

MEDEON BIODESIGN, 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.

MEDEON BIODESIGN, INC.
DECEMBER 31, 2024 AND 2023 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

<u>Contents</u>	<u>Page/Number/Index</u>
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 9
4. Parent Company Only Balance Sheets	10 ~ 11
5. Parent Company Only Statements of Comprehensive Income	12
6. Parent Company Only Statements of Changes in Equity	13
7. Parent Company Only Statements of Cash Flows	14
8. Notes to the Parent Company Only Financial Statements	15 ~ 52
(1) History and Organization	15
(2) The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation	15
(3) Application of New Standards, Amendments and Interpretations	15 ~ 16
(4) Summary of Significant Accounting Policies	16 ~ 26
(5) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	26
(6) Details of Significant Accounts	26 ~ 43

Contents	Page/Number/Index
(7) Related Party Transactions	44 ~ 45
(8) Pledged Assets	45
(9) Significant Contingent Liabilities and Unrecognised Contract Commitments	45
(10) Significant Disaster Loss	46
(11) Significant Events after the Balance Sheet Date	46
(12) Others	46 ~ 51
(13) Supplementary Disclosures	51 ~ 52
(14) Segment Information	52
9. Statements of Major Accounting Items	
Statement of Cash and Cash Equivalents	STATEMENT1
Statement of current financial assets at amortised cost	STATEMENT2
Statement of Changes in Investments Accounted for Using the Equity Method	STATEMENT3
Statement of Operating Expenses	STATEMENT4
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION	STATEMENT5
EXPENSES SUMMARISED BY FUNCTION	

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medeon Biodesign, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Medeon Biodesign, 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 parent company only financial position of Medeon Biodesign, Inc. as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only 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 Consolidated Financial Statements* section of our report. We are independent of Medeon Biodesign, Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. 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 matters for Medeon Biodesign, Inc.'s 2024 parent company only financial statements of the current period are stated as follows:

Investments accounted for under equity method - Valuation of goodwill impairment

Description

Please refer to Note 4(15) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, Note 6(4) for details of investments accounted for under equity method, and Note 6(9) in the consolidated financial statements for details of goodwill impairment valuation.

The Company acquired Medeologix Corporation in 2021 and acquired Medeologix LLC (Formerly Second Source Medical LLC) in 2022. The balance of goodwill arising from the acquisition as at December 31, 2024 was NT \$106,737 thousand.

The evaluation report issued by external experts engaged by the Company uses cash flow forecasts prepared by management to determine the recovery amount of goodwill; however, the measurement results in a large extent depend on management's assumptions, including the discount rate and the estimated growth rate used, which are subject to management's judgements with considerable uncertainty. Therefore, the goodwill impairment assessment is a key audit matter this year.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Based on our understanding of the operations and industry of the Company, evaluated the rationality of the evaluation model used by the external experts appointed by the Company.
- B. We confirmed that the future cash flow used in the evaluation model is consistent with the future year budget provided by the Company. And reviewed the actual achievement of management's financial forecasts for the past year.
- C. We assessed the appropriateness of key assumptions used, such as growth rate and discount rate.

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 Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Medeon Biodesign, Inc.'s financial reporting process.

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 judgement 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 Medeon Biodesign, Inc.'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 Medeon Biodesign, Inc.'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 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 the Group 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 Medeon Biodesign, 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.

Chou, Hsiao-Tzu

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 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.

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 318,736	20	\$ 1,031,405	43
1110	Current financial assets at fair value	6(2)				
	through profit or loss		8,951	1	11,227	1
1136	Current financial assets at amortised	6(3)				
	cost		642,375	41	622,010	26
1200	Other receivables		3,155	-	2,890	-
1210	Other receivables - related parties	7	10,261	1	7,371	-
1220	Current tax assets	6(20)	1,445	-	-	-
1410	Prepayments		404	-	700	-
11XX	Current Assets		985,327	63	1,675,603	70
Non-current assets						
1550	Investments accounted for using	6(4)				
	equity method		538,304	35	722,208	30
1600	Property, plant and equipment	6(5)	753	-	934	-
1755	Right-of-use assets	6(6)	2,483	-	5,054	-
1780	Intangible assets	6(7)	127	-	240	-
1840	Deferred tax assets	6(20)	32,949	2	-	-
1920	Guarantee deposits paid		397	-	620	-
15XX	Non-current assets		575,013	37	729,056	30
1XXX	Total assets		\$ 1,560,340	100	\$ 2,404,659	100

(Continued)

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

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

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables		\$ 21,906	1	\$ 27,720	1
2220	Other payables - related parties	7	12,006	1	13,456	1
2230	Current tax liabilities	6(20)	-	-	37,968	2
2280	Current lease liabilities	6(6)	1,498	-	2,234	-
2300	Other current liabilities		168	-	444	-
21XX	Current Liabilities		35,578	2	81,822	4
2580	Non-current lease liabilities	6(6)	1,015	-	2,849	-
2650	Credit balance of investments	6(4)				
	accounted for using equity method		3,555	1	-	-
25XX	Non-current liabilities		4,570	1	2,849	-
2XXX	Total Liabilities		40,148	3	84,671	4
Equity						
	Share capital	6(10)				
3110	Share capital - common stock		922,449	59	922,449	38
	Capital surplus	6(11)				
3200	Capital surplus		1,339,205	85	1,340,712	55
	Retained earnings	6(12)				
3310	Legal reserve		207,182	13	207,182	9
3320	Special reserve		12,489	1	12,489	1
3350	Accumulated deficit		(1,012,609)	(65)	(188,425)	(8)
	Other equity interest	6(13)				
3400	Other equity interest		56,725	4	36,184	1
3500	Treasury shares	6(10)	(5,249)	-	(10,603)	-
3XXX	Total equity		1,520,192	97	2,319,988	96
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 1,560,340	100	\$ 2,404,659	100

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except losses per share amounts)

				Year ended December 31			
				2024		2023	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(14)		\$	39,336	100	\$ 10,700	100
5000 Operating costs	6(15)(16)			-	-	(8,922)	(83)
5900 Net operating margin				39,336	100	1,778	17
Operating expenses	6(15)(16) and 7						
6200 General and administrative expenses			(	69,301)	(176)	(72,049)	(674)
6300 Research and development expenses			(	6,189)	(16)	(19,283)	(180)
6000 Total operating expenses			(	75,490)	(192)	(91,332)	(854)
6900 Operating loss			(	36,154)	(92)	(89,554)	(837)
Non-operating income and expenses							
7100 Interest income	6(17)			14,941	38	13,428	125
7010 Other income	6(18) and 7			21,024	53	20,982	196
7020 Other gains and losses	6(2)(4)(19)			5,569	14	(400,106)	(3739)
7050 Finance costs	6(6)		(	59)	-	(89)	(1)
7070 Share of loss of subsidiaries accounted for using equity method, net	6(4)		(	797,929)	(2028)	(709,758)	(6633)
7000 Total non-operating income and expenses			(	756,454)	(1923)	(1,075,543)	(10052)
7900 Loss before income tax			(	792,608)	(2015)	(1,165,097)	(10889)
7950 Income tax expense	6(20)		(	12,904)	(33)	(39,518)	(369)
8200 Loss for the year			(\$	805,512)	(2048)	(\$ 1,204,615)	(11258)
Other comprehensive income							
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Other comprehensive loss, before tax, exchange differences on translation			\$	20,541	52	\$ 5,244	49
8500 Total comprehensive loss for the year			(\$	784,971)	(1996)	(\$ 1,199,371)	(11209)
Basic loss per share	6(21)						
9750 Total basic loss per share			(\$	8.74)		(\$ 13.09)	
9850 Total diluted loss per share			(\$	8.74)		(\$ 13.09)	

