SENHWA BIOSCIENCES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

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.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

In connection with the Consolidated Financial Statements of Affiliated Enterprises of SENHWA BIOSCIENCES, INC. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2025 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of SENHWA BIOSCIENCES, INC. and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, SENHWA BIOSCIENCES, INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
SENHWA BIOSCIENCES, INC.
By

Benny T. Hu, Chairman
March 11, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Senhwa Biosciences, Inc. and its subsidiary (the "Group") as at December 31, 2025 and 2024, 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, 2025 and 2024, 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 2025 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 2025 consolidated financial statements is stated as follows:

Existence of bank deposits

Description

Refer to Note 4(6) for accounting policies on cash equivalents and Note 6(1) for details of cash and cash equivalents. As at December 31, 2025, the Group's cash and cash equivalents amounted to NT$771,782 thousand, accounting for 94% of total assets. Given the significance of cash and cash equivalents to the Group'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(6).

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Senhwa Biosciences, Inc. as at and for the years ended December 31, 2025 and 2024.

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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 11, 2026

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.

SENHWA BIOSCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 771,782	94	$ 1,025,970	96
1200	Other receivables		140	-	182	-
1410	Prepayments		8,486	1	8,687	1
11XX	**Total current assets**		780,408	95	1,034,839	97
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	12(3)	1	-	1	-
1600	Property, plant and equipment		1,681	-	3,488	1
1755	Right-of-use assets	6(2)	21,146	3	13,710	1
1780	Intangible assets		46	-	139	-
1920	Guarantee deposits paid		2,107	-	2,058	-
1990	Other non-current assets, others		13,873	2	11,722	1
15XX	**Total non-current assets**		38,854	5	31,118	3
1XXX	**Total assets**		$ 819,262	100	$ 1,065,957	100
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(3)	$ 35,944	4	$ 23,788	2
2230	Current income tax liabilities		80	-	142	-
2280	Lease liabilities - current		9,161	1	7,158	1
2300	Other current liabilities		160	-	-	-
21XX	**Total current liabilities**		45,345	5	31,088	3
	Non-current liabilities					
2580	Lease liabilities - non-current		12,955	2	7,837	1
2XXX	**Total liabilities**		58,300	7	38,925	4
	Equity					
	Equity attributable to shareholders of the parent					
	Share capital					
3110	Common stock	1 and 6(6)	899,036	110	897,436	84
	Capital surplus					
3200	Capital surplus	6(7)	181,918	22	469,577	44
	Retained earnings					
3350	Accumulated deficit	6(8)	(266,150)	(32)	(293,874)	(28)
	Other equity interest					
3400	Other equity interest		(4,481)	(1)	5,240	1
3500	Treasury shares	6(6)	(49,361)	(6)	(51,347)	(5)
3XXX	**Total equity**		760,962	93	1,027,032	96
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 819,262	100	$ 1,065,957	100

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

SENHWA BIOSCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

			Year ended December 31			
			2025		2024	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	7(2)	$ 1,070	100	$ 1,000	100
5000	Operating costs	6(12)(13)	(550)	(51)	(523)	(52)
5900	Gross margin		520	49	477	48
	Operating expenses	6(5)(12)(13) and 7				
6200	General and administrative expenses		(61,032)	(5704)	(62,932)	(6293)
6300	Research and development expenses		(217,747)	(20350)	(243,736)	(24374)
6000	Total operating expenses		(278,779)	(26054)	(306,668)	(30667)
6900	Operating loss		(278,259)	(26005)	(306,191)	(30619)
	Non-operating income and expenses					
7100	Interest income	6(9)	7,248	677	6,108	611
7010	Other income		959	89	798	80
7020	Other gains and losses	6(10)	7,369	689	7,484	748
7050	Finance costs	6(2)(11)	(753)	(70)	(663)	(67)
7000	Total non-operating income and expenses		14,823	1385	13,727	1372
7900	**Loss before income tax**		(263,436)	(24620)	(292,464)	(29247)
7950	Income tax expense	6(14)	(1,333)	(125)	(1,281)	(128)
8200	**Loss for the year**		($ 264,769)	(24745)	($ 293,745)	(29375)
	Other comprehensive (loss) 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 (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(2,454)	(229)	3,750	375
8300	**Other comprehensive (loss) income for the year**		($ 2,454)	(229)	$ 3,621	362
8500	**Total comprehensive loss for the year**		($ 267,223)	(24974)	($ 290,124)	(29013)
	Loss attributable to:					
8610	Shareholders of the parent		($ 264,769)	(24745)	($ 293,745)	(29375)
	Comprehensive loss attributable to:					
8710	Shareholders of the parent		($ 267,223)	(24974)	($ 290,124)	(29013)
	Loss per share	6(16)				
9750	Basic loss per share (in dollars)		($ 2.97)		($ 3.29)	
9850	Diluted loss per share (in dollars)		($ 2.97)		($ 3.29)	

