 thousand, accounting for 93% of total assets. Given the significance of cash and cash equivalents to Senhwa Biosciences, Inc.'s total assets, we considered the existence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures to address the above key audit matter:

- Confirmed the bank accounts and ascertained whether there were any specific agreements with the financial institutions to verify the existence of bank accounts and accompanying rights and obligations;
- Verified whether the contact information of the bank is true and correct;
- Obtained the bank reconciliation statements and checked for any unusual reconciling items, verified the nature and causes to confirm the reasonableness of the reconciling items.
- Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes; and
- Confirmed whether the classification of time deposits is in compliance with the policy described in Note 4(5).

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Senhwa Biosciences, Inc. 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 Senhwa Biosciences, Inc. 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 financial reporting process of Senhwa Biosciences, Inc.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 internal control of Senhwa Biosciences, Inc.
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 ability of Senhwa Biosciences, Inc. 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 parent company only 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 Senhwa Biosciences, Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Senhwa Biosciences, Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Yu, Shu-Fen

Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2025

The accompanying parent company only 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 parent company only 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.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY 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)	\$ 996,818	93	\$ 1,291,849	93
1200	Other receivables	6(2)	182	-	10,523	1
1210	Other receivables - related parties	7(2)	58	-	57	-
1410	Prepayments		2,543	-	1,577	-
11XX	Total current assets		<u>999,601</u>	<u>93</u>	<u>1,304,006</u>	<u>94</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	12(3)	1	-	130	-
1550	Investments accounted for under equity method	6(3)	59,793	6	55,053	4
1600	Property, plant and equipment		3,428	-	5,494	-
1755	Right-of-use assets	6(4)	3,345	-	8,500	1
1780	Intangible assets		139	-	231	-
1920	Guarantee deposits paid		1,755	-	1,754	-
1990	Other non-current assets, others		11,722	1	10,433	1
15XX	Total non-current assets		<u>80,183</u>	<u>7</u>	<u>81,595</u>	<u>6</u>
1XXX	Total assets		<u>\$ 1,079,784</u>	<u>100</u>	<u>\$ 1,385,601</u>	<u>100</u>
Liabilities and Equity						
Current liabilities						
2200	Other payables	6(5)	\$ 23,414	2	\$ 36,106	3
2220	Other payables - related parties	7(2)	25,089	2	23,198	2
2280	Lease liabilities - current		3,907	1	5,855	-
21XX	Total current liabilities		<u>52,410</u>	<u>5</u>	<u>65,159</u>	<u>5</u>
Non-current liabilities						
2580	Lease liabilities - non-current		342	-	3,286	-
2XXX	Total liabilities		<u>52,752</u>	<u>5</u>	<u>68,445</u>	<u>5</u>
Equity						
Share capital						
3110	Common stock	1 and 6(8)	897,436	83	897,436	65
Capital surplus						
3200	Capital surplus	6(9)	469,577	44	765,883	55
Retained earnings						
3350	Accumulated deficit	6(10)	(293,874)	(27)	(296,306)	(21)
Other equity interest						
3400	Other equity interest		5,240	-	1,490	-
3500	Treasury shares	6(8)	(51,347)	(5)	(51,347)	(4)
3XXX	Total equity		<u>1,027,032</u>	<u>95</u>	<u>1,317,156</u>	<u>95</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 1,079,784</u>	<u>100</u>	<u>\$ 1,385,601</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	7(2)	\$ 1,000	100	\$ 1,000	100
5000	Operating costs	6(14)(15)	(523)	(53)	(448)	(44)
5950	Gross margin		477	47	552	56
	Operating expenses	6(14)(15) and 7				
6200	General and administrative expenses		(62,932)	(6293)	(54,792)	(5479)
6300	Research and development expenses		(245,570)	(24557)	(247,808)	(24781)
6000	Total operating expenses		(308,502)	(30850)	(302,600)	(30260)
6900	Operating loss		(308,025)	(30803)	(302,048)	(30204)
	Non-operating income and expenses					
7100	Interest income	6(11)	5,979	598	7,638	764
7010	Other income		17	2	-	-
7020	Other gains and losses	6(12)	7,570	757	8,795	879
7050	Finance costs	6(4)(13)	(276)	(28)	(462)	(46)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(3)	990	99	(10,229)	(1023)
7000	Total non-operating income and expenses		14,280	1428	5,742	574
8200	Loss for the year		(\$ 293,745)	(29375)	(\$ 296,306)	(29630)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(\$ 129)	(13)	\$ -	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		3,750	375	144	14
8300	Other comprehensive income for the year		\$ 3,621	362	\$ 144	14
8500	Total comprehensive loss for the year		(\$ 290,124)	(29013)	(\$ 296,162)	(29616)
	Loss per share	6(18)				
9750	Basic loss per share (in dollars)		(\$ 3.29)		(\$ 3.32)	
9850	Diluted loss per share (in dollars)		(\$ 3.29)		(\$ 3.32)	