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Capital Reserves					Retained Earnings					
				Difference between consideration and carrying amount of subsidiaries acquired or disposed	Capital surplus, changes in equity of subsidiaries accounted for using equity method	Employee stock warrants				Financial statements translation differences of foreign operations		
Notes	Common stock	Additional paid-in capital	Treasury share transactions				Legal reserve	Special reserve	Accumulated deficit		Treasury shares	Total equity
<u>2023</u>												
Balance at January 1, 2023	\$ 878,401	\$ 1,331,704	\$ 5,602	\$ -	\$ 3,101	\$ 3,406	\$ 207,182	\$ 12,489	\$ 1,135,220	\$ 30,940	(\$ 10,603)	\$ 3,597,442
Loss for the year	-	-	-	-	-	-	-	-	(1,204,615)	-	-	(1,204,615)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	5,244	-	5,244
Total comprehensive income(loss)	6(13) -	-	-	-	-	-	-	-	(1,204,615)	5,244	-	(1,199,371)
Appropriation and distribution of retained earnings	6(12)											
Stock dividends of ordinary share	43,823	-	-	-	-	-	-	-	(43,823)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	(43,823)	-	-	(43,823)
Share-based payments	6(9) -	-	-	-	15,040	-	-	-	-	-	-	15,040
Changes in ownership interests in subsidiaries	-	-	-	-	(18,141)	-	-	-	(31,384)	-	-	(49,525)
Exercise of employee stock options	6(10) 225	141	-	-	-	(141)	-	-	-	-	-	225
Balance at December 31, 2023	\$ 922,449	\$ 1,331,845	\$ 5,602	\$ -	\$ -	\$ 3,265	\$ 207,182	\$ 12,489	(\$ 188,425)	\$ 36,184	(\$ 10,603)	\$ 2,319,988
<u>2024</u>												
Balance at January 1, 2024	\$ 922,449	\$ 1,331,845	\$ 5,602	\$ -	\$ -	\$ 3,265	\$ 207,182	\$ 12,489	(\$ 188,425)	\$ 36,184	(\$ 10,603)	\$ 2,319,988
Loss for the year	-	-	-	-	-	-	-	-	(805,512)	-	-	(805,512)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	20,541	-	20,541
Total comprehensive income	6(13) -	-	-	-	-	-	-	-	(805,512)	20,541	-	(784,971)
Share-based payments	6(9) -	-	-	-	9,465	-	-	-	-	-	-	9,465
Changes in ownership interests in subsidiaries	-	-	-	-	(9,465)	-	-	-	(18,672)	-	-	(28,137)
Reissuance of treasury shares to employees	6(10) -	-	(1,507)	-	-	-	-	-	-	-	5,354	3,847
Balance at December 31, 2024	\$ 922,449	\$ 1,331,845	\$ 4,095	\$ -	\$ -	\$ 3,265	\$ 207,182	\$ 12,489	(\$ 1,012,609)	\$ 56,725	(\$ 5,249)	\$ 1,520,192

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

MEDEON BIODESIGN, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 792,608)	(\$ 1,165,097)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense(including right-of-use assets)	6(5)(5)(15)	2,041	7,268
Amortization expense	6(7)(15)	113	1,369
Revaluation gains on current financial assets measured at fair value through profit or loss	6(2)(19)	2,276	(3,812)
Interest expense	6(6)	59	89
Dividend income		(185)	(180)
Interest income	6(17)	(14,941)	(13,428)
Gain on lease modification	6(19)	(17)	-
Gain on disposal of investments	6(4)(19)	-	402,960
Share of loss of subsidiaries accounted for using equity method	6(4)	797,929	709,758
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		-	8,775
Other accounts receivable		266	22
Other receivables - related parties		(2,890)	285
Prepayments		296	1,175
Changes in operating liabilities			
Other payables		(5,814)	(19,771)
Other payables to related parties		(1,450)	(11,824)
Other current liabilities		(276)	(130)
Cash outflow generated from operations		(15,201)	(82,541)
Interest received		14,410	14,913
Interest paid		(59)	(89)
Income taxes paid		(85,266)	(58,326)
Net cash flows used in operating activities		(86,116)	(126,043)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of current financial assets at fair value through profit or loss		-	(255)
Acquisition of current financial assets at amortised cost		(20,365)	-
Proceeds from disposal of financial assets at amortised cost		-	393,660
Acquisition of investments accounted for using equity method		(608,601)	(820,440)
Proceeds from disposal of investment using equity method	6(4)	-	1,479,671
Dividends received		185	7,387
Acquisition of property, plant and equipment	6(5)(22)	(333)	(579)
Acquisition of intangible assets	6(7)	-	(298)
Decrease in guarantee deposits paid		223	1,370
Net cash flows (used in) from investing activities		(628,891)	1,060,516
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(6)(23)	(1,509)	(6,415)
Treasury shares reissued to employees	6(10)	3,847	-
Exercise of employee share options	6(9)	-	225
Cash dividends paid	6(12)	-	(43,823)
Net cash flows from (used in) financing activities		2,338	(50,013)
Net (decrease) increase in cash and cash equivalents		(712,669)	884,460
Cash and cash equivalents at beginning of year		1,031,405	146,945
Cash and cash equivalents at end of year		\$ 318,736	\$ 1,031,405

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

MEDEON BIODESIGN, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medeon Biodesign, Inc. (the “Company”) was incorporated and approved by the Ministry of Economic Affairs, R.O.C. on December 22, 2012. The Company is primarily engaged in the research and development, and marketing and sales of minimally invasive medical devices. The shares of the Company have been trading on the Taipei Exchange since July, 2016.

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 February 27, 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 FSC and become 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 and will become effective from 2025 are as follows:

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

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

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 Significant 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 the following items, the parent company only financial statements have been prepared under the historical cost convention:

Financial assets at fair value through profit or loss.

- 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 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 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 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) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are 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; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities 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.

(5) Cash and 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 amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts 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 financial assets at amortised cost, 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 structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- C. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. The Company's share of its subsidiary and associates' 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; When the Company's share of losses in an associate equals

or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- E. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the nonconsolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the nonconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate,

the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(12) Property, plant and equipment

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

Research and development equipment	3 years
Office equipment	3~ 5 years
Leasehold improvements	3~ 5 years

(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; and
- (b) Any lease payments made at or before the commencement date.

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.

(14) Intangible assets

Intangible assets, mainly patent and computer software are amortized on a straight-line basis over its economic benefit period of 3~8 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) 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

Defined contribution plans

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' and supervisors' remuneration

Employees' compensation and directors' and supervisors' 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.

If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) 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.

(18) 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 goodwill or 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are 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. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an

intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities.

- F. 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.

(19) 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 book value 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.

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

- A. Revenue from sale of intellectual property and revenue from contract research and development services

The Company entered into the contract with the customer to sell the Company's certain intellectual property and to provide follow-up contract research and development services to the customer. The Company has determined that the sale of its intellectual property and follow-up contract research services are distinguishable. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The possibility of a variable price contained in the contract resulting in revenue to be written off may be significant when the uncertainty between the expected and variable price is eliminated. In this case, variable price is included in the contract. Revenue recognition is based on the different types of revenue is as follows:

- (a) Revenue from sale of intellectual property

The Company entered into the contract with the customer to sale the Company's intellectual property to the customer. The Company recognises the revenue when the intellectual property is transferred to a customer at a point in time.

(b) Revenue from contract research and development services

The Company provided services related to contract research and development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on a ratio of the actual costs spent relative to the total expected costs. Under the circumstances that the Company lacks reliable information in the application of the appropriate method of measuring completion, the Company could estimate the collectible completed cost obligated, it then becomes possible for the Company to recognise revenue in the range of completed cost before the outcome of reasonable obligation. The 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.

The Company's estimates on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

B. Sales of goods

- (a) The Company manufactures and sells medical devices. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(22) Business combinations

- A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values

at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

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 critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered.