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

SENHWA BIOSCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
			Capital Reserves					Other Equity Interest				
	Notes	Common stock	Additional paid-in capital	Employee stock options	Employee restricted stocks	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Treasury shares	Total equity
2024												
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(8)	-	(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
2025												
Balance at January 1, 2025		$ 897,436	$ 460,449	$ 8,135	$ -	$ 993	($ 293,874)	$ 5,240	$ -	$ -	($ 51,347)	$ 1,027,032
Loss for the year		-	-	-	-	-	(264,769)	-	-	-	-	(264,769)
Other comprehensive loss for the year		-	-	-	-	-	-	(2,454)	-	-	-	(2,454)
Total comprehensive loss		-	-	-	-	-	(264,769)	(2,454)	-	-	-	(267,223)
Capital surplus used to offset against accumulated deficit	6(8)	-	(292,881)	-	-	(993)	293,874	-	-	-	-	-
Employee stock options expired		-	-	(4,969)	-	4,969	-	-	-	-	-	-
Subsidiaries' employee stock options expired		-	-	(2,060)	-	2,060	-	-	-	-	-	-
Retirement of treasury share	6(6)	(400)	(205)	-	-	-	(1,381)	-	-	-	1,986	-
Issuance of employee restricted shares	6(5)(6)	2,000	-	-	6,420	-	-	-	-	(8,420)	-	-
Compensation cost of employee restricted stocks	6(5)(13) and 7(3)	-	-	-	-	-	-	-	-	1,153	-	1,153
Balance at December 31, 2025		$ 899,036	$ 167,363	$ 1,106	$ 6,420	$ 7,029	($ 266,150)	$ 2,786	$ -	($ 7,267)	($ 49,361)	$ 760,962

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

SENHWA BIOSCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 263,436)	($ 292,464)
Adjustments			
Adjustments to reconcile profit (loss)			
Compensation cost of share-based payment	6(5)(13) and 7(3)	1,153	-
Depreciation	6(12)	12,015	12,003
Amortisation	6(12)	93	92
Interest expense	6(2)(11)	753	663
Interest income	6(9)	(7,248)	(6,108)
Gain from lease modification	6(2)(10)	(12)	-
Reclassification of lease liabilities to other income		(906)	(780)
Net gain on financial assets at fair value through profit or loss	6(10)	(6,157)	(8,676)
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables		31	9,993
Prepayments		404	(1,046)
Other non-current assets		(2,151)	(1,289)
Changes in operating liabilities			
Other payables		12,156	(10,832)
Other current liabilities		160	-
Cash outflow generated from operations		(253,145)	(298,444)
Interest received		7,233	6,505
Interest paid		(753)	(663)
Tax refund received		51	51
Income taxes paid		(1,843)	(1,668)
Net cash flows used in operating activities		(248,457)	(294,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(1,890,700)	(2,710,000)
Proceeds from disposal of financial assets at fair value through profit or loss		1,896,857	2,718,676
Acquisition of property, plant and equipment	6(17)	(280)	(1,954)
Increase in guarantee deposits paid		(61)	(17)
Net cash flows from investing activities		5,816	6,705
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(18)	(9,343)	(8,725)
Net cash flows used in financing activities		(9,343)	(8,725)
Effect of exchange rate changes		(2,204)	3,401
Net decrease in cash and cash equivalents		(254,188)	(292,838)
Cash and cash equivalents at beginning of year		1,025,970	1,318,808
Cash and cash equivalents at end of year		$ 771,782	$ 1,025,970

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

SENHWA BIOSCIENCES, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(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, 2025, the Company's authorised capital and paid-in capital amounted to $2,000,000 and $899,036, respectively.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2026.

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 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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.

(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 2026 are as follows:

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

(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 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 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note：The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group'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 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 assets at fair value through other comprehensive income, 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 are consistent with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)	
			December 31, 2025	December 31, 2024
Senhwa Biosciences, Inc.	SenHwa Biosciences Corporation	New drug clinical and technical support services	100	100

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 consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group'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.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:
   (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
   (b) Assets held primarily for the purpose of trading;
   (c) Assets that are expected to be realised within twelve months after the reporting period;
   (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

   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 in the normal operating cycle;
   (b) Liabilities arising primarily from trading activities;
   (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.