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital Reserves				Accumulated deficit	Other Equity Interest			Total equity
		Common stock	Additional paid-in capital	Employee stock options	Others		Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Treasury shares	
<u>2023</u>										
Balance at January 1, 2023		\$ 897,436	\$ 1,099,694	\$ 11,861	\$ 4,601	(\$ 349,632)	\$ 1,346	\$ -	(\$ 51,347)	\$ 1,613,959
Loss for the year		-	-	-	-	(296,306)	-	-	-	(296,306)
Other comprehensive income for the year		-	-	-	-	-	144	-	-	144
Total comprehensive income (loss)		-	-	-	-	(296,306)	144	-	-	(296,162)
Capital surplus used to offset against accumulated deficit	6(10)	-	(345,031)	-	(4,601)	349,632	-	-	-	-
Reversal of amortization of compensation cost of employee stock options	6(7)	-	-	(641)	-	-	-	-	-	(641)
Employee stock options expired		-	-	(2,092)	2,092	-	-	-	-	-
Balance at December 31, 2023		\$ 897,436	\$ 754,663	\$ 9,128	\$ 2,092	(\$ 296,306)	\$ 1,490	\$ -	(\$ 51,347)	\$ 1,317,156
<u>2024</u>										
Balance at January 1, 2024		\$ 897,436	\$ 754,663	\$ 9,128	\$ 2,092	(\$ 296,306)	\$ 1,490	\$ -	(\$ 51,347)	\$ 1,317,156
Loss for the year		-	-	-	-	(293,745)	-	-	-	(293,745)
Other comprehensive income (loss) for the year		-	-	-	-	-	3,750	(129)	-	3,621
Total comprehensive income (loss)		-	-	-	-	(293,745)	3,750	(129)	-	(290,124)
Capital surplus used to offset against accumulated deficit	6(10)	-	(294,214)	-	(2,092)	296,306	-	-	-	-
Employee stock options expired		-	-	(42)	42	-	-	-	-	-
Subsidiaries' employee stock options expired		-	-	(951)	951	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(129)	-	129	-	-
Balance at December 31, 2024		\$ 897,436	\$ 460,449	\$ 8,135	\$ 993	(\$ 293,874)	\$ 5,240	\$ -	(\$ 51,347)	\$ 1,027,032