The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 50	\$ 50
Demand deposits	318,686	1,031,355
	<u>\$ 318,736</u>	<u>\$ 1,031,405</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stock	\$ 4,255	\$ 4,255
Valuation adjustment	4,696	6,972
	<u>\$ 8,951</u>	<u>\$ 11,227</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured as at fair value through profit or loss		
Equity instruments	(\$ 2,276)	\$ 3,812

B. There are no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current financial assets at amortised cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits maturing in excess of three months	\$ 642,375	\$ 622,010

A. There are no time deposits pledged to others as collateral.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Investments accounted for using equity method

A. Long-term equity investment is as follows:

<u>Investee</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Medeologix Corporation	\$ 436,623	\$ 384,988
Medeon International, Inc.	101,607	81,231
Prodeon Medical Corporation	(3,555)	255,916
Yi Chuang Biodesign, Inc.	74	73
	<u>534,749</u>	<u>722,208</u>
Transferred to "other non-current liabilities - credit balance of investments accounted for using equity method"	3,555	-
	<u>\$ 538,304</u>	<u>\$ 722,208</u>

B. Subsidiaries

(a) Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2024.

- (b) The Company acquired 4,000,000 shares of common stock of Medeon International, Inc. amounting USD 4,000,000 in January 2023, and participated in the Series E preferred stock issuance amounting to USD 4,000,000 for 1,600,000 shares of Aquedon Medical, Inc. through that subsidiary. The shareholding ratio to Aquedon Medical, Inc. was then increased to 97.27%. Subsequently in July 2023, the employees of Aquedon Medical, Inc. exercised the employee stock option, decreasing the shareholding ratio to 97.03%. Also, the Company acquired 4,000,040 shares of common stock of Medeon International, Inc. amounting USD 4,000,040 in June 2024, and participated in the Series F preferred stock issuance amounting to USD 4,000,040 for 1,454,560 shares of Aquedon Medical, Inc. through that subsidiary. The shareholding ratio to Aquedon Medical, Inc. was then increased to 97.46%.
- (c) The Company acquired 5,737,000 shares of Series C preferred stock issued by Prodeon Medical Corporation for the total consideration of \$459,000 in May 2023, and the Company's shareholding ratio increased to approximately 88.41%. The Company subsequently acquired 2,050,000 shares of Series D preferred stock issued by Prodeon Medical Corporation for the total consideration of \$164,000 in August 2024, and the Company's shareholding ratio increased to approximately 89.27%.
- (d) In February 2023, Medeologix Corporation's employees exercised stock options and reduced the Company's shareholding ratio to approximately 94.30%. In March 2023, the Company increased the capital in Medeologix Corporation, subscribing for 9,600,000 shares with the amount of \$240,000, and the Company's shareholding ratio increased to approximately 95.6%. The Company also acquired 12,600,000 shares of common stock issued by Medeologix Corporation in March 2024 for the total consideration of \$315,000, subsequently the Company's shareholding ratio increased to approximately 96.61%.
- (e) The Company disposed all equity investments in Delta Asia International Corporation in May 2023, totaling \$1,479,671, and therefore recognized a loss on disposal of investment at the amount of \$402,960, which was recognized in "other gains and losses". Details of the loss were provided in Note 6(19).

C. Associates

- (a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2024	December 31, 2023		
Delta Asia International Corporation	Taiwan	0%	0%	Research and development collaboration	Equity method

(b) The summarised financial information of the associates that are material to the Company is as follows:

Statement of comprehensive income

	Delta Asia International Corporation January 1, 2023 to April 30, 2023
Revenue	\$ 199,930
Profit from continuing operations	\$ 49,535
Other comprehensive income, net of tax	-
Total comprehensive income	\$ 49,535
Dividends received from associates	\$ 7,206

(5) Property, plant and equipment

	2024			
	Research and development equipment	Office equipment	Leasehold improvements	Total
<u>January 1, 2024</u>				
Cost	\$ 1,502	\$ 5,436	\$ 4,675	\$ 11,613
Accumulated depreciation	(1,362)	(4,731)	(4,586)	(10,679)
	<u>\$ 140</u>	<u>\$ 705</u>	<u>\$ 89</u>	<u>\$ 934</u>
<u>2024</u>				
Opening net book amount as at January 1	\$ 140	\$ 705	\$ 89	\$ 934
Additions	-	333	-	333
Depreciation charge	(140)	(320)	(54)	(514)
Closing net book amount as at December 31	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 35</u>	<u>\$ 753</u>
<u>December 31, 2024</u>				
Cost	\$ -	\$ 5,769	\$ 4,675	\$ 10,444
Accumulated depreciation	-	(5,051)	(4,640)	(9,691)
	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 35</u>	<u>\$ 753</u>
	2023			
	Research and development equipment	Office equipment	Leasehold improvements	Total
<u>January 1, 2023</u>				
Cost	\$ 13,385	\$ 6,389	\$ 6,591	\$ 26,365
Accumulated depreciation	(12,715)	(5,939)	(6,449)	(25,103)
	<u>\$ 670</u>	<u>\$ 450</u>	<u>\$ 142</u>	<u>\$ 1,262</u>
<u>2023</u>				
Opening net book amount as at January 1	\$ 670	\$ 450	\$ 142	\$ 1,262
Additions	-	579	-	579
Depreciation charge	(530)	(324)	(53)	(907)
Closing net book amount as at December 31	<u>\$ 140</u>	<u>\$ 705</u>	<u>\$ 89</u>	<u>\$ 934</u>
<u>December 31, 2023</u>				
Cost	\$ 1,502	\$ 5,436	\$ 4,675	\$ 11,613
Accumulated depreciation	(1,362)	(4,731)	(4,586)	(10,679)
	<u>\$ 140</u>	<u>\$ 705</u>	<u>\$ 89</u>	<u>\$ 934</u>

A. The aforementioned plants were all for its own use.

B. There are no property, plant and equipment that were pledged to others as collaterals.

(6) Leasing arrangements — lessee

A. The Company leases assets including buildings and land. Rental contracts are typically made for periods of 1 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:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings and land	\$ 2,483	\$ 5,054
	Year ended December 31, 2024	Year ended December 31, 2023
	Depreciation charge	Depreciation charge
Buildings and land	\$ 1,527	\$ 6,361

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$0 and \$4,340, respectively.

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

	Year ended December 31, 2024	Year ended December 31, 2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 59	\$ 89
Expense on short-term lease contracts	179	91
Gain on lease modification	17	-

E. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$1,747 and \$6,595, respectively.

(7) Intangible assets

		2024		
		Patent	Software	Total
<u>January 1, 2024</u>				
Cost	\$	12,707	\$ 1,702	\$ 14,409
Accumulated amortisation	(	12,707)	(1,462)	(14,169)
	\$	-	\$ 240	\$ 240
<u>2024</u>				
Opening net book amount as at January 1	\$	-	\$ 240	\$ 240
Amortisation charge		-	(113)	(113)
Closing net book amount as at December 31	\$	-	\$ 127	\$ 127
<u>December 31, 2024</u>				
Cost	\$	-	\$ 1,702	\$ 1,702
Accumulated amortisation		-	(1,575)	(1,575)
	\$	-	\$ 127	\$ 127
		2023		
		Patent	Software	Total
<u>January 1, 2023</u>				
Cost	\$	12,707	\$ 1,404	\$ 14,111
Accumulated amortisation	(	11,625)	(1,175)	(12,800)
	\$	1,082	\$ 229	\$ 1,311
<u>2023</u>				
Opening net book amount as at January 1	\$	1,082	\$ 229	\$ 1,311
Additions		-	298	298
Amortisation charge	(	1,082)	(287)	(1,369)
Closing net book amount as at December 31	\$	-	\$ 240	\$ 240
<u>December 31, 2023</u>				
Cost	\$	12,707	\$ 1,702	\$ 14,409
Accumulated amortisation	(	12,707)	(1,462)	(14,169)
	\$	-	\$ 240	\$ 240