   Otherwise they are classified as non-current liabilities.

(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 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group measures the financial assets at fair value plus transaction costs. The Group 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.

(9) Accounts and notes 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.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group 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 Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(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 Group 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 Group. 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 Group 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. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(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 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 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

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 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 Group 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.

B. Employee 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 recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

(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 Group repurchases the Group'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 Group'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 Group's equity holders.

(21) Revenue recognition

A. Consulting service revenue

The Group provides product development, clinical regulation and business 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 Group 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 Group 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 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 recognised 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 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 Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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 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

	December 31, 2025	December 31, 2024
Petty cash and cash on hand	$ 118	$ 118
Checking account deposits	552	463
Demand deposits	433,712	578,109
Time deposits	337,400	447,280
	$ 771,782	$ 1,025,970

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 has no cash and cash equivalents pledged to others.

(2) Leasing arrangements - lessee

A. The Group leases various assets including offices and business vehicles. Rental contracts are typically made for periods of 2 to 4 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:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Buildings	$ 21,095	$ 13,060
Transportation equipment (Business vehicles)	51	650
	$ 21,146	$ 13,710

	Years ended December 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Buildings	$ 9,332	$ 9,246
Transportation equipment (Business vehicles)	599	599
	$ 9,931	$ 9,845

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were $18,608 and $14,551, respectively.

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

	Years ended December 31,	
	2025	2024
Items affecting profit or loss		
Interest expense on lease liabilities	$ 753	$ 663
Expense on short-term lease contracts	17	14
Expense on leases of low-value assets	105	105
Gain from lease modification	12	-

E. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were $10,218 and $9,507, respectively.

(3) Other payables

	December 31, 2025	December 31, 2024
Accrued research expenses	$ 22,540	$ 10,359
Salaries and bonuses payable	9,482	10,453
Accrued service expenses	1,380	767
Others	2,542	2,209
	$ 35,944	$ 23,788

(4) 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. The subsidiary, SenHwa Biosciences Corporation, offers its employees 401(K) pension savings plan which adopts defined contribution plan. The plan enables both the employer and employees during their employment to contribute monthly based on a certain percentage or a certain amount of their salaries in their pension accounts.

B. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were $2,932 and $3,354, respectively.

(5) Share-based payment

A. As of December 31, 2025, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
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
Employee restricted stocks	2025.11.12	200	1 year	Note

Note: For the employees who are currently working in the Group, whose services have reached 1 year after the grant of restricted stocks to employees, the vested share ratio is 100%.

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

(a) Employee stock options

	2025		2024	
	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	265	$ 82.45	296	$ 82.75
Employee stock options expired	(220)	85.30	(31)	85.30
Options outstanding at December 31	45	68.50	265	82.45
Options exercisable at December 31	45		265	

(b) Employee restricted stocks

	2025	2024
	Number of shares (in thousands)	Number of shares (in thousands)
Outstanding at January 1	-	-
Number of shares granted	200	-
Outstanding at December 31	200	-

C. No stock options were exercised for the years ended December 31, 2025 and 2024.

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

		December 31, 2025		December 31, 2024	
Issue date approved	Expiry date	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	-	$ -	220	$ 85.30
2018.12.4	2025.12.3	-	$ -	-	$ -
2019.5.9	2026.5.8	45	$ 68.50	45	$ 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
Employee restricted stocks	2025.11.12	42.10	-	0.00%	1 year	0%	0%	Note

Note: Restricted stocks to employees which were issued with a par value of $10 (in dollars) per share, at an issuance price of NT$0 (in dollars) per share (that is, at no consideration), were measured at fair value based on the closing price on the grant date.

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

	Years ended December 31,	
	2025	2024
Equity-settled	$ 1,153	$ -

(6) Share capital

A. As of December 31, 2025, the Company's authorised capital was $2,000,000, consisting of 200 million shares of ordinary stock (including 10 million shares reserved for employee stock options), and the paid-in capital was $899,036 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:

	2025	2024
	Number of shares (in thousands)	Number of shares (in thousands)
Outstanding at January 1	89,186	89,186
Issuance of employee restricted shares	200	-
Outstanding at December 31	89,386	89,186

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 details of numbers of the Company's treasury shares are as follows:

		December 31, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	518,000	$ 49,361

		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

(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.

(e) The Board of Directors of the Company during its meeting on March 12, 2025 resolved to retire 40 thousand treasury shares which were purchased from March 26, 2020 to March 30, 2020 with the effective date set on March 30, 2025. The registration for the abovementioned capital reduction relating to the retirement of treasury shares has been completed.

(7) 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.