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
PARENT COMPANY ONLY 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		(\$ 293,745)	(\$ 296,306)
Adjustments			
Adjustments to reconcile profit (loss)			
Compensation cost of employee stock options	6(7)(15)	-	(641)
Depreciation	6(14)	8,566	7,624
Amortisation	6(14)	92	47
Interest expense	6(13)	276	462
Interest income	6(11)	(5,979)	(7,638)
Gain from lease modification	6(4)(12)	-	(432)
Net gain on financial assets at fair value through profit or loss	6(12)	(8,676)	(8,042)
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(3)	(990)	10,229
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables		9,922	(9,873)
Other receivables - related parties		(1)	(1)
Prepayments		(966)	3,548
Other non-current assets		(1,289)	(2,358)
Changes in operating liabilities			
Other payables		(10,738)	9,701
Other payables - related parties		1,891	(7,662)
Cash outflow generated from operations		(301,637)	(301,342)
Interest received		6,377	7,606
Interest paid		(276)	(462)
Tax refund received		51	2
Income taxes paid		(30)	(51)
Net cash flows used in operating activities		(295,515)	(294,247)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(2,710,000)	(3,120,000)
Proceeds from disposal of financial assets at fair value through profit or loss		2,718,676	3,128,042
Acquisition of property, plant and equipment	6(19)	(1,954)	(4,605)
Acquisition of intangible assets		-	(169)
Increase in guarantee deposits paid		(1)	(471)
Net cash flows from investing activities		6,721	2,797
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(20)	(6,237)	(5,910)
Net cash flows used in financing activities		(6,237)	(5,910)
Net decrease in cash and cash equivalents		(295,031)	(297,360)
Cash and cash equivalents at beginning of year		1,291,849	1,589,209
Cash and cash equivalents at end of year		<u>\$ 996,818</u>	<u>\$ 1,291,849</u>

The accompanying notes are an integral part of these parent company only financial statements.

SENHWA BIOSCIENCES, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Senhwa Biosciences, Inc. (the “Company”) was incorporated and registered with the Ministry of Economic Affairs on November 16, 2012. The Company’s shares started trading over-the-counter after approval by the Taipei Exchange on April 24, 2017. The Company is primarily engaged in the development of new drugs and special pharmaceutical ingredients.

(2) As of December 31, 2024, the Company’s authorised capital and paid-in capital amounted to \$1,500,000 and \$897,436, respectively.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 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 Company’s financial condition and financial performance based on the Company’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 Company

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of the parent company only financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Company's presentation currency.

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 recognised 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 recognised in profit or loss.
- (c) All foreign exchange gains and losses based on the nature of those transactions 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 and associates 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 recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as 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.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (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.

Otherwise they are classified as non-current liabilities.

(5) 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.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company 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 debt instruments measured at fair value through other comprehensive income, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including special-purpose entities) that the Company has the rights to direct its financial and operational policies. In general, it refers to those held directly or indirectly more than 50% of the voting shares by the Company. Investments in subsidiaries are accounted for using the equity method.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented in the parent company only financial statements are consistent with those presented in the financial statements prepared with basis for consolidation. Owner's equity presented in the parent company only is consistent with equity attributable to owners of parent presented in the financial statements prepared with basis for consolidation.

(12) Property, plant and equipment

- A. Equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of 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 useful lives are 2~3 years for both office equipment and leasehold improvements.

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

- A. Leases are recognised 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised 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. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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 recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(15) Impairment of non-financial assets

The Company 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 recognised 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 recognising 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 recognised.

(16) Derecognition of financial liabilities

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

(17) 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 recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised 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.

(18) Employee share-based payment

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 recognised 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 recognised is based on the number of equity instruments that eventually vest. In addition, the Company chose the date on which the number of shares for employee pre-emption was confirmed to be the grant date for the reporting period and the following reporting periods.

(19) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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. 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 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 recognised 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, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(20) Share capital

- A. 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.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(21) Revenue recognition

A. Consulting service revenue

The Company provides product development consulting services. Revenue from providing services is recognised in the financial reporting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the stage of completion of a service contract to the total services to be performed. Customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Revenue from licensing intellectual property

- (a) The Company entered into a contract with a customer to grant a license of patents of new drugs to the customer. Given the license is distinct from other promised goods or services in the contract, the Company recognises 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. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Company'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 recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised 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 patents of new drugs. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make 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:

Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Petty cash and cash on hand	\$ 118	\$ 118
Checking account deposits	463	463
Demand deposits	548,957	743,808
Time deposits	447,280	547,460
	<u>\$ 996,818</u>	<u>\$ 1,291,849</u>

A. The Company 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 Company has no cash and cash equivalents pledged to others.