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Operating costs	\$ -	\$ 108
Selling expenses	-	39
Administrative expenses	99	25
Research and development expenses	14	1,197
Total	<u>\$ 113</u>	<u>\$ 1,369</u>

- A. Patent is comprised of the related patents and professional technologies of developing minimally invasive medical devices.
- B. With the aim of better management of intellectual property, the Company centralized resources on research and development of related projects to speed up commercialization and afterward asset sale in November 2015. Medeon Biosurgical, Inc. (the “MBS” Company, and the liquidation was completed on June 30, 2016), a second-tier subsidiary of the Company, transfers the technology of ClickCleanTM and AbcloseTM, etc. Based on a tripartite agreement with the MBS Company, Shendder, Inc. (the “Shendder” Company), and Medeon International, Inc. (the “MBI” Company). The patent rights, which owned by the MBS Company, was transferred to the shareholders, Shendder Company and MBI Company who owned approximately 42.99% and 57.01% of the shareholdings respectively, based on the equity ratio. The transfer prices are USD168,293 and USD223,178 respectively. Meanwhile, Shendder Company and MBI Company transferred the patent rights to the Company based on the cost of acquisition. The Company shall pay immediately following the date of the sale of patent rights.
- C. The asset purchase agreement between Shendder Company and the Company states that if the licensing price of research and development results exceeds the transfer price, the Company should allocate 42.99 % of the profit to Shendder Company. For the year ended at December 31, 2024, there was no payment to be allocated to Shendder Company and MBI Company.

(8) Pensions

- A. The Company has established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023, were \$1,384 and \$1,828, respectively.

(9) Share-based payment

- A. The Company issues employee stock options to full-time employees by issuing new stock. The main content is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Estimated resign rate	Vesting conditions
Employee stock options	2013.9.27 and 2014.8.13	2,570,000	10 years	21.0%~36.8%	Note
Employee stock options	2014.8.13	260,000	10 years	6.1%~11.6%	Note
Employee stock options	2014.11.18	820,000	10 years	6%~12%	Note
Employee stock options	2015.6.8	642,000	10 years	11.6%~23.3%	Note
Employee stock options	2015.11.3	538,000	10 years	29.5%~59.1%	Note
Treasury stock reissued to employees	2021.8.30	110,000	NA	NA	Vested immediately
Treasury stock reissued to employees	2021.12.15	80,000	NA	NA	Vested immediately
Treasury stock reissued to employees	2024.1.25	103,000	NA	NA	Vested immediately

Note: When employee stock options have expired two years, stock options can be exercised based on the following schedule:

Accumulated ratio stock options that can be exercised

Expired 2 years 50%

Expired 3 years 75%

Expired 4 years 100%

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

	2024		2023	
	No. of options	Weighted-average exercise price (NTD)	No. of options	Weighted-average exercise price (NTD)
Options outstanding at January 1	247,000	\$ 10~137	319,500	\$ 10~137
Options forfeited	-	-	(50,000)	10~137
Options exercised	-	-	(22,500)	10~137
Options outstanding at December 31	<u>247,000</u>	10~137	<u>247,000</u>	10~137
Options exercisable at December 31	<u>247,000</u>	10~137	<u>247,000</u>	10~137

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

		December 31, 2024		December 31, 2023	
		No. of shares	Exercise price	No. of shares	Exercise price
Issue date approved	Expiry date	(in thousands)	(NTD)	(in thousands)	(NTD)
2015.6.8	2025.6.8	227	\$ 121	227	\$ 121
2015.11.3	2025.11.3	20	137	20	137

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

Grant date	Stock price (NTD)	Expected price volatility	Option life	Expected dividends rate	Risk-free interest rate	Fair value per unit (NTD)
2013.9.27	\$ 10	39.93% ~ 41.53%	7 years	0%	0.78% ~ 1.66%	\$ 2~2.29
2014.8.13 ~ 11.18	\$ 10	39.75% ~ 40.67%	6~7 years	0%	1.37% ~ 1.48%	\$ 5.55~7.07
2015.6.8	\$ 204	34.75% ~ 42.35%	6~7 years	0%	1.26% ~ 1.39%	\$ 10.15~13.28
2015.11.3	\$ 222	44.25% ~ 45.22%	6~7 years	0%	1.01% ~ 1.09%	\$ 34.14~ 40.26

E. Pursuant to the Group's regulation managing share repurchase and reissuance to employee, the Group reissued 103,000 shares to the employees for the total consideration of \$3,847, with the effective date set on January 25, 2024. The average repurchase price per share was \$51.97, and its fair value is measured by the share price on grant date.

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

	Year ended December 31, 2024	Year ended December 31, 2023
Equity-settled	\$ 880	\$ -

(10) Share capital/Treasury shares

A. As of December 31, 2024, the Company's authorised capital was \$2,000,000, consisting of 200,000,000 shares of ordinary stock, and the paid-in capital was \$922,449 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2024	2023
	No. of shares	No. of shares
At January 1	92,040,893	87,636,089
Stock dividends of ordinary share	-	4,382,304
Employee stock options exercised	-	22,500
Treasury shares reissued to employee	103,000	-
At December 31	92,143,893	92,040,893

B. In 2024 and 2023, the separate amount recollected due to the exercised employee stock options by the Company is \$0 and \$225, respectively.

C. Treasury Shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2024		December 31, 2023	
		Number of shares	Carrying amount	Number of shares	Carrying amount
The Company	To be reissued to employees	101,000	\$ 5,249	204,000	\$ 10,603

- (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 Company's issued and outstanding 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 dividends 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 stockholders' equity should be retired within six months of acquisition.

(11) Capital surplus

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

(12) Accumulated deficit

- 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. There is no need for such action if legal reserve meets paid-in capital, it then distributes or rotates legal reserve based on the law. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders.

The dividend distribution policy of the Company reported to shareholders' meeting annually by the Board of Directors is based not only on the current and future investing environment, funds needed, domestic and foreign competition, and the situation of capital, but on the interest of shareholders, balanced dividend and the long-term plans for the Company. The category and ratio of the dividend from the dividend policy may be adjusted by the shareholders based on the actual profit and the situation of available funds of the year. The only restriction is that the total amount of dividend distributed must not be lower than 10 percent of the year's distributable dividend and the ratio of cash dividend distributed must not be lower than 10 percent of the total dividend.

- B. Except for covering accumulated deficit or issuing new stocks 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 Company's paid-in capital.
- C. The shareholders' meeting resolved on June 12, 2024 that the Company would not distribute earnings due to net loss after tax in 2023.
- D. The distribution of earnings in respect of the year ended 31 December, 2022 was resolved at the shareholders' meeting on June 19, 2023 as follows:

	2022	
	Amount	Dividend per share (in dollars)
Cash dividends (Note)	43,823	\$ 0.50
Stock dividends	43,823	0.50

The abovementioned distribution of 2022 earnings were in agreement with those amounts proposed by the Board of Directors on March 22, 2023.

Information about the distribution of earnings as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Note: As authorised by the Company's Articles of Incorporation, the Board of Directors approved the distribution of cash dividends proposal in respect of the year ended December 31, 2022, through a special resolution on March 22, 2023.

(13) Other equity items

	2024	2023
	Currency translation	Currency translation
At January 1	\$ 36,184	\$ 30,940
Currency translation differences:		
–Group	20,541	5,244
At December 31	<u>\$ 56,725</u>	<u>\$ 36,184</u>

(14) Operating revenue

	Year ended December 31,	
	2024	2023
Revenue from research and development services	<u>\$ 39,336</u>	<u>\$ 10,700</u>

- A. The Company entered into the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system ("IVC-C01") with Terumo Medical Corporation ("Terumo") on March 2, 2018. According to the agreements, the Company continues to provide services including product development, clinical studies, regulatory affairs, and product supply after the transaction.