(8) 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 25, 2025 and June 21, 2024 resolved to offset the accumulated deficit with capital surplus of $293,874 and $296,306, respectively.

D. On March 11, 2026, the board of the directors resolved to offset the accumulated deficit with capital surplus of $174,392. The above resolution has not yet been approved by the shareholders.

(9) Interest income

	Years ended December 31,	
	2025	2024
Interest income from bank deposits	$ 7,218	$ 6,082
Other interest income	30	26
	$ 7,248	$ 6,108

(10) Other gains and losses

	Years ended December 31,	
	2025	2024
Net gains on financial assets at fair value through profit or loss	$ 6,157	$ 8,676
Net currency exchange gain (loss)	1,200	(1,192)
Gain from lease modification	12	-
	$ 7,369	$ 7,484

(11) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense:		
Interest expense from lease liabilities	$ 753	$ 663

(12) Expenses by nature

	Years ended December 31,	
	2025	2024
Commission research expenses	$ 121,357	$ 136,247
Employee benefit expense	95,638	110,169
Patent application fees	15,262	19,664
Service expenses	13,873	8,219
Depreciation	12,015	12,003
Amortisation	93	92
Other expenses	21,091	20,797
Operating costs and expenses	$ 279,329	$ 307,191

(13) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	$ 78,365	$ 92,592
Compensation cost of share-based payment	1,153	-
Labour and health insurance fees	3,869	3,972
Pension costs	2,932	3,354
Directors' remuneration	6,500	7,000
Other personnel expenses	2,819	3,251
	$ 95,638	$ 110,169

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, of which at least 10% shall be set aside for rank-and-file employees, and shall not be higher than 2% for directors' remuneration.

B. The Company has incurred net loss for the years ended December 31, 2025 and 2024. 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.

(14) Income tax

A. Income tax expense

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	$ 1,336	$ 1,281
Prior year income tax over estimation	(3)	-
Total current tax (as income tax expense)	$ 1,333	$ 1,281

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2025	2024
Income tax calculated based on loss before tax and statutory tax rate	($ 51,675)	($ 58,072)
Expenses disallowed by tax regulation	271	298
Taxable income by tax regulation	57	603
Temporary differences not recognised as deferred tax assets	(645)	16
Taxable loss not recognised as deferred tax assets	53,328	58,436
Prior year income tax over estimation	(3)	-
Income tax expense	$ 1,333	$ 1,281

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 unrecognised deferred tax assets are as follows:

	December 31, 2025		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 916,719	$ 916,719	(Note)

	December 31, 2024		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 860,962	$ 860,962	(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, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
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	Assessed	289,862	289,862	2033
2024	Filed	300,516	300,516	2034
2025	Filed	266,640	266,640	2035
		$ 3,182,374	$ 3,182,374	

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	300,516	300,516	2034
		$ 3,110,780	$ 3,110,780	

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

	December 31, 2025	December 31, 2024
Deductible temporary differences	$ 53,631	$ 56,858

F. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(15) 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.

(16) Loss per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to shareholders of the parent	($ 264,769)	89,213	($ 2.97)

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

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

(17) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	$ 280	$ -
Add: Opening balance of payable on equipment	-	1,954
Cash paid during the year	$ 280	$ 1,954

(18) Changes in liabilities from financing activities

	2025	2024
	Lease liability	Lease liability
At January 1	$ 14,995	$ 9,601
Changes in cash flow from financing activities	(9,343)	(8,725)
Impact of changes in foreign exchange rate	(442)	348
Changes in other non-cash items	16,906	13,771
At December 31	$ 22,116	$ 14,995

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Panlabs Biologics Inc.	The Company's chairman is also the chairman of this company
Yiu-Lian Fong	The Company's director

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2025	2024
Service revenue:		
Panlabs Biologics Inc.	$ 750	$ 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 expenses

	Years ended December 31,	
	2025	2024
Yiu-Lian Fong	$ 416	$ -

Research and development expenses arise from the provision of services by the director, who is commissioned by the subsidiary, to assist the clinical plan consulting and business development matters, with payments made monthly in accordance with the contract.

(3) Key management compensation

	Years ended December 31,	
	2025	2024
Salaries and other short-term employee benefits	$ 6,000	$ 5,770
Share-based payments	576	-
	$ 6,576	$ 5,770

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Refer to Note 6(15) for the related information.

B. As of December 31, 2025 and 2024, the Group's future contractual obligations for significant contracted research agreements amounted to $29,941 and $85,540, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Details of capital surplus used to offset against accumulated deficit for the year ended December 31, 2025 as resolved by the Board of Directors are provided in Note 6(8) D.