(2) Other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Receivables of research expenses refund	\$ -	\$ 9,896
Interests receivable	101	525
Tax refund receivable	81	102
	<u>\$ 182</u>	<u>\$ 10,523</u>

(3) Investment accounted for using equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
SenHwa Biosciences Corporation	\$ 59,793	\$ 55,053

A. Subsidiaries

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information regarding the Company's subsidiaries.

B. The share in comprehensive income (loss) of investee accounted for using the equity method recognised by the Company for the years ended December 31, 2024 and 2023 are as follows:

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
SenHwa Biosciences Corporation	\$ 4,740	(\$ 10,085)

C. For the years ended December 31, 2024 and 2023, the share in comprehensive income (loss) of the above investee accounted for using equity method was calculated based on the investee's audited financial statements for the corresponding period.

(4) Leasing arrangements - lessee

A. The Company leases various assets including offices and business vehicles. Rental contracts are typically made for periods of 2 to 3 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 2,695	\$ 7,251
Transportation equipment (Business vehicles)	650	1,249
	<u>\$ 3,345</u>	<u>\$ 8,500</u>

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 5,901	\$ 5,750
Transportation equipment (Business vehicles)	599	549
	<u>\$ 6,500</u>	<u>\$ 6,299</u>

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$1,345 and \$1,798, respectively.

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

	Years ended December 31,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 276	\$ 462
Expense on short-term lease contracts	14	14
Expense on leases of low-value assets	105	100
Gain from lease modification	-	432

E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$6,632 and \$6,486, respectively.

(5) Other payables

	December 31, 2024	December 31, 2023
Accrued research expenses	\$ 10,359	\$ 23,434
Salaries and bonuses payable	10,453	8,120
Accrued service expenses	767	817
Payable on equipment	-	1,954
Others	1,835	1,781
	<u>\$ 23,414</u>	<u>\$ 36,106</u>

(6) Pensions

A. The Company 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 Company contributes monthly an amount of not less than 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.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$2,293 and \$2,038, respectively.

(7) Share-based payment

A. As of December 31, 2024, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employees of the Company and subsidiaries:				
Employee stock options - D	2018.5.30	700	7 years	2~4 years of service
Employee stock options - E	2018.12.4	150	7 years	2~4 years of service
Employee stock options - F	2019.5.9	150	7 years	2~4 years of service

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

	2024		2023	
	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)	Number of option shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	296	\$ 82.75	396	\$ 81.34
Employee stock options expired	(31)	85.30	(100)	77.18
Options outstanding at December 31	<u>265</u>	82.45	<u>296</u>	82.75
Options exercisable at December 31	<u>265</u>		<u>296</u>	

C. No stock options were exercised for the years ended December 31, 2024 and 2023.

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

Issue date approved	Expiry date	December 31, 2024		December 31, 2023	
		Number of option shares (in thousands)	Exercise price (in dollars)	Number of option shares (in thousands)	Exercise price (in dollars)
2018.5.30	2025.5.29	<u>220</u>	\$ 85.30	<u>251</u>	\$ 85.30
2018.12.4	2025.12.3	<u>-</u>	\$ -	<u>-</u>	\$ -
2019.5.9	2026.5.8	<u>45</u>	\$ 68.50	<u>45</u>	\$ 68.50

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - D	2018.5.30	\$ 85.30	\$ 85.30	42.41%~ 42.44%	4.5~ 5.5 years	0%	0.71%~ 0.76%	\$30.53~ 33.61
Employee stock options - E	2018.12.4	80.90	80.90	42.04%~ 42.06%	4.5~ 5.5 years	0%	0.76%~ 0.81%	28.78~ 31.70
Employee stock options - F	2019.5.9	68.50	68.50	41.03%	4.5~ 5.5 years	0%	0.59%~ 0.63%	23.66~ 26.07

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

	Years ended December 31,	
	2024	2023
Equity-settled	\$ -	(\$ 641)

(8) Share capital

A. As of December 31, 2024, the Company's authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 7.5 million shares reserved for employee stock options), and the paid-in capital was \$897,436 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. For the years ended December 31, 2024 and 2023, the beginning and ending number of outstanding shares were both 89,186 thousand shares.