The total transaction price of the aforementioned agreements is USD 50 million, consisting of

the upfront cash payment of USD 20 million which is fully paid upon closing, and the additional milestone payment up to USD 30 million. The milestone payment will be paid upon achieving the following milestones: (a) completing next-generation product design verification before the end of March 2020 for USD 5 million; (b) obtaining U.S. FDA premarket approval (PMA approval) for the current generation product before the end of June 2021 for USD 10 million; (c) obtaining U.S. FDA PMA approval for the next-generation product before the end of June 2022 for USD 15 million.

Terumo is responsible for all product development costs (including regulatory and clinical related costs), except Terumo and the Company are responsible for its own respective design and development costs for the next-generation product. As agreed by both parties, if any design changes of the next-generation product lead to additional clinical studies requested by the U.S. FDA, the related costs shall be borne by the Company. Considering the external factors and product development timeline, both parties agreed to revise the agreements accordingly and executed the Amendment in August 2020.

Consistent with the overall milestone payments of USD 30 million in the original agreements, each milestone and timeline has been adjusted as follows: (a) completing engineering verification and technology transfer of the next-generation product before the end of December 2020 for USD 2.5 million (already obtained); completing design verification of the next-generation product before the end of June 2022 for USD 1 million; (b)(i) completing FDA cGMP audit before the end of June 2021 for USD 2 million; (ii) obtaining U.S. FDA PMA approval for the product before the end of December 2021 for USD 6.5 million; (c) submitting the PMA application for the next-generation product before December 2022 for USD 3 million; obtaining FDA PMA approval for the next-generation product before the end of December 2023 for USD 7 million; (d) launching the next-generation product before December 2024 for USD 4 million; reaching a sales target of 12,500 and 25,000 units within 3 years from product launch for USD 2 million respectively. Other clauses remain unchanged except for the amendments described above. The Amendment has been approved by the Board of Directors on August 6, 2020.

However, the U.S. FDA might postpone overseas on-site audits due to the impact of the COVID-19 pandemic. Considering both parties have cooperated in good faith to move the project forward and to acknowledge the achievements of the project up to now, both parties agreed to divide the first item of milestone payment (b)(i) in the aforementioned amendment into the following two payments: (i) completing the preparation for the U.S. FDA cGMP audit before the end of June 2021 for USD 1 million (already obtained); (ii) completing the U.S. FDA cGMP on-site audit for USD 1 million (no due date specified). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 24, 2020.

As the impact of COVID-19 pandemic is still ongoing, the U.S. FDA continued to postpone overseas on-site audits. Considering both parties have cooperated in good faith to move the

project forward and to acknowledge the achievements of the project up to now, both parties agreed to adjust the milestone payment (b)(i)(ii) and (b)(ii) in the aforementioned amendment into two payments according to certain situation and signed the third amendment to asset purchase agreement. The adjustment amendments are as follows: 1.(b)(i)(ii) completing a successful FDA cGMP audit and obtaining PMA Approval for USD 1 million (already obtained); 2.(b)(ii) obtaining a PMA approvable letter conditioning PMA approval on an FDA site inspection before the end of December 2021 for USD 6.5 million (already obtained). Except for the adjustments stated above, other milestone payments and corresponding requirements stipulated in the first and second Amendment remain unchanged. The Amendment has been approved by the Board of Directors on December 11, 2021.

B. The representations and warranties provided by the Company to Terumo, under this Agreement, includes:

- (a) The Company is a validly existing legal entity, which is warranted indefinitely. In case of violation, the liability cap of the Company for the breach of this warranty is equal to the transaction price.
- (b) The intellectual property warranty which shall remain in effect until the first anniversary of the FDA PMA approval of the next generation product, but no later than July 2023. The liability cap of the Company for the breach of this warranty is initially \$2.5 million and will increase with an amount equal to 37.5% of the total receivable milestone payments.
- (c) The warranties, except for (a) and (b), shall become effective from the closing and remain valid for a period of 18 months, and the liability cap of the Company for the breach is initially USD 2.5 million and will increase with an amount equal to 12.5% of the total receivable milestone payments.

The maximum amount of liability for the breach of warranties specified above shall not exceed USD 13.75 million unless any of such losses and damages is arising from intentional breach or fraud.

C. Disaggregation of revenue from contracts with customers

The revenue of the Company can be disaggregated as follows:

<u>2024</u>	<u>Revenue from research and development services</u>
Revenue by region	
United States	\$ <u>39,336</u>
Timing of revenue recognition	
At a point in time	\$ <u>39,336</u>

2023	Revenue from research and development services
Revenue by region	
United States	\$ 10,700
Timing of revenue recognition	
At a point in time	\$ 10,700

(15) Expenses by nature

	2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ -	\$ 35,661	\$ 35,661
Depreciation charges on property, plant and equipment	-	514	514
Depreciation charges on right- of-use assets	-	1,527	1,527
Amortisation charges	-	113	113
	2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 4,865	\$ 39,529	\$ 44,394
Depreciation charges on property, plant and equipment	314	593	907
Depreciation charges on right- of-use assets	1,949	4,412	6,361
Amortisation charges	72	1,297	1,369

(16) Employee benefit expense

	Year ended December 31, 2024	Year ended December 31, 2023
Wages and salaries	\$ 27,543	\$ 35,071
Labour and health insurance fees	2,511	3,456
Pension costs	1,384	1,828
Directors' remuneration	2,780	2,494
Other personnel expenses	1,443	1,545
	<u>\$ 35,661</u>	<u>\$ 44,394</u>

- A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, after covering accumulated losses, shall be reserved no less than 1% for employees' compensation and no more than 2% for directors' remuneration.

B. For the years ended December 31, 2024 and 2023, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company.

C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Interest income

	Year ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 14,941	\$ 13,428

(18) Other income

	Year ended December 31,	
	2024	2023
Service income	\$ 20,839	\$ 20,799
Dividend income	185	180
Other income	-	3
Total	\$ 21,024	\$ 20,982

Information relating to service income is provided in Note 7(2)B.

(19) Other gains and losses

	Year ended December 31,	
	2024	2023
Net foreign exchange gains and (losses)	\$ 7,828	(\$ 958)
(Losses) and gains on financial assets at fair value through profit	(2,276)	3,812
Loss on disposals of investment	-	(402,960)
Gain on lease modification	17	-
	\$ 5,569	(\$ 400,106)

(20) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2024	Year ended December 31, 2023
Current tax:		
Current tax on profits for the year	\$ -	\$ 39,416
Prior year income tax underestimation	45,853	102
Total current tax	45,853	39,518
Deferred tax:		
Origination and reversal of temporary differences	(32,949)	-
Total deferred tax	(32,949)	-
Income tax expense	\$ 12,904	\$ 39,518

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$ 158,521)	(\$ 233,019)
Effect on income tax expense by tax regulation	137,916	126,643
Temporary differences not recognised as deferred tax assets	20,257	15,122
Change in assessment of realisation of deferred tax assets	(32,949)	-
Taxable loss not recognised as deferred tax assets	348	91,253
Prior year income tax underestimation	45,853	102
Effect from alternative minimum tax	-	39,417
Income tax expense	\$ 12,904	\$ 39,518

C. Amounts of deferred tax assets as a result of temporary differences, tax losses and investment tax credits are as follows:

	2024		
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Investment tax credits	\$ -	\$ 32,949	\$ 32,949
	\$ -	\$ 32,949	\$ 32,949