(2) The Board of Directors of the Company during its meeting on March 11, 2026 resolved to increase its capital by issuing a maximum of 25,000 thousand new shares with a par value of $10 (in dollars) per share. Related information is provided in the Company's announcement posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

12. 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.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 1	$ 1
Financial assets at amortised cost / loans and receivables		
Cash and cash equivalents	$ 771,782	$ 1,025,970
Other receivables	140	182
Guarantee deposits paid	2,107	2,058
	$ 774,029	$ 1,028,210
Financial liabilities		
Financial liabilities at amortised cost		
Other payables	$ 35,944	$ 23,788
Other current liabilities	160	-
	$ 36,104	$ 23,788
Lease liability	$ 22,116	$ 14,995

B. Financial risk management policies

(a) The Group'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 (Group treasury) under policies approved by the Board of Directors. Group 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 Group's businesses involve some non-functional currency operations (the Group'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, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10	31.43	$ 316
Non-monetary items			
USD:NTD	1,928	31.43	60,586
Financial liabilities			
Monetary items			
USD:NTD	$ 1,242	31.43	$ 39,031

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 38	32.79	$ 1,243
Non-monetary items			
USD:NTD	1,824	32.79	59,793
Financial liabilities			
Monetary items			
USD:NTD	$ 1,014	32.79	$ 33,251

ii. The unrealised exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to ($412) and ($393), respectively.

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

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 3	$ -
Non-monetary items			
USD:NTD	1%	-	606
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 390	$ -

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 12	$ -
Non-monetary items			
USD:NTD	1%	-	598
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 333	$ -

Price risk

The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group 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 Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for their clients before standard payment term 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 following assumption 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.

iv. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a loss rate methodology to estimate expected credit loss.

v. 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.

vi. The Group's accounts receivable was generated from customers all with optimal credit rating, which belonged to the same group. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. There were no such transactions as of December 31, 2025 and 2024.

(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. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities:				
Other payables	$ 35,944	$ -	$ -	$ 35,944
Other current liabilities	160	-	-	160
Lease liability (Note)	9,784	10,118	3,149	23,051

December 31, 2024	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities:				
Other payables	$ 23,788	$ -	$ -	$ 23,788
Lease liability (Note)	7,542	4,033	4,094	15,669

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 Group 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:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 1	$ 1

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 1	$ 1

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

(i) For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the close price of market quoted price to measure the closed-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, 2025 and 2024:

	2025	2024
	Equity instrument	Equity instrument
At January 1	$ 1	$ 130
Decrease during the year	-	(129)
At December 31	$ 1	$ 1

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, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1	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, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1	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

The following transactions were eliminated when preparing the consolidated financial statements.

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting periods: Refer to table 1.

(2) Information on investees

The transactions with the subsidiary were eliminated when preparing the consolidated financial statements.

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 2.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry by primarily engaging in the development of new drugs and special pharmaceutical ingredients. The chief operating decision maker, who allocates resources and assesses operating 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 adopted by the Group's operating segments are consistent with that summarised in Note 4. The operating segments' profit or loss is measured with net operating profit and based on which the performance is evaluated.

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

The Group has only one reportable segment so the reportable information is identical with the financial statements.

(4) Reconciliation for segment income (loss)

The net operating loss reported to the chief operating decision-maker is measured in a manner consistent with the income and expense in the statement of comprehensive income. Hence, the reconciliation is indicated in the statement of comprehensive income.

(5) Information on products and services

	Years ended December 31,	
	2025	2024
Service revenue	$ 1,070	$ 1,000

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,070	$ 30,123	$ 1,000	$ 18,634
USA	-	6,623	-	10,425
	$ 1,070	$ 36,746	$ 1,000	$ 29,059

(7) Major customer information

Information on major customers accounting for 10% of the Company's operating revenue for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue	Precentage of operating income (%)	Revenue	Precentage of operating income (%)
Panlabs Biologics Inc.	$ 750	70	$ 1,000	100
Client A	320	30	-	-
	$ 1,070	100	$ 1,000	100

Senhwa Biosciences, Inc.

Significant inter-company transactions during the reporting period

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Other payables	$ 19,544	Mutual agreement	2%
0	Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	1	Research and development expense	42,187	Mutual agreement	3943%

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: Based on the principle of materiality, the company may determine whether to list significant transactions in this table.

Senhwa Biosciences, Inc.

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

Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	USA	New drug clinical and technical support services	$ 59,123	$ 59,123	1,000,000	100	$ 60,586	$ 3,247	$ 3,247	Subsidiary