C. Treasury shares

(a) In order to motivate employees and enhance employees' loyalty, the Board of Directors of the Company during its meeting on March 25, 2020 and December 3, 2021 has resolved to purchase treasury shares to be reissued to employees. The reason for share reacquisition and number of the Company's treasury shares are as follows:

		December 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	\$ 51,347

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	558,000	\$ 51,347

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to shareholders' equity before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition.

(9) 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(10) Retained earnings / events after the balance sheet date

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the shareholders at the shareholders' meeting.
- B. Except for covering accumulated deficit or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the paid-in capital.
- C. The shareholders during their meeting on June 21, 2024 and June 30, 2023 resolved to offset the accumulated deficit with capital surplus of \$296,306 and \$349,632, respectively.
- D. On March 12, 2025, the board of the directors resolved to offset the accumulated deficit with capital surplus of \$293,874. The above resolution has not yet been approved by the shareholders.

(11) Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 5,953	\$ 7,615
Other interest income	26	23
	<u>\$ 5,979</u>	<u>\$ 7,638</u>

(12) Other gains and losses

	Years ended December 31,	
	2024	2023
Net gains on financial assets at fair value through profit or loss	\$ 8,676	\$ 8,042
Net currency exchange (loss) gain	(1,106)	321
Gain from lease modification	-	432
	<u>\$ 7,570</u>	<u>\$ 8,795</u>

(13) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense:		
Interest expense from lease liabilities	\$ 276	\$ 462

(14) Expenses by nature

	Years ended December 31,	
	2024	2023
Commission research expenses	\$ 184,497	\$ 189,801
Employee benefit expense	73,766	64,554
Patent application fees	19,664	18,197
Service expenses	7,105	6,311
Depreciation	8,566	7,624
Amortisation	92	47
Other expenses	15,335	16,514
Operating costs and expenses	\$ 309,025	\$ 303,048

(15) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	\$ 59,260	\$ 51,449
Compensation cost of share-based payment	-	(641)
Labour and health insurance fees	3,972	3,592
Pension costs	2,293	2,038
Directors' remuneration	7,000	6,800
Other personnel expenses	1,241	1,316
	\$ 73,766	\$ 64,554

- A. In accordance with 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 be 10% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. The Company has incurred net loss for the years ended December 31, 2024 and 2023. Therefore, employees' compensation and directors' remuneration were not accrued in accordance with the Company's Articles of Incorporation.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(16) Income tax

A. Income tax expense

The Company has no current and deferred income tax expense for the years ended December 31, 2024 and 2023.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Income tax calculated based on loss before tax and statutory tax rate	(\$ 58,749)	(\$ 59,261)
Expenses disallowed by tax regulation	298	244
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method not added to the amount of income	(198)	2,046
Temporary differences not recognised as deferred tax assets	213	(131)
Taxable loss not recognised as deferred tax assets	58,436	57,102
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

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

Qualifying items	December 31, 2024		
	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	<u>\$ 862,111</u>	<u>\$ 862,111</u>	(Note)

Qualifying items	December 31, 2023		
	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	<u>\$ 809,315</u>	<u>\$ 809,315</u>	(Note)

Note: The Company and its shareholders are entitled to the incentives conferred under the Act for the Development of Biotech and Pharmaceutical Industry following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-11351005640 issued by the Ministry of Economic Affairs (MOEA) on April 19, 2024. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used when there is taxable business income. Any unused tax credit is available for the following four years.