D. As of December 31, 2024, details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	Year incurred	Total deductible amount	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	2013	\$ 5,059	\$ 5,059	\$ -	Note
Research and development	2014	6,144	6,144	-	Note
Research and development	2015	14,475	14,475	-	Note
Research and development	2016	24,382	24,382	17,111	Note
Research and development	2017	29,850	29,850	29,850	Note
Research and development	2018	30,369	30,369	30,369	Note
		<u>\$ 110,279</u>	<u>\$ 110,279</u>	<u>\$ 77,330</u>	

Note: Under the Regulations Governing Application of Investment Tax Credits to the Funds Invested in Research and Development and Personnel Training by a Biotech and New Pharmaceuticals Company, the Company is entitled to the investment tax credits, which can be used to offset against the income tax payable starting from the time when the Company is subject to corporate income tax. Any unused tax credit is available for the following four years.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets as at December 31, 2024 are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 207,538	\$ 4,106	\$ 4,106	2026
2017	208,621	180,794	180,794	2027
2019	146,059	144,851	144,851	2029
2020	110,811	67,453	67,453	2030
2021	69,577	11,378	11,378	2031
2023 (Filed)	61,289	53,902	53,902	2033
2024 (Estimate)	1,739	1,554	1,554	2034
	<u>\$ 805,634</u>	<u>\$ 464,038</u>	<u>\$ 464,038</u>	

F. For the year ended December 31, 2024, the Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(21) Losses per share

Year ended December 31, 2024			
		Weighted average number of ordinary shares outstanding	Losses per share
		(share in thousands)	(in dollars)
<u>Amount after tax</u>			
<u>Basic and diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 805,512)	92,137	(\$ 8.74)

	Year ended December 31, 2023		
	Retrospective adjustment		
	Weighted average number of ordinary shares outstanding		Losses per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic and diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 1,204,615)	92,036	(\$ 13.09)

Due to net loss after tax in 2024 and 2023, potential ordinary shares are excluded since such shares are antidilutive. Therefore, the diluted and basic losses per share are identical.

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 333	\$ 579
Add: Opening balance of payable on equipment	-	-
Less: Ending balance of payable on equipment	-	-
Cash paid during the period	<u>\$ 333</u>	<u>\$ 579</u>

(23) Changes in liabilities from financing activities

	2024	2023
	Lease Liability	Lease Liability
At January 1	\$ 5,083	\$ 7,158
Changes in cash flow from financing activities	(1,509)	(6,415)
Changes in other non-cash items	(1,061)	4,340
At December 31	<u>\$ 2,513</u>	<u>\$ 5,083</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Delta Asia International Corporation (Note 1)	The Company used to possess significant influence to the entity.
Prodeon Medical Corporation	The Company's subsidiary
Yi Chuang Biodesign, Inc.	The Company's subsidiary
Medeologix Corporation	The Company's subsidiary
Medeon International, Inc.	The Company's subsidiary
Aquedee Medical, Inc.	The Company's second-tier subsidiary
Prodeon Medical, Inc.	The Company's second-tier subsidiary
Medeologix, Inc. (Note 2)	The Company's second-tier subsidiary
Medeologix LLC (Note 3)	The Company's second-tier subsidiary
MedeonBio, Inc.	The Company's second-tier subsidiary

Note 1: The Company sold all of its shares of Delta Asia International Corporation in May 2023 and lost its directorship. It is now considered a non-related party. Please refer to Note 6(4).

Note 2: Formerly named MediBalloon, Inc., the subsidiary was renamed as Medeologix, Inc. on June 2024. The amendment of company registration has been filed to the United States Government and already completed.

Note 3: Formerly named Second Source Medical LLC, the subsidiary was renamed as Medeologix LLC on June 2024. The amendment of company registration has been filed to the United States Government and already completed.

(2) Significant related party transactions

A. Operating expense

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
MedeonBio, Inc.	\$ 26,806	\$ 27,027

The Company is commissioned by its subsidiary MedeonBio, Inc. to assist in the research and promotion of medical devices. The terms of transaction is agreed by both parties. The payment term is 30 to 60 days.

B. Other income

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Prodeon Medical Corporation	\$ 11,331	\$ 10,805
Medeologix Corporation	9,000	9,000
Aquedee Medical, Inc.	508	994
	<u>\$ 20,839</u>	<u>\$ 20,799</u>

The Company is commissioned by its subsidiary Prodeon Medical Corporation, Medeologix Corporation and second-tier subsidiary Aquedon Medical, Inc. to assist in segment management. The terms of transaction are agreed by both parties. The Company receives payments every 3 months and the period of payment is 30 to 60 days.

C. Other receivables

	December 31, 2024	December 31, 2023
Medeologix Corporation	\$ 4,500	\$ 4,724
Prodeon Medical Corporation	5,761	2,647
	<u>\$ 10,261</u>	<u>\$ 7,371</u>

The abovementioned other receivables arose from the research and management of medical devices commissioned to the Company by the subsidiaries, Medeologix Corporation and Prodeon Medical Corporation. The Company receives payments every 3 months and the payment period is 30 to 60 days.

D. Other payables

	December 31, 2024	December 31, 2023
MedeonBio, Inc.	\$ 4,706	\$ 6,605
Medeon International, Inc.	7,300	6,851
	<u>\$ 12,006</u>	<u>\$ 13,456</u>

The abovementioned other payables arose from commissioning the second-tier subsidiary, MedeonBio, Inc. for research and development of medical devices and business promotion for medical products. Additionally, the Company shall pay the subsidiary, Medeon International, Inc. for acquiring the intangible assets, and in which the information of payables that did not meet the payment terms based on the contract is provided in the Note 6(7) B.

(3) Key management compensation

	Year ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 8,768	\$ 8,727
Share-based payment	4,883	4,398
Total	<u>\$ 13,651</u>	<u>\$ 13,125</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

A. Information relating to the profit distribution of the commercialization of research products according to the intangible asset transfer contract signed between the Company and Shendder, Inc. is provided in Note 6(7).

B. Information relating to the commitment stipulated in the Asset Purchase Agreement along with the Master Service Agreement and Supply Agreement for XPro™ Suture-Mediated Vascular Closure Device system signed with Terumo is provided in Note 6(14).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. On January 21, 2025, the Board of Directors of the Company has resolved to participate in the common stock issuance of the subsidiary, Medeologix Corporation, amounting to NTD \$224,000 thousand for 8,960,000 shares. The shareholding ratio increases to approximately 97.09% after the acquisition.
- B. On January 21, 2025, the Board of Directors of the Company has resolved to loan NTD \$165,000 thousand to the subsidiary, Prodeon Medical Corporation.

12. Others

(1) Capital management

The Company's objectives when managing capital at this stage are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, and to provide stable returns for shareholders after the future operation becomes profitable. To achieve the aforementioned targets, the Company maintains or adjusts its capital structure through, but not limited to, cash capital increase to repay or replenish working capital, dividend distribution, capital reduction and others. The Company monitors and manages capital on the basis of the debt-to-equity ratio. The ratio is calculated as 'net debt' divided by 'total equity'. The net debt is calculated as 'total liability' less cash and cash equivalents. 'Total equity' is calculated as 'total equity' as shown in the balance sheet.

On December 31, 2024 and 2023, the Company's total liabilities are less than cash and cash equivalents, and therefore the debt-to-equity ratio is 0%.

(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 profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 8,951	\$ 11,227
Financial assets at amortised cost		
Cash and cash equivalents	318,736	1,031,405
Financial assets at amortised cost	642,375	622,010
Other receivables (including related parties)	13,416	10,261
Guarantee deposits paid	397	620
	<u>\$ 983,875</u>	<u>\$ 1,675,523</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other accounts payable (including related parties)	<u>\$ 33,912</u>	<u>\$ 41,176</u>
Lease liability	<u>\$ 2,513</u>	<u>\$ 5,083</u>

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. To minimise any adverse effects on the financial performance of the Company, the Company focuses its financial risk management policies on the unpredictable in financial markets.
- (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 co-operation with the Company'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

Exchange rate risk

- i. The Company operates internationally and is exposed to foreign exchange risk, primarily USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investment to foreign operations.
- ii. Management has set up a policy to manage their foreign exchange risk against their functional currency. The Company is required to coordinate with the treasury to hedge their entire foreign exchange risk. Foreign exchange risk occurs when future commercial transactions and recognised assets and liabilities uses currency that is not the main

functional currency.

- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. 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	Exchange	Book value
		amount	rate	
		(In thousands)		(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,827	32.71	\$ 157,905
<u>Non-monetary items</u>				
USD:NTD		3,106	32.71	101,607
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		367	32.71	12,009
December 31, 2023				
		Foreign currency	Exchange	Book value
		amount	rate	
		(In thousands)		(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,421	30.71	\$ 135,747
<u>Non-monetary items</u>				
USD:NTD		2,646	30.71	81,231
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		445	30.71	13,664

- v. The total exchange gain (loss), including realised and unrealised, 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 \$7,828 and (\$958), respectively.
- vi. 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%	\$ 1,579	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	120	-

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%	\$ 1,357	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	137	-

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only rated parties with a good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has

been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The Company classifies customers' accounts receivable in accordance with credit rating of customers. The Company applies the simplified approach using provision matrix to estimate expected credit loss.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable to estimate the amount of impairment provision. The Company does not recognise the impairment provisions for accounts receivable for the years ended 2024 and 2023 since the amount of the provisions of both years are immaterial.

(c) Liquidity risk

- i. Cash flow forecasting is performed by treasury. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and research 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 for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 1	Between 1	Between 2	
December 31, 2024	year	and 2 years	and 5 years	Over 5 years
Other payables (including related parties)	\$ 33,912	\$ -	\$ -	\$ -
Lease liability	1,530	1,020	-	-

Non-derivative financial liabilities

	Less than 1	Between 1	Between 2	
December 31, 2023	year	and 2 years	and 5 years	Over 5 years
Other payables (including related parties)	\$ 41,176	\$ -	\$ -	\$ -
Lease liability	2,305	1,896	990	-

(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. The fair value of the Company's investment in emerging stock market is included in Level 1

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, current financial asset at amortised cost, accounts receivable, other receivables, guarantee deposits paid, accounts payable and other payables.

C. The related information of 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 is as follows:

(1) The related information of natures 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 profit or loss				
Equity securities	\$ 8,951	\$ -	\$ -	\$ 8,951

<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 profit or loss				
Equity securities	\$ 11,227	\$ -	\$ -	\$ 11,227

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

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics: the quotation was measured by the average of the highest and the lowest stock price of the day.

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

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): Please 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: None.

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 (Individual transactions not exceeding \$100 are not disclosed. Additionally, the related party transactions for counterparty are not disclosed.): Please refer to Table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to Table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Please refer to Table 4.

14. Segment Information

Parent company only financial statements is exempted from segment information disclosure.

MEDEON BIODESIGN, INC.

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

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	
The Company	Medimaging Integrated Solution Inc.	None	Current financial assets at fair value through profit or loss	102,999	\$ 8,951	0.30	\$ 8,951	
The Company's subsidiary	Star Victoria Limited	None	Current financial assets at fair value through profit or loss	714	32,709	1.43	32,709	

MEDEON BIODESIGN, INC.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Medeon Biodesign, Inc.	Medeon International, Inc.	1	Other payables- related parties	\$ 7,300	Agreed by both parties	0.39
0	Medeon Biodesign, Inc.	Medeologix Corporation	1	Other receivable- related parties	4,500	Agreed by both parties	0.24
0	Medeon Biodesign, Inc.	Medeologix Corporation	1	Other Revenue	9,000	Agreed by both parties	3.07
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other Revenue	11,331	Agreed by both parties	0.31
0	Medeon Biodesign, Inc.	Prodeon Medical Corporation	1	Other receivable- related parties	5,761	Agreed by both parties	3.87
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Other payables- related parties	4,706	Agreed by both parties	0.25
0	Medeon Biodesign, Inc.	MedeonBio, Inc.	1	Operating Expense	26,806	Agreed by both parties	9.15
1	MedeonBio, Inc.	Aquedeon Medical, Inc.	3	Other Revenue	7,486	Agreed by both parties	2.56
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Other receivable- related parties	1,367	Agreed by both parties	0.07
1	MedeonBio, Inc.	Prodeon Medical, Inc.	3	Other Revenue	15,382	Agreed by both parties	5.25
1	MedeonBio, Inc.	Medeologix LLC	3	Other receivable- related parties	2,271	Agreed by both parties	0.12
1	MedeonBio, Inc.	Medeologix LLC	3	Other Revenue	13,480	Agreed by both parties	4.60
1	MedeonBio, Inc.	Medeologix LLC	3	Operating Expense	1,199	Agreed by both parties	0.41
1	MedeonBio, Inc.	Medeologix, Inc.	3	Other Revenue	3,636	Agreed by both parties	1.24
3	Prodeon Medical Corporation	Prodeon Medical, Inc.	3	Other payables- related parties	139,706	Agreed by both parties	7.44
3	Prodeon Medical Corporation	Prodeon Medical, Inc.	3	Operating Expense	454,693	Agreed by both parties	155.29
5	Prodeon Medical, Inc.	Aquedeon Medical, Inc.	3	Operating Expense	1,024	Agreed by both parties	0.35
5	Prodeon Medical, Inc.	Medeologix LLC	3	Other payables- related parties	1,411	Agreed by both parties	0.08
5	Prodeon Medical, Inc.	Medeologix LLC	3	Operating Expense	1,784	Agreed by both parties	0.61
7	Medeologix, Inc.	Medeologix LLC	3	Other payables- related parties	1,427	Agreed by both parties	0.08
7	Medeologix, Inc.	Medeologix LLC	3	Other Revenue	5,303	Agreed by both parties	1.81
7	Medeologix, Inc.	Medeologix LLC	3	Operating Expense	13,446	Agreed by both parties	4.59
7	Medeologix, Inc.	Medeologix Corporation	3	Revenue	1,467	Agreed by both parties	0.50
7	Medeologix Corporation	Medeologix LLC	3	Other receivable- related parties	2,906	Agreed by both parties	0.15
8	Medeologix Corporation	Medeologix LLC	3	Revenue	13,451	Agreed by both parties	4.59
8	Medeologix Corporation	Medeologix LLC	3	Operating Expense	1,291	Agreed by both parties	0.44
8	Medeologix Corporation	Medeologix LLC	3	Other Expense	18,541	Agreed by both parties	6.33
8	Medeologix Corporation	Medeologix, Inc.	3	Research and development equipment	12,886	Agreed by both parties	0.69

NOTE1 : The above transactions between the Company and its subsidiaries and those between the subsidiaries have been wrote-off in the consolidated financial reports.

NOTE2 : The numbers for the company in respect of inter-company transactions are as follows :

Medeon Biodesign, Inc. : 0	Prodeon Medical Corporation : 3	Medeologix LLC : 6
MedeonBio, Inc. : 1	Aquedeon Mediacal, Inc. : 4	Medeologix, Inc. : 7
Medeon International, Inc. : 2	Prodeon Medical Inc. : 5	Medeologix Corporation : 8

NOTE3 : Relationship between transaction company and counterparty is classified into the following three categories :

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

MEDEON BIODESIGN, INC.

Information on investees

For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	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	recognised by the Company		
									ended December 31, 2024	for the year ended December 31, 2024		
Medeon Biodesign, Inc.	Prodeon Medical Corporation	Taiwan (R.O.C)	Manufacturing and development of medical devices	1,590,658	1,426,658	24,636,000	89.27	(3,555)	(462,791)	(410,618)	NOTE 3	
Medeon Biodesign, Inc.	Yi Chuang Biodesign, Inc.	Taiwan (R.O.C)	Sales of medical devices	100	100	10,000	100.00	74	1	1		
Medeon Biodesign, Inc.	Medeologix Corporation	Taiwan (R.O.C)	Manufacturing and sales of medical devices	1,155,000	840,000	52,814,174	96.61	436,623	(285,312)	(276,874)		
Medeon Biodesign, Inc.	Medeon International, Inc.	Samoa	Equity investment and commerce of medical devices	926,581	796,979	30,940,039	100.00	101,607	(110,438)	(110,438)		
Medeon International, Inc.	Aquedeon Mediacal, Inc.	US	Manufacturing and development of medical devices	641,975	512,374	9,854,560	97.46	61,165	(113,587)	(110,457)	NOTE 1.2	
Prodeon Medical Corporation	Prodeon Medical, Inc.	US	Manufacturing and development of medical devices	84,270	84,270	3,000	100.00	100,520	5,561	5,561		
Medeologix Corporation	Medeologix, Inc.	US	Manufacturing and sales of medical devices	346,443	234,603	20,000,000	100.00	97,988	(112,324)	(112,324)	NOTE 4	
Medeologix Corporation	MedeonBio, Inc.	US	Manufacturing and development of medical devices	99,509	99,509	2,900,000	100.00	24,550	(11,805)	(11,805)		
Medeologix Corporation	Medeologix LLC	US	Manufacturing and sales of medical devices	329,972	288,807	-	100.00	161,259	(31,701)	(35,894)		

Note 1 : It is originally 21,560,040 US dollars.

Note 2 : Preferred stock.

Note 3 : Preferred stock in the amount of 16,407,500 shares is included.

Note 4 : Preferred stock in the amount of 4,500,000 shares is included.

MEDEON BIODESIGN, INC.

Major shareholders information

December 31, 2024

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc	27,411,028	29.71
Medeon, Inc. (US)	10,450,911	11.32

MEDEON BIODESIGN, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

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

STATEMENT1

Item	Description	Amount
Cash on hand		\$ 50
Demand deposits		242,555
Foreign demand deposits	USD 2,328 ; conversion rate 32.71	76,131
		<u>\$ 318,736</u>

MEDEON BIODESIGN, INC.
STATEMENT OF CURRENT FINANCIAL ASSETS AT AMORTISED COST
DECEMBER 31, 2024

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

STATEMENT2

Item	Description	Amount	Note
Time deposits	Time deposit is TWD, the period is July 30, 2024, to February 25, 2025, and the rate is 1.255% to 1.425%.	\$ 560,600	
Foreign currency time deposits	Time deposits is USD 2,500,000, conversion rate 32.71, the period is December 17, 2024 to March 25, 2025, and the rate is 2.9% to 4%.	81,775	
		<u>\$ 642,375</u>	

MEDEON BIODESIGN, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT3

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount (Note1)	Shares	Amount (Note2)	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Prodeon Medical Corporation	22,586,000	\$ 255,916	2,050,000	\$ 164,000	-	(423,471)	24,636,000	89.27%	(3,555)	-	(3,555)	None
Yi Chuang Biodesign, Inc.	10,000	73	-	1	-	-	10,000	100.00%	74	-	74	None
Medeon International, Inc.	26,939,999	81,231	4,000,040	129,601	-	(109,225)	30,940,039	100.00%	101,607	-	101,607	None
Medeologix Corporation	40,214,174	384,988	12,600,000	315,000	-	(263,365)	52,814,174	96.61%	436,623	-	436,623	None
		<u>\$ 722,208</u>		<u>\$ 608,602</u>		<u>(\$ 796,061)</u>			<u>\$ 534,749</u>		<u>\$ 534,749</u>	

Note 1 : It is the number of cash capital increase, recognised investment profit(loss) and the effect of subsidiaries equity change in this period.

Note 2 : It is the number of recognised investment profit(loss), the effect of subsidiaries equity change, the cash dividends received and the exchange difference between foreign operation on translation of foreign financial reports.

MEDEON BIODESIGN, INC.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

STATEMENT4

Item	General and Administrative expenses	Research and Development expenses	Total
Wages and salaries	\$ 26,433	\$ 3,890	\$ 30,323
Service expense	32,819	1,012	33,831
Depreciation expense	1,996	45	2,041
Amortizations	99	14	113
Traveling expense	174	24	198
Other	7,780	1,204	8,984
	<u>\$ 69,301</u>	<u>\$ 6,189</u>	<u>\$ 75,490</u>

Balance of individual accounts is
under 5% of this account's
balance.

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT5

Function Nature	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
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 27,543	\$ 27,543	\$ 4,086	\$ 30,985	\$ 35,071
Labour and health insurance fees	-	2,511	2,511	406	3,050	3,456
Pension costs	-	1,384	1,384	217	1,611	1,828
Directors' remuneration	-	2,780	2,780	-	2,494	2,494
Other personnel expenses	-	1,443	1,443	156	1,389	1,545
Depreciation charges on property, plant and equipment	-	514	514	314	593	907
Depreciation charges on right-of-use- assets	-	1,527	1,527	1,949	4,412	6,361
Amortisation Expense	-	113	113	72	1,297	1,369

Note :

1. As at December 31, 2024 and 2023, the Company had 25 and 35 employees, including 6 and 8 non-employee board of 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) Average employee benefit expense in current year \$1,731. (『 Total employee benefit expense in current year- Total directors' remuneration 』 / 『 Number of employee in current year-Number of non-employee directors 』)
Average employee benefit expense in previous year \$1,552. (『 Total employee benefit expense in previous year- Total directors' remuneration 』 / 『 Number of employee in previous year-Number of non-employee directors 』)

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT5

- (2) Average employees salaries in current year was \$1,450. (Total wages and salaries in current year/ 『 Number of employee in current year-Number of non-employee directors 』)
Average employees salaries in previous year was \$1,299. (Total wages and salaries in previous year/ 『 Number of employee in previous year-Number of non-employee directors 』).
- (3) The average employees salaries decreased by 11.62% year on year. (『 Average employees salaries in current year-Average employees salaries in previous year 』 /Average employees salaries in previous year).
- (4) Remuneration of the supervisors in current and previous year were both \$0 (in dollars).
(The Company has set up an audit committee, therefore there is no remuneration of the supervisors)
- (5) The Company's compensation policies(including directors, supervisors, managers and employees):
- A. Policies:
- (a) Ensure that the arrangement of wages and salaries comply with related laws and could attract outstanding people.
- (b) Wages and salaries of all employees should consider the normal pay of peers, the time devoted by employee, the accomplishment of goals, and the wages and salaries for employees of the same title. In other words, the Company evaluated the personnel's performance and the related rationality of the company's operating performance future risk by the short-term and long-term goals of the Company, and financial condition.
- B. Institution:
- (a) Guaranteed annual salary: The Company determines the employees' salaries based on the Table of Salary Range for Each Job Classification and Position after assessing the Company's internal equity and the employees' market value in respect of their responsibilities and core competencies. The salary mainly consists of base salary and meal allowance. The Company also offers a guaranteed annual salary of 13 months.
- (b) Short-term rewards: The Company rewards employees with team-based bonuses based on the achievements of the Company's annual targets.
- (c) Long-term incentives: The Company irregularly distributes restricted stocks and employee stock options to retain talents or to meet the capital needs.
- (d) Rewards for special events: The Company pays special bonuses when there are significant profitable events.
- (e) Benefits: The Company offers subsidies for birthday gifts and health examination, English training and others to improve employees' physical and mental health and enhance their capabilities.

MEDEON BIODESIGN, INC.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT5

- (f) Salaries and bonuses paid to managers shall be reviewed by the Remuneration Committee and resolved by the Board of Directors.
- (g) Employees' compensation and directors' remuneration: 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 not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.