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

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	Assessed	\$ 195,046	\$ 195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Assessed	322,410	322,410	2031
2022	Assessed	340,634	340,634	2032
2023	Filed	289,862	289,862	2033
2024	Filed	292,182	292,182	2034
		<u>\$ 3,102,446</u>	<u>\$ 3,102,446</u>	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Assessed	\$ 156,145	\$ 156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Assessed	356,007	356,007	2027
2018	Assessed	378,080	378,080	2028
2019	Assessed	390,278	390,278	2029
2020	Assessed	302,777	302,777	2030
2021	Assessed	322,410	322,410	2031
2022	Filed	340,634	340,634	2032
2023	Filed	289,862	289,862	2033
		<u>\$ 2,966,409</u>	<u>\$ 2,966,409</u>	

E. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(17) Significant contracts

The Company acquired intangible assets including multiple patents, technologies, clinical trial drugs and clinical trial information from Company A under the agreement in April 2013. The Company's payment for acquiring the assets relative to the agreement was shown as 'research and development expenses'. In the following years, the Company is obliged to pay royalties computed based on a certain percentage of revenue arising from either licensing to the third party or sales pertaining to the assets provided that the research and development comes to fruition.

(18) Loss per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share (Note)</u>			
Loss attributable to ordinary shareholders of the Company	(\$ 293,745)	89,186	(\$ 3.29)

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share (Note)</u>			
Loss attributable to ordinary shareholders of the Company	(\$ 296,306)	89,186	(\$ 3.32)

Note: As options issued to employees do not have dilutive effect, diluted loss per share is the same as the basic loss per share.

(19) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ -	\$ 6,559
Add: Opening balance of payable on equipment	1,954	-
Less: Ending balance of payable on equipment	-	(1,954)
Cash paid during the year	\$ 1,954	\$ 4,605

(20) Changes in liabilities from financing activities

	Lease liability	
	2024	2023
At January 1	\$ 9,141	\$ 12,781
Changes in cash flow from financing activities	(6,237)	(5,910)
Changes in other non-cash items	1,345	2,270
At December 31	\$ 4,249	\$ 9,141

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
SenHwa Biosciences Corporation	Subsidiary
Panlabs Biologics Inc.	The Company's chairman is also the chairman of this company

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2024	2023
Service revenue:		
Panlabs Biologics Inc.	\$ 1,000	\$ 1,000

Service revenue arises from the provision of consulting services and the payments are collected quarterly based on the contract.

B. Research and development expense

	Years ended December 31,	
	2024	2023
Subsidiaries	\$ 48,250	\$ 41,888

The above pertains to research and development expenses that the Company commissioned its subsidiaries to perform clinical and technical support services. Prices and payment terms are determined based on mutual agreements. As of December 31, 2024, the research and development expenses incurred but not yet paid amounted to \$24,593.

C. Other receivables

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 58	\$ 57

The above pertains to the payments made by the Company on behalf of the subsidiaries.

D. Other payables

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 25,089	\$ 23,198

The above pertains to other payables for the clinical and technical support services performed by the subsidiaries for the Company as well as the payments made by the subsidiaries on behalf of the Company. Prices and payment terms are determined based on mutual agreements.

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 5,770	\$ 5,821

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(17) and Notes 7(2) B, the Company had no other significant contingent liabilities and unrecognised contract commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of capital surplus used to offset against accumulated deficit for the year ended December 31, 2024 as resolved by the Board of Directors are provided in Note 6(10) D.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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.

(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 fair value through other comprehensive income		
Designation of equity instrument	\$ 1	\$ 130
<u>Financial assets at amortised cost / loans and receivables</u>		
Cash and cash equivalents	\$ 996,818	\$ 1,291,849
Other receivables (including related parties)	240	10,580
Guarantee deposits paid	1,755	1,754
	<u>\$ 998,813</u>	<u>\$ 1,304,183</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other payables (including related parties)	\$ 48,503	\$ 59,304
Lease liability	\$ 4,249	\$ 9,141

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation 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 Company's businesses involve some non-functional currency operations (the Company's 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	\$ 38	32.79	\$ 1,243
<u>Non-monetary items</u>			
USD:NTD	1,824	32.79	59,793
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,014	32.79	\$ 33,251
	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	\$ 357	30.71	\$ 10,973
<u>Non-monetary items</u>			
USD:NTD	1,793	30.71	55,053
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,456	30.71	\$ 44,727

- ii. The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to (\$393) and \$669, respectively.

iii. 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	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 12	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	598
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 333	\$ -
	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 110	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	551
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 447	\$ -

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Company manages its credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Company's credit policy, each department is responsible for managing and analysing the credit risk for their clients. 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.

(c) Liquidity risk

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

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Other payables (including payables to related parties)	\$ 48,503	\$ -	\$ -	\$ 48,503
Lease liability (Note)	3,968	343	-	4,311
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Other payables (including payables to related parties)	\$ 59,304	\$ -	\$ -	\$ 59,304
Lease liability (Note)	6,107	3,272	53	9,432

Note: The amounts represented the total repayment of debts in the future, therefore, interest expenses for the year were included.

(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. All equity instruments invested by the Company are classified as level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 1	\$ 1
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 130	\$ 130

(b) The methods and assumptions the Company used to measure fair value are as follows:

- (i) For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price of market quoted price to measure the close-end fund.
- (ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

C. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Equity instrument</u>		<u>Equity instrument</u>	
At January 1	\$	130	\$	130
Decrease during the year	(129)		-
At December 31	\$	<u>1</u>	\$	<u>130</u>

D. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3. 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 and reliable.

E. The following is 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:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>1</u>	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>130</u>	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

13. 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): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 2.
- 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: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

The Company has no shareholder whose shareholding ratio is above 5%.

Senhwa Biosciences, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Senhwa Biosciences, Inc.	Pimera, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income - non-current	468,179	\$ 1	2%	\$ 1	None

Senhwa Biosciences, Inc.

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 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities		Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2024		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2024	
	(Note 1)	General ledger account			Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Senhwa Biosciences, Inc.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	\$ -	238,382,203	\$ 2,710,000	238,382,203	\$ 2,718,676	\$ 2,710,000	\$ 8,676	-	\$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Senhwa Biosciences, Inc.
Significant inter-company transactions during the reporting period
Year ended December 31, 2024

Table 3

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 3)
				General ledger account	Amount	Transaction terms	
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Other payables	\$ 25,089	Mutual agreement	2%
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Research and development expense	48,250	Mutual agreement	4825%

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: 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.

Note 4: Related party transactions are disclosed only for amounts reaching \$10,000. In addition, transactions of the related counter-party are not disclosed.

Senhwa Biosciences, Inc.

Names, locations and other information of investee companies (not including investee in Mainland China)

Year ended December 31, 2024

Table 4

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)	Investment income (loss)	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	of the investee for the year ended December 31, 2024	recognised by the Company for the year ended December 31, 2024	
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	USA	New drug clinical and technical support services	\$ 59,123	\$ 59,123	1,000,000	100	\$ 59,793	\$ 990	\$ 990	Subsidiary

SENHWA BIOSCIENCES, INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

Item	Description	Amount	Note
Cash on hand and petty cash		\$ 118	
Checking accounts		463	
Demand deposits			
- NTD		547,712	
- USD	USD 37,356.23 @ 32.79	1,225	
- CAD	CAD 381.06 @ 22.82	9	
- RMB	RMB 2,444.80 @ 4.48	11	
Time deposits			
- NTD		447,280	
		<u>\$ 996,818</u>	

The maturities of the above time deposits were from January 28, 2025 to March 30, 2025 and the interest rate ranged from 1.25% ~ 1.45%.

SENHWA BIOSCIENCES, INC.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

Name	Type	Beginning Balance		Addition (Note 3)		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral
		Shares (Note 1)	Amount	Shares (Note 1)	Amount	Shares (Note 1)	Amount	Shares (Note 1)	Percentage of Ownership	Amount	Unit Price (Note 2)	Total Amount	
SenHwa Biosciences Corporation	Common stock	1,000	<u>\$ 55,053</u>	-	<u>\$ 4,740</u>	-	<u>\$ -</u>	1,000	100%	<u>\$ 59,793</u>	\$ 59.79	<u>\$ 59,793</u>	None

Note 1: Number of shares is expressed in thousands.

Note 2: Expressed in New Taiwan dollars.

Note 3: Refers to currency translation differences and profit of subsidiaries accounted for using equity method.

SENHWA BIOSCIENCES, INC.
DETAILS OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

Item	Amount	Note
Salaries expense	\$ <u>523</u>	

SENHWA BIOSCIENCES, INC.
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2024
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

Item	Amount	Note
Salaries expense	\$ 31,326	
Cost of services	5,408	
Depreciation	5,368	
Other expenses	20,830	Balance of individual accounts is under 5% of this account's balance.
	<u>\$ 62,932</u>	

SENHWA BIOSCIENCES, INC.
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2024
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

Item	Amount	Note
Commission research expense	\$ 184,497	
Salaries expense	27,411	
Patent application fees	19,664	
Other expenses	13,998	Balance of individual accounts is under 5% of this account's balance.
	<u>\$ 245,570</u>	

SENHWA BIOSCIENCES, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 6

Function	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Nature						
Employee Benefit Expense						
Wages and salaries	\$ 523	\$ 58,737	\$ 59,260	\$ 448	\$ 51,001	\$ 51,449
Share-based payments	-	-	-	-	(641)	(641)
Labour and health insurance fees	-	3,972	3,972	-	3,592	3,592
Pension costs	-	2,293	2,293	-	2,038	2,038
Directors' remuneration	-	7,000	7,000	-	6,800	6,800
Other personnel expenses	-	1,241	1,241	-	1,316	1,316
Depreciation Expense	-	8,566	8,566	-	7,624	7,624
Amortisation Expense	-	92	92	-	47	47

Note:

1. As at December 31, 2024 and 2023, the Company had 38 and 35 employees, including 7 and 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) The average employee benefit expense for the current year was \$2,154 ((Total employee benefit expense for the current year - Total directors' remuneration for the previous year) / (Number of employees in the current year - Number of non-employee directors in the current year)).
The average employee benefit expense for the previous year was \$1,992 ((Total employee benefit expense for the previous year - Total directors' remuneration for the previous year) / (Number of employees in the previous year - Number of non-employee directors)).
 - (2) The average wages and salaries for the current year was \$1,912 (Total wages and salaries for the current year / (Number of employees in the current year - Number employee of non- directors in the current year)).
The average wages and salaries for the previous year was \$1,752 (Total wages and salaries for the previous year / (Number of employees in the previous year - Number of non-employee directors in the previous year)).
 - (3) Adjustment of average employee salaries was 9.13% ((Average employee salaries for the current year - Average employee salaries for the previous year) / Average employee salaries for the previous year).
 - (4) The Company set up an audit committee to replace supervisors.
 - (5) The Company's Salary and Compensation Policy (including directors, managers and employees) is as follows:
 - A. Under the Company's Articles of Incorporation as approved by the shareholders, the Company's board of directors is authorised to decide on the directors' remuneration based on directors' participation and value of their contribution to the Company's operations and by reference to the general pay levels in the industry. When the Company has earnings, the distribution of directors' remuneration shall be reported to the shareholders after it has been reviewed by the remuneration committee and Audit Committee and resolved by the Board of Directors in accordance with the Company's Articles of Incorporation. If the director is also an employee, the remuneration shall be paid in accordance with the following regulations as described in B and C.
 - B. The salary payment standards for the Company's managers are determined by the Company's human resources department based on the Company's performance appraisal regulations, managers' personal performance and contribution to the Company's overall operations and by reference to the general pay levels in the industry. The distribution will be implemented upon approval of the Board of Directors after being reviewed by the remuneration committee and Audit Committee.
 - C. The remuneration policy of the Company is established based on the employee's ability, contribution to the Company and performance, which has a positive correlation with the Company's operating performance. The overall salary and compensation package of the Company's employees consists of three parts: basic salary, bonus and welfare. The payment standard: the basic salary is determined based on the competition of labor market for the position and the Company's policy; bonus is awarded based on the achievement of employees' and departments' goals or the Company's operating performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees.