

METATECH (AP) INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and shareholders of METATECH (AP) Inc.

Opinion

We have audited the accompanying parent company only balance sheets of METATECH (AP) Inc. (the “Company”) 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 METATECH (AP) 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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 the Company's parent company only financial statements of the current period are stated as follows:

Valuation of intangible assets impairment

Description

Please refer to Note 4(15) for accounting policies on impairment loss on non-financial assets, Note 4(14) for accounting policies on intangible assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to intangible assets impairment valuation, and Note 6(8) for details of intangible assets impairment valuation.

The Company's cost of intangible assets-technical skills amounted to \$227,933 thousand, as at December 31, 2024. Accumulated amortization and accumulated impairment was \$31,212 thousand and \$56,258 thousand, respectively. The net amount of intangible assets-technical skills amounted to \$190,463 thousand, constituting 12% of the total assets. Mainly due to the acquisition of "cell sheet culture technologies" related products of developing esophagus and knee cartilage. Additionally, management, based on IAS 36, performed the intangible assets-technical skills impairment testing. Since the determination of the recoverable amounts involves subjective judgement resulting in a high degree of uncertainty which would cause a material impact on the valuation result, we determined the valuation of intangible assets impairment as one of the key audit matters.

How our audit addressed the matter:

We performed the following audit procedures on valuation of intangible assets impairment:

1. Reviewed the information on indications of intangible assets-technical skills impairment, provided by management, and discussed relevant information with the management to assess the following matters:
 - (a) The research and development technologies of product features and the market trend. Understand the competitiveness in the market of relevant research and development technologies.
 - (b) Any significant delay in the research and development progress.
2. Obtained the appraisal report on the value assessment of intangible assets-technical skills, obtained an understanding and assessed the reasonableness of major assumptions such as valuation models, growth rates and discount rates used by experts appointed by management, and used it to assess the impairment of intangible assets-technical skills situation.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no

realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company'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 auditor's 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 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 the Company 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.

LIN, KUAN-HUNG

Wang, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 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.

METATECH (AP) INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 107,807	6	\$ 126,940	8
1136	Current financial assets at amortised cost	6(2) and 9	9,300	1	6,300	1
1150	Notes receivable, net	6(3)	46	-	405	-
1170	Accounts receivable, net	6(3)	227,484	14	96,411	6
1180	Accounts receivable - related parties	7	46	-	172	-
1200	Other receivables		4,553	-	2,151	-
1210	Other receivables - related parties	7	67	-	42	-
1220	Current income tax assets		852	-	432	-
130X	Inventories	6(4)	48,785	3	36,359	2
1410	Prepayments		14,139	1	4,487	-
1470	Other current assets		455	-	23	-
11XX	Current Assets		<u>413,534</u>	<u>25</u>	<u>273,722</u>	<u>17</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	771,841	47	830,004	52
1600	Property, plant and equipment	6(6) and 9	165,312	10	177,099	11
1755	Right-of-use assets	6(7)	25,490	1	29,715	2
1780	Intangible assets	6(8)(9)	190,463	12	198,266	12
1840	Deferred income tax assets	6(22)	64,120	4	81,433	5
1900	Other non-current assets	6(11)	9,823	1	8,554	1
15XX	Non-current assets		<u>1,227,049</u>	<u>75</u>	<u>1,325,071</u>	<u>83</u>
1XXX	Total assets		<u>\$ 1,640,583</u>	<u>100</u>	<u>\$ 1,598,793</u>	<u>100</u>

(Continued)

METATECH (AP) INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10) and 9	\$ 324,000	20	\$ 294,000	18
2130	Current contract liabilities	6(16)	10,896	1	4,396	-
2150	Notes payable		446	-	1,895	-
2170	Accounts payable		92,389	6	41,423	3
2180	Accounts payable - related parties	7	885	-	34	-
2200	Other payables		21,490	1	16,517	1
2220	Other payables - related parties	7	188	-	271	-
2280	Current lease liabilities		9,541	-	8,871	1
2399	Other current liabilities, others		834	-	328	-
21XX	Current Liabilities		<u>460,669</u>	<u>28</u>	<u>367,735</u>	<u>23</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(22)	14,952	1	21,944	1
2580	Non-current lease liabilities		20,371	1	25,749	2
2600	Other non-current liabilities		1,530	-	1,530	-
25XX	Non-current liabilities		<u>36,853</u>	<u>2</u>	<u>49,223</u>	<u>3</u>
2XXX	Total Liabilities		<u>497,522</u>	<u>30</u>	<u>416,958</u>	<u>26</u>
Equity						
	Share capital	6(13)				
3110	Share capital - common stock		681,726	41	681,726	43
	Capital surplus	6(14)				
3200	Capital surplus		678,639	42	677,168	43
	Retained earnings	6(15)				
3350	Accumulated deficit		(234,718)	(14)	(166,695)	(11)
	Other equity interest					
3400	Other equity interest		19,278	1	(8,500)	(1)
3500	Treasury shares	6(13)	(1,864)	-	(1,864)	-
3XXX	Total equity		<u>1,143,061</u>	<u>70</u>	<u>1,181,835</u>	<u>74</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 1,640,583</u>	<u>100</u>	<u>\$ 1,598,793</u>	<u>100</u>

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

METATECH (AP) INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 656,943	100	\$ 442,921	100
5000	Operating costs	6(4)(20)(21) and 7	(584,163)	(89)	(396,618)	(90)
5950	Net operating margin		<u>72,780</u>	<u>11</u>	<u>46,303</u>	<u>10</u>
	Operating expenses	6(20)(21)				
6100	Selling expenses		(56,060)	(8)	(56,591)	(13)
6200	General and administrative expenses		(56,691)	(9)	(40,135)	(9)
6300	Research and development expenses		(46,644)	(7)	(47,343)	(10)
6000	Total operating expenses		(159,395)	(24)	(144,069)	(32)
6900	Operating loss		(86,615)	(13)	(97,766)	(22)
	Non-operating revenue and expenses					
7100	Interest income	6(17) and 7	4,634	-	4,495	1
7010	Other income	6(18) and 7	11,597	2	9,058	2
7020	Other gains and losses	6(9)(19)	12,109	2	(55,187)	(12)
7050	Finance costs		(7,037)	(1)	(5,874)	(1)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net		(322)	-	15,300	3
7000	Total non-operating revenue and expenses		<u>20,981</u>	<u>3</u>	(32,208)	(7)
7900	Loss before income tax		(65,634)	(10)	(129,974)	(29)
7950	Income tax expense	6(22)	(3,179)	-	(1,974)	(1)
8200	Loss for the year		<u>(\$ 68,813)</u>	<u>(10)</u>	<u>(\$ 131,948)</u>	<u>(30)</u>
	Other comprehensive income (net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(11)	\$ 988	-	\$ 716	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(198)	-	(143)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>790</u>	<u>-</u>	<u>573</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		34,722	5	(1,374)	-
8399	Income tax relating to the components of other comprehensive income	6(22)	(6,944)	(1)	275	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>27,778</u>	<u>4</u>	(1,099)	<u>-</u>
8300	Other comprehensive income (loss) for the year		<u>\$ 28,568</u>	<u>4</u>	<u>(\$ 526)</u>	<u>-</u>
8500	Total comprehensive loss for the year		<u>(\$ 40,245)</u>	<u>(6)</u>	<u>(\$ 132,474)</u>	<u>(30)</u>
	Basic loss per share	6(23)				
9750	Total basic loss per share		(\$ 1.01)		(\$ 1.94)	
9850	Total diluted loss per share		(\$ 1.01)		(\$ 1.94)	

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

METATECH (AP) INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus				Accumulated deficit	Other equity	Treasury shares	Total equity	
		Share capital - common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee share options		Financial statements translation differences of foreign operations			
<u>Year 2023</u>										
Balance at January 1, 2023		\$ 681,726	\$ 617,151	\$ 311	\$ 47,256	\$ 11,092	(\$ 35,320)	(\$ 7,401)	\$ -	\$ 1,314,815
Loss for the year		-	-	-	-	-	(131,948)	-	-	(131,948)
Other comprehensive income (loss)		-	-	-	-	-	573	(1,099)	-	(526)
Total comprehensive loss		-	-	-	-	-	(131,375)	(1,099)	-	(132,474)
Share-based payments	6(12)	-	-	1,358	-	-	-	-	-	1,358
Expired employee stock warrants	6(12)	-	-	-	(102)	102	-	-	-	-
Repurchase of treasury shares	6(13)	-	-	-	-	-	-	-	(1,864)	(1,864)
Balance at December 31, 2023		\$ 681,726	\$ 617,151	\$ 1,669	\$ 47,154	\$ 11,194	(\$ 166,695)	(\$ 8,500)	(\$ 1,864)	\$ 1,181,835
<u>Year 2024</u>										
Balance at January 1, 2024		\$ 681,726	\$ 617,151	\$ 1,669	\$ 47,154	\$ 11,194	(\$ 166,695)	(\$ 8,500)	(\$ 1,864)	\$ 1,181,835
Loss for the year		-	-	-	-	-	(68,813)	-	-	(68,813)
Other comprehensive income		-	-	-	-	-	790	27,778	-	28,568
Total comprehensive income (loss)		-	-	-	-	-	(68,023)	27,778	-	(40,245)
Share-based payments	6(12)	-	-	1,471	-	-	-	-	-	1,471
Expired employee stock warrants	6(12)	-	-	-	(47,154)	47,154	-	-	-	-
Balance at December 31, 2024		\$ 681,726	\$ 617,151	\$ 3,140	\$ -	\$ 58,348	(\$ 234,718)	\$ 19,278	(\$ 1,864)	\$ 1,143,061

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

METATECH (AP) INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 65,634)	(\$ 129,974)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right of use assets)	6(6)(7)(20)	26,267	26,487
Amortization expense	6(20)	8,028	7,995
Interest expense		7,037	5,874
Interest income		(4,634)	(4,495)
Share of loss (profit) of subsidiaries accounted for using equity method		322	(15,300)
Loss on disposal of property, plant and equipment	6(6)	14	-
Impairment loss on non-financial assets	6(9)(19)	-	56,258
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		359	566
Accounts receivable		(131,073)	21,336
Accounts receivable - related parties		126	7
Other receivables		(2,402)	266
Other receivables - related parties		(25)	11,321
Inventories		(12,426)	5,830
Prepayments		(9,652)	2,494
Other current assets		(432)	(20)
Net defined benefit assets	6(11)	16	(1)
Changes in operating liabilities			
Contract liabilities		6,500	2,518
Notes payable		(1,449)	268
Accounts payable		50,966	(3,664)
Accounts payable - related parties		851	(2,122)
Other payables		3,769	470
Other payables - related parties		(83)	141
Other current liabilities		506	2
Cash outflow generated from operations		(123,049)	(13,743)
Interest received		4,634	4,495
Dividends received	6(5) and 7	94,034	-
Interest paid		(7,037)	(5,874)
Interest taxes paid		(420)	(413)
Net cash flows used in operating activities		(31,838)	(15,535)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from acquisition of financial assets at amortised cost	6(2)	(3,100)	(1,800)
Acquisition of financial assets at amortised cost	6(2)	100	300
Proceeds from acquisition of investments accounted for using equity method	7	-	(5,000)
Acquisition of property, plant and equipment	6(24)	(3,672)	(6,156)
Increase in refundable deposits		(213)	(105)
Increase in prepayment for equipment		(1,082)	(618)
Increase in other non-current assets		(365)	(78)
Net cash flows used in investing activities		(8,332)	(13,457)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(25)	30,000	104,000
Payments of lease liabilities	6(25)	(8,963)	(8,163)
Repurchase of treasury shares	6(13)	-	(1,864)
Net cash flows from financing activities		21,037	93,973
Net (decrease) increase in cash and cash equivalents		(19,133)	64,981
Cash and cash equivalents at beginning of year	6(1)	126,940	61,959
Cash and cash equivalents at end of year	6(1)	\$ 107,807	\$ 126,940

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

METATECH (AP) 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 Organisation

METATECH (AP) Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in September 1998. The Company is primarily engaged in wholesale and retail of electronic products and equipment as well as development and operation of biomedicine related business. The shares of the Company were officially listed on the Taipei Exchange on June 3, 2004 as approved by the Financial Supervisory Commission.

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

These parent company only financial statements were reported to the Board of Directors on March 11, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

<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 nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

Defined benefit assets recognised based on the net amount of pension fund assets less present

value of defined benefit obligation.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) 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 financial statements of the Company’s entities 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 group entities 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 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 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. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. 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.

(7) 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.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(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. 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.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. 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.

- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. 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.
- F. 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 recognises the Company share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- G. 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 are consistent with the policies adopted by the Company.
- H. 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.

(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. Land is not depreciated. Other 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:

Buildings and structures	20 ~ 50 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 5 years
Leasehold improvements	3 ~ 10 years
Other equipment	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 amount of the initial measurement of lease liability.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize

the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

- A. The intangible assets are stated at cost.
- B. The technical skills-Esophagus acquired from an external party are not yet available for use, and therefore are not amortised. It will be tested for impairment annually.

(15) Impairment of non-financial assets

- A. 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. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(19) Derecognition of financial liabilities

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

(20) 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

(a) 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.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. 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.

(21) 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. 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.

(22) 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 in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is 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 parent company only 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 and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the 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 and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved 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.

(25) Revenue recognition

A. Sales of goods

- (a) The Company sells electronic products and equipment as an agent; and is engaged in the cell production business. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (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.

B. Service income

- (a) The Company provides services related to cell extraction, culture and cell preparation. Labor service income is recognized as revenue during the contract period according to the degree of completion of the contract using the percentage of completion method, and contract costs are recognized as expenses during the period in which they are incurred. The degree of

completion is calculated by reference to the estimated stage of completion of contract costs incurred for each contract up to the end of the reporting period, as a percentage of the estimated total costs of that contract.

- (b) The Company provides cell-related testing services. Labor service revenue is recognized when the control of the service transaction result is transferred to the customer, that is, when the transaction result is delivered to the customer and the Company has no outstanding performance obligations that may affect the customer's acceptance of the result.

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 intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

As of December 31, 2024, the Company recognised equipment, net of impairment loss, amounting to \$190,463.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 103	\$ 100
Checking accounts and demand deposits	27,381	19,372
Time deposits	<u>80,323</u>	<u>107,468</u>
	<u>\$ 107,807</u>	<u>\$ 126,940</u>

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

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

(2) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Reserved accounts for demand deposits	\$ 9,300	\$ 6,300

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2024	2023
Interest income	\$ 103	\$ 66

B. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were \$9,300 and \$6,300, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 46	\$ 405
Accounts receivable	\$ 227,484	\$ 96,411

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 221,684	\$ 46	\$ 91,255	\$ 405
Up to 30 days	4,880	-	4,085	-
31 to 90 days	760	-	1,071	-
Over 90 days	160	-	-	-
	\$ 227,484	\$ 46	\$ 96,411	\$ 405

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$118,718.

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents

the Company's notes and accounts receivable were \$46 and \$405; \$227,484 and \$96,411, respectively.

D. The Company does not hold any collateral as security.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 11,621	(\$ 2,519)	\$ 9,102
Work in progress	724	-	724
Semi-finished goods	2,241	-	2,241
Finished goods	844	-	844
Merchandises	39,680	(3,806)	35,874
	<u>\$ 55,110</u>	<u>(\$ 6,325)</u>	<u>\$ 48,785</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,090	(\$ 2,088)	\$ 8,002
Work in progress	619	-	619
Semi-finished goods	2,002	-	2,002
Finished goods	949	-	949
Merchandises	32,607	(7,820)	24,787
	<u>\$ 46,267</u>	<u>(\$ 9,908)</u>	<u>\$ 36,359</u>
	Years ended December 31,		
	2024	2023	
Cost of goods sold	\$ 584,217	\$	394,285
Loss of inventory scrap	3,529		470
Loss on decline in market value	(3,583)		1,882
Gain on physical inventory	-	(19)
	<u>\$ 584,163</u>	<u>\$</u>	<u>396,618</u>

The Company reversed a previous inventory write-down because the Company actively sold inventories which were loss on decline in market value and obsolescence in 2024.

(5) Investments accounted for using equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries:		
MetaTech Investment Holding Co., Ltd.	\$ 500,974	\$ 538,946
LOCUS CELL CO., LTD	258,418	273,995
Chienhwa Travel Service Co., Ltd.	1,716	2,182
Subtotal	<u>761,108</u>	<u>815,123</u>
Associates:		
Up Cell Biomedical Inc.	10,733	14,881
Subtotal	<u>10,733</u>	<u>14,881</u>
	<u>\$ 771,841</u>	<u>\$ 830,004</u>

A. 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 received cash dividends of \$94,034 from equity method investments in 2024.

B. Associates

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2024</u>	<u>December 31, 2023</u>		
Up Cell Biomedical Inc.	Taiwan	29.23%	29.23%	Note	Equity method

Note: On November 11, 2022, the Company passed a resolution of the board of directors to acquire Up Cell Biomedical Inc., and subsequently acquired 500 thousand shares of Up Cell Biomedical Inc. in June 2023, the par value of each share is \$10, and the shareholding changed from 25.38% to 29.23%. The Company is the single largest shareholder of Up Cell Biomedical Inc., however, the Company does not have absolute voting power over the resolutions in the shareholders' meeting of the company. Although the Company serves as a corporate director of Up Cell Biomedical Inc. and was elected as the chairman of the Board of Directors of Up Cell Biomedical Inc., the Company does not hold a majority of board seats, which shows that the Company does not have the actual ability to dominate the relevant activities. Thus, the Company has no control, but only has significant influence, over Up Cell Biomedical Inc..

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

Balance sheet

	Up Cell Biomedical Inc.	
	December 31, 2024	December 31, 2023
Current assets	\$ 22,154	\$ 26,443
Non-current assets	5,534	16,100
Current liabilities	(1,384)	(2,045)
Non-current liabilities	(202)	(202)
Total net assets	<u>\$ 26,102</u>	<u>\$ 40,296</u>
Share in associate's net assets	\$ 7,631	\$ 11,779
Goodwill	<u>3,102</u>	<u>3,102</u>
Carrying amount of the associate	<u>\$ 10,733</u>	<u>\$ 14,881</u>

Statement of comprehensive income

	Up Cell Biomedical Inc.	
	Years ended December 31,	
	2024	2023
Revenue	\$ 2,823	\$ 3
Loss for the period from continuing operations	(\$ 14,194)	(\$ 18,389)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 14,194)</u>	<u>(\$ 18,389)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

(6) Property, plant and equipment

	2024							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1								
Cost	\$ 17,209	\$ 150,504	\$ 73,349	\$ 5,453	\$ 29,523	\$ 13,836	\$ 1,963	\$ 291,837
Accumulated depreciation	-	(40,203)	(34,912)	(5,324)	(26,471)	(6,152)	(1,676)	(114,738)
	<u>\$ 17,209</u>	<u>\$ 110,301</u>	<u>\$ 38,437</u>	<u>\$ 129</u>	<u>\$ 3,052</u>	<u>\$ 7,684</u>	<u>\$ 287</u>	<u>\$ 177,099</u>
Opening net book amount as at January 1	\$ 17,209	\$ 110,301	\$ 38,437	\$ 129	\$ 3,052	\$ 7,684	\$ 287	\$ 177,099
Additions	-	-	2,521	-	1,965	390	-	4,876
Transfers	-	-	1,138	-	-	-	-	1,138
Disposals	-	-	-	-	(14)	-	-	(14)
Depreciation charge	-	(6,085)	(7,721)	(129)	(2,049)	(1,752)	(51)	(17,787)
Closing net book amount as at December 31	<u>\$ 17,209</u>	<u>\$ 104,216</u>	<u>\$ 34,375</u>	<u>\$ -</u>	<u>\$ 2,954</u>	<u>\$ 6,322</u>	<u>\$ 236</u>	<u>\$ 165,312</u>
At December 31								
Cost	\$ 17,209	\$ 150,504	\$ 77,008	\$ 5,453	\$ 29,130	\$ 14,226	\$ 1,963	\$ 295,493
Accumulated depreciation	-	(46,288)	(42,633)	(5,453)	(26,176)	(7,904)	(1,727)	(130,181)
	<u>\$ 17,209</u>	<u>\$ 104,216</u>	<u>\$ 34,375</u>	<u>\$ -</u>	<u>\$ 2,954</u>	<u>\$ 6,322</u>	<u>\$ 236</u>	<u>\$ 165,312</u>
	2023							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1								
Cost	\$ 17,209	\$ 147,199	\$ 73,192	\$ 5,453	\$ 28,864	\$ 13,651	\$ 1,963	\$ 287,531
Accumulated depreciation	-	(34,251)	(27,300)	(4,786)	(24,259)	(4,421)	(1,617)	(96,634)
	<u>\$ 17,209</u>	<u>\$ 112,948</u>	<u>\$ 45,892</u>	<u>\$ 667</u>	<u>\$ 4,605</u>	<u>\$ 9,230</u>	<u>\$ 346</u>	<u>\$ 190,897</u>
Opening net book amount as at January 1	\$ 17,209	\$ 112,948	\$ 45,892	\$ 667	\$ 4,605	\$ 9,230	\$ 346	\$ 190,897
Additions	-	3,305	157	-	659	185	-	4,306
Depreciation charge	-	(5,952)	(7,612)	(538)	(2,212)	(1,731)	(59)	(18,104)
Closing net book amount as at December 31	<u>\$ 17,209</u>	<u>\$ 110,301</u>	<u>\$ 38,437</u>	<u>\$ 129</u>	<u>\$ 3,052</u>	<u>\$ 7,684</u>	<u>\$ 287</u>	<u>\$ 177,099</u>
At December 31								
Cost	\$ 17,209	\$ 150,504	\$ 73,349	\$ 5,453	\$ 29,523	\$ 13,836	\$ 1,963	\$ 291,837
Accumulated depreciation	-	(40,203)	(34,912)	(5,324)	(26,471)	(6,152)	(1,676)	(114,738)
	<u>\$ 17,209</u>	<u>\$ 110,301</u>	<u>\$ 38,437</u>	<u>\$ 129</u>	<u>\$ 3,052</u>	<u>\$ 7,684</u>	<u>\$ 287</u>	<u>\$ 177,099</u>

A. The abovementioned assets belonged to owner-occupied assets.

B. There were no interest capitalized as part of the property, plant and equipment in 2024 and 2023.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings and business vehicles. Rental

contracts are typically made for periods of 1 to 10 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 lease term of laboratory, parking space and some office premises shall not exceed 12 months, and the underlying asset of low value consists of printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 24,975	\$ 28,836
Transportation equipment	515	879
	<u>\$ 25,490</u>	<u>\$ 29,715</u>
	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Buildings	\$ 8,116	8,019
Transportation equipment	364	364
	<u>\$ 8,480</u>	<u>\$ 8,383</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets amounted to \$4,255 and \$3,328, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 496	\$ 610
Expense on short-term lease contracts	293	268
Expense on leases of low-value assets	107	95

- F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$9,859 and \$9,136, respectively.

(8) Intangible assets

	2024	2023
	Technical skills (Notes 1 and 2)	Technical skills (Notes 1 and 2)
At January 1		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(79,667)	(15,606)
	<u>\$ 198,266</u>	<u>\$ 262,327</u>
Opening net book amount as at January 1	\$ 198,266	\$ 262,327
Amortisation charge	(7,803)	(7,803)
Impairment loss	-	(56,258)
Closing net book amount as at December 31	<u>\$ 190,463</u>	<u>\$ 198,266</u>
At December 31		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(87,470)	(79,667)
	<u>\$ 190,463</u>	<u>\$ 198,266</u>

Note 1: The Company's technical skills-Esophagus are not yet available for use, and therefore are not amortised. It will be amortised on a straight-line basis over their estimated useful life upon being available for use. In accordance with IAS 36, the intangible assets that are not yet available for use should at least be tested for impairment annually by comparing its recoverable amount and the carrying amount.

Note 2: The information about the intangible assets in terms of the capital expenditure contracted for at the balance sheet date but not yet incurred is provided in Note 9(2)B.

Note 3: The information about impairment of intangible assets is provided in Note 6(9).

(9) Impairment of non-financial assets

A. The Company does not recognise impairment loss for the year ended December 31, 2024.

B. The Company recognised impairment loss of \$56,258 for the year ended December 31, 2023.

Details of such loss are as follows:

	Year ended December 31, 2024	
	Recognised in loss	Recognised in other comprehensive income
Impairment loss – intangible assets	\$ -	\$ -
	Year ended December 31, 2023	
	Recognised in loss	Recognised in other comprehensive income
Impairment loss – intangible assets	\$ 56,258	\$ -

B. In 2024 and 2023, due to the expected decrease in future cash flows generated from the specialized technology used in developing the product, resulting in impairment of intangible assets, the company has adjusted its carrying amount based on the recoverable amount, and recognized an impairment loss of \$0 and \$56,258, respectively. The recoverable amount is assessed using the intangible asset's value in use, with the following main assumptions for calculating the value in use:

- (a) Revenue growth rate: Based on market-related information, estimating from the operating sales plan.
- (b) Gross profit rate: Derived from historical values and estimates from the operating sales plan.
- (c) Discount rate: The weighted average capital cost and reflects the risk premium for intangible assets. The rates as of December 31, 2024, and 2023 are 19.39% and 20.13%, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 180,000	2.20%~2.35%	None
Bank secured borrowings	<u>144,000</u>	0.50%~2.24%	Note 8
	<u><u>\$ 324,000</u></u>		

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 133,000	2.05%~2.23%	None
Bank secured borrowings	<u>161,000</u>	2.12%~2.20%	Note 8
	<u><u>\$ 294,000</u></u>		

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company ceased to contribute to the labor pension reserve from March 2009 to March 2024 after receiving the approval from the New Taipei City Government. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement

in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	(\$ 8,181)	(\$ 8,023)
Fair value of plan assets	<u>12,254</u>	<u>11,124</u>
Net defined benefit asset (shown as 'Other non-current assets')	<u>\$ 4,073</u>	<u>\$ 3,101</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>Year ended December 31, 2024</u>			
Balance at January 1	(\$ 8,023)	\$ 11,124	\$ 3,101
Current service cost	(52)	-	(52)
Interest (expense) income	(92)	<u>128</u>	<u>36</u>
	<u>(8,167)</u>	<u>11,252</u>	<u>3,085</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,002	1,002
Change in financial assumptions	130	-	130
Experience adjustments	(144)	-	(144)
	<u>(14)</u>	<u>1,002</u>	<u>988</u>
Balance at December 31	<u>(\$ 8,181)</u>	<u>\$ 12,254</u>	<u>\$ 4,073</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>Year ended December 31, 2023</u>			
Balance at January 1	(\$ 8,509)	\$ 10,893	\$ 2,384
Current service cost	(26)	-	(26)
Interest (expense) income	(98)	<u>125</u>	<u>27</u>
	<u>(8,633)</u>	<u>11,018</u>	<u>2,385</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	106	106
Experience adjustments	610	-	610
	<u>610</u>	<u>106</u>	<u>716</u>
Balance at December 31	<u>(\$ 8,023)</u>	<u>\$ 11,124</u>	<u>\$ 3,101</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour

Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2024	2023
Discount rate	1.60%	1.15%
Future salary increases	2.25%	2.25%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience of the improved Taiwan annuity table. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	\$ 70	(\$ 71)	(\$ 291)	\$ 273
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	\$ 95	(\$ 98)	(\$ 404)	\$ 363

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$0.
- (g) As of December 31, 2024, the weighted average duration of the retirement plan is 7.2 years.
- (h) The analysis of timing of the future pension payment was as follows:

Within 1 year \$ 7,364

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Company recognised pension costs of \$4,283 and \$4,425 for the years ended December 31, 2024 and 2023, respectively.

(12) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2018.04.02	2,280 thousand shares	6 years	2 ~ 5 years’ service
Employee stock options	2018.05.14	1,297 thousand shares	6 years	2 ~ 5 years’ service
Employee stock options	2018.11.15	423 thousand shares	6 years	2 ~ 5 years’ service

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

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

	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,271,000	\$ 58.08	2,276,000	\$ 58.07
Options expired	(2,271,000)	58.08	(5,000)	54.05
Options outstanding at December 31	-	-	2,271,000	58.08
Options exercisable at December 31	-	-	2,271,000	58.08

C. No options were exercised in 2024 and 2023.

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

The issue date	The maturity date	December 31, 2024		December 31, 2023	
		No. of shares	Exercise price (in dollars)	No. of shares	Exercise price (in dollars)
2008.04.02	2024.04.01	-	\$ -	1,581,000	\$ 57.90
2008.05.14	2024.05.13	-	-	671,000	58.60
2008.11.15	2024.11.14	-	-	19,000	54.50

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.04.02	58.5	58.5	44.54~46.90%(Note)	4 ~ 5.5 years	-	0.64~0.76%	20.61~24.70
Employee stock options	2018.05.14	59.2	59.2	44.25~47.03%(Note)	4 ~ 5.5 years	-	0.67~0.76%	20.76~25.07
Employee stock options	2018.11.15	55.0	55.0	40.56~48.61%(Note)	4 ~ 5.5 years	-	0.73~0.83%	17.88~24.44

Note: The expected price volatility is estimated based on the annualised standard deviation by reference to the historical daily rate of returns of the Company (code: 3224) over the length of period approximating to the expected option life.

(13) Share capital

- A. As of December 31, 2024, the Company's authorised capital was \$2,000,000, consisting of 200 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was \$681,726, consisting of 68,133 thousand shares outstanding, 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	68,132,648	68,172,648
Treasury stock acquired	-	(40,000)
At December 31	<u>68,132,648</u>	<u>68,132,648</u>

B. Treasury shares

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

		December 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	40,000	\$ 1,864

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	40,000	\$ 1,864

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued 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.
- C. The Company's shareholders' meeting on June 27, 2024, resolved to conduct a cash capital increase through a private placement. The purpose of the cash capital increase is to increase operating capital, with the maximum number of shares for private placement set at 10,000 thousand shares, each with a par value of 10 NTD. The rights and obligations of the newly issued common shares in this private placement, aside from the restrictions on circulation and transfer as stipulated by the Securities and Exchange Act, require that they must be held for three years from the date of delivery and that a public offering must be completed before applying for listing and trading. All other aspects are the same as those of the existing common shares. As of March 11, 2025, no private placement procedures have been conducted.

(14) Capital surplus

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

(15) 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. 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. Regarding the bonus distributed to the shareholders, cash dividends shall account for at least 30% of the total distribution and the remainder is distributed in shares.
- 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. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The Company incurred accumulated deficit for the years ended December 31, 2023 and 2022, and thus had no earnings for distribution. On June 27, 2024 and June 28, 2023, the shareholders approved the deficit compensation of 2023 and 2022, respectively.

(16) Operating revenue

- A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following departments:

	Year ended December 31, 2024		
	Electronics	Biomedicine	Total
Segment revenue	\$ 635,658	\$ 15,671	\$ 651,329
Revenue from intersegment sales	3,802	1,812	5,614
Total segment revenue	<u>\$ 639,460</u>	<u>\$ 17,483</u>	<u>\$ 656,943</u>
Timing of revenue recognition			
At a point in time	\$ 639,460	\$ 14,743	\$ 654,203
Over time	-	2,740	2,740
	<u>\$ 639,460</u>	<u>\$ 17,483</u>	<u>\$ 656,943</u>
	Year ended December 31, 2023		
	Electronics	Biomedicine	Total
Segment revenue	\$ 435,928	\$ 4,977	\$ 440,905
Revenue from intersegment sales	1,967	49	2,016
Total segment revenue	<u>\$ 437,895</u>	<u>\$ 5,026</u>	<u>\$ 442,921</u>
Timing of revenue recognition			
At a point in time	\$ 437,895	\$ 174	\$ 438,069
Over time	-	4,852	4,852
	<u>\$ 437,895</u>	<u>\$ 5,026</u>	<u>\$ 442,921</u>

- B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:			
Advance sales receipts	<u>\$ 10,896</u>	<u>\$ 4,396</u>	<u>\$ 1,878</u>

- (a) Significant changes in contract liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period.

	Years ended December 31,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	\$ 926	\$ 1,328

(17) Interest income

	Years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 4,531	\$ 4,429
Interest income from financial assets measured at amortised cost	103	66
	\$ 4,634	\$ 4,495

(18) Other income

	Years ended December 31,	
	2024	2023
Rent income	\$ 6,927	\$ 6,029
Other income, others	4,670	3,029
	\$ 11,597	\$ 9,058

(19) Other gains and losses

	Years ended December 31,	
	2024	2023
Net currency exchange gains	\$ 12,123	\$ 1,071
Losses on disposals of property, plant and equipment	(14)	-
Impairment loss of non-financial assets (Note)	-	(56,258)
	\$ 12,109	(\$ 55,187)

Note: The information regarding impairment loss of non-financial assets is provided in Note 6(9).

(20) Expenses by nature

Function Nature	Years ended December 31,					
	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 16,911	\$ 74,241	\$ 91,152	\$ 16,486	\$ 73,248	\$ 89,734
Consultancy fee	-	4,996	4,996	-	2,788	2,788
Depreciation expense	18,861	7,406	26,267	18,541	7,946	26,487
Amortisation expense	7,850	178	8,028	7,803	192	7,995

(21) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	\$ 72,810	\$ 70,038
Labour and health insurance fees	7,940	8,206
Pension costs	4,299	4,424
Directors' remuneration	2,465	2,420
Other personnel expenses	3,638	4,646
	<u>\$ 91,152</u>	<u>\$ 89,734</u>

- A. Under the amended Company's Articles of Incorporation, the current year's earnings, if any, shall first be reserved to cover accumulated deficit amount. The remainder, if any, shall be distributed as employees' compensation at 1%-5%.
- B. As of December 31, 2024 and 2023, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company. 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.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Deferred tax:		
Origination and reversal of temporary differences	3,179	1,974
Income tax expense	<u>\$ 3,179</u>	<u>\$ 1,974</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2024	2023
Currency translation differences	(\$ 6,944)	\$ 275
Remeasurement of defined benefit obligations	(198)	(143)
	<u>(\$ 7,142)</u>	<u>\$ 132</u>

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	(\$ 13,127)	(\$ 25,995)
Expenses disallowed by tax regulation	(6,345)	15,233
Change in assessment of realisation of deferred tax assets	22,651	12,736
Income tax expense	<u>\$ 3,179</u>	<u>\$ 1,974</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2024			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
— Temporary differences:				
Allowance for valuation loss on inventories	\$ 2,076	(\$ 3)	\$ -	\$ 2,073
Unused compensated absences	240	-	-	240
Currency translation differences	1,424	-	(1,424)	-
Remeasurement of benefit obligations	465	-	(198)	267
— Tax losses	<u>77,228</u>	<u>(15,688)</u>	<u>-</u>	<u>61,540</u>
Subtotal	<u>81,433</u>	<u>(15,691)</u>	<u>(1,622)</u>	<u>64,120</u>
Deferred tax liabilities:				
— Temporary differences:				
Gain on foreign long-term equity investment	(20,990)	12,385	-	(8,605)
Unrealised exchange gain	(765)	127	-	(638)
Currency translation differences	-	-	(5,520)	(5,520)
Book-tax difference on pensions	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>(189)</u>
Subtotal	<u>(21,944)</u>	<u>12,512</u>	<u>(5,520)</u>	<u>(14,952)</u>
Total	<u>\$ 59,489</u>	<u>(\$ 3,179)</u>	<u>(\$ 7,142)</u>	<u>\$ 49,168</u>

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Allowance for valuation loss on inventories	\$ 1,613	\$ 463	\$ -	\$ 2,076
Unused compensated absences	240	-	-	240
Currency translation differences	1,149	-	275	1,424
Remeasurement of benefit obligations	608	-	(143)	465
Unrealised exchange loss	99	(99)	-	-
— Tax losses	78,181	(953)	-	77,228
Subtotal	<u>81,890</u>	<u>(589)</u>	<u>132</u>	<u>81,433</u>
Deferred tax liabilities:				
— Temporary differences:				
Gain on foreign long-term equity investment	(20,370)	(620)	-	(20,990)
Unrealised exchange gain	-	(765)	-	(765)
Book-tax difference on pensions	(189)	-	-	(189)
Subtotal	<u>(20,559)</u>	<u>(1,385)</u>	<u>-</u>	<u>(21,944)</u>
Total	<u>\$ 61,331</u>	<u>(\$ 1,974)</u>	<u>\$ 132</u>	<u>\$ 59,489</u>

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

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

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	Amount assessed	\$ 21,087	\$ 21,087	2025
2016	Amount assessed	42,849	42,849	2026
2017	Amount assessed	28,478	28,478	2027
2018	Amount assessed	82,217	82,217	2028
2019	Amount assessed	131,452	43,285	2029
2020	Amount assessed	104,225	-	2030
2021	Amount assessed	46,415	-	2031
2022	Amount assessed	20,395	-	2032
2023	Amount filed	48,499	-	2033
		<u>\$ 525,617</u>	<u>\$ 217,916</u>	
December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Amount assessed	\$ 12,959	\$ 12,959	2024
2015	Amount assessed	21,087	21,087	2025
2016	Amount assessed	42,849	42,849	2026
2017	Amount assessed	28,478	28,478	2027
2018	Amount assessed	82,217	25,429	2028
2019	Amount assessed	131,452	-	2029
2020	Amount assessed	104,225	-	2030
2021	Amount assessed	46,415	-	2031
2022	Amount filed	20,395	-	2032
2023	Amount estimated	26,865	-	2033
		<u>\$ 516,942</u>	<u>\$ 130,802</u>	

(23) Losses per share

	<u>Year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 68,813)	68,133	(\$ 1.01)

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 131,948)	68,170	(\$ 1.94)

Since it was net loss after tax for the year ended December 31, 2023, ordinary shares were anti-dilutive, resulting in the calculation of diluted losses per share is as same as basic losses per share.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 4,876	\$ 4,306
Add: Opening balance of payable on equipment	-	1,850
Less: Ending balance of payable on equipment	(1,204)	-
Cash paid during the period	<u>\$ 3,672</u>	<u>\$ 6,156</u>

B. Investing activities with no cash flow effects:

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Prepayments on equipment transferred to property, plant and equipment	<u>\$ 1,138</u>	<u>\$ -</u>

(25) Changes in liabilities from financing activities

	2024			
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 294,000	\$ 34,620	\$ 1,530	\$ 330,150
Changes in cash flow from financing activities	30,000	(8,963)	-	21,037
Changes in other non-cash items	-	4,255	-	4,255
At December 31	<u>\$ 324,000</u>	<u>\$ 29,912</u>	<u>\$ 1,530</u>	<u>\$ 355,442</u>

	2023			
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 190,000	\$ 39,455	\$ 1,530	\$ 230,985
Changes in cash flow from financing activities	104,000	(8,163)	-	95,837
Changes in other non-cash items	-	3,328	-	3,328
At December 31	<u>\$ 294,000</u>	<u>\$ 34,620</u>	<u>\$ 1,530</u>	<u>\$ 330,150</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
MetaTech Investment Holding Co., Ltd.	Subsidiary
Chienhwa Travel Service Co., Ltd.	Subsidiary
LOCUS CELL CO., LTD.	Subsidiary
MTI Holding Co., Ltd.	Second-tier subsidiary
MetaTech (S) Pte Ltd.	Third-tier subsidiary
MetaTech Ltd.	Third-tier subsidiary
MetaTech (Shenzhen) Ltd.	MetaTech Ltd.'s subsidiary
Up Cell Biomedical Inc.	Associates

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2024	2023
Sales of goods:		
-Subsidiaries	\$ 4,557	\$ 2,016
-Associates	-	10
	<u>\$ 4,557</u>	<u>\$ 2,026</u>

The collection term for related parties is determined according to the gross profits in mutual agreement and the credit term is 90 days after monthly billing. The collection term to general customers is 30 to 120 days after monthly billing.

B. Purchases

	Years ended December 31,	
	2024	2023
Purchases of goods:		
-Subsidiaries	\$ 1,834	\$ 4,946
-Associates	1,720	-
	<u>\$ 3,554</u>	<u>\$ 4,946</u>

The payment term for related parties is determined according to the gross profits in mutual agreement the credit term for general suppliers is 30 to 90 days after monthly billing.

The Company purchases goods from associates. The prices and terms are determined in accordance with mutual agreement, and the payment term is 30 days after monthly billings.

C. Operating expenses

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Subsidiaries	\$ 221	\$ 2,155

The payments are primarily for advertising expenses, manpower support fees, and laboratory rental expenses provided by subsidiaries. The prices are determined in accordance with mutual agreement, payment terms are paid monthly.

D. Receivables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Subsidiaries	\$ 46	\$ 172

Accounts receivables are mainly from transactions, they are unsecured, interest-free, with no provision for bad debts.

E. Other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Subsidiaries	\$ 67	\$ 42

Other receivables are mainly management services fees and loans granted to subsidiaries.

The Company provides management services to the subsidiaries. Management fees revenue is

received periodically based on the terms determined in mutual agreement. Revenue received for the years ended December 31, 2024 and 2023 amounting to \$22,693 and \$20,230 were shown as deduction on ‘operating expenses – general and administrative expenses’ and ‘other income’, respectively.

F. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Subsidiaries	\$ 525	\$ 34
-Associates	360	-
	<u>\$ 885</u>	<u>\$ 34</u>

G. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Associates	\$ 105	\$ 132
-Subsidiaries	83	139
	<u>\$ 188</u>	<u>\$ 271</u>

Other payables refer to payables and rent payable arising from freight prepaid by subsidiaries.

H. Deposits received (listed under other non-current liabilities)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
-Subsidiaries	\$ 1,200	\$ 1,200

Deposit of rental house.

I. Acquisition of financial assets (2024: None)

<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Year ended December 31, 2023</u> <u>Consideration</u>
Investments accounted for			
-Subsidiaries using the equity method	500,000	Stock	<u>\$ 5,000</u>

J. Lease transactions – lessee

(a) The Company lease a building from subsidiary. Rental contracts are typically made for three years. Rents are paid at the end of the month.

(b) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	\$ 296	\$ 1,484

(ii) Interest expense:

	<u>Year ended December 31, 2024</u>	<u>Year ended December 31, 2023</u>
Associates	\$ 15	\$ 36

K. Operating cost – rent expense

	<u>Year ended December 31, 2024</u>	<u>Year ended December 31, 2023</u>
-Associates	\$ 151	\$ 155

It is mainly the rent paid to the associates on a monthly basis.

L. Rental revenue

	Years ended December 31,	
	2024	2023
-Subsidiaries	\$ 6,927	\$ 6,029

M. Dividends received

	Years ended December 31,	
	2024	2023
MetaTech Ltd.	\$ 64,811	\$ -
MetaTech (S) Pte Ltd.	29,223	-
	\$ 94,034	\$ -

The Company received dividends in 2024, please refer to Note 6(5).

N. Loans to /from related parties

Loans to related subsidiaries

(i) Outstanding balance:

	December 31, 2024	December 31, 2023
MetaTech (S) Pte Ltd.	\$ -	\$ -
	(USD 0 thousand)	(USD 1,000 thousand)

(ii) Interest income

	2024	2023
MetaTech (S) Pte Ltd.	\$ -	\$ 9

O. Endorsements and guarantees

The Company issued guarantee notes and provided endorsements and guarantees to related parties.

Details are as follows:

<u>Party being endorsed/ guaranteed</u>	December 31, 2024	December 31, 2023
MetaTech Ltd.	\$ 16,393	\$ 15,353
	(USD 500 thousand)	(USD 500 thousand)

P. Others

The joint credit line of the Company and its third-tier subsidiary, MetaTech Ltd., for financial institution short-term secured borrowings was NTD 85 million in 2024 and 2023. As of December 31, 2024 and 2023, the promissory notes amounting to NTD 85 million was issued to a bank as guarantee and the abovementioned joint credit line all amounting to NTD 85 million.

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 11,181	\$ 15,499
Post-employment benefits	163	324
	\$ 11,344	\$ 15,823

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Financial assets at amortised cost			
-Reserve account for demand deposits	\$ 9,300	\$ 6,300	Guarantee for customs, credit card performance bond of lease agreements and limit on short-term borrowings
Property, plant and equipment			
-Land	17,209	17,209	Guarantee for short-term credit line
-Buildings and structures	23,914	24,704	"
	<u>\$ 50,423</u>	<u>\$ 48,213</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

- A. The former chairman of the Company and the former CEO of its subsidiary Locus Cell Co., Ltd. and the former employee of the information department were suspected of stealing, leaking or using the company's confidential information during their tenure. The Company and its subsidiary Locus Cell Co., Ltd. appointed a lawyer and filed a complaint. As of March 11, 2025, the investigation of the aforementioned case has been concluded, and is currently being indicted by the Taiwan Taipei District Prosecutors Office. The Company's assessment had no significant impact on the financial statements.
- B. In 2023, the Company has received an attorney's letter from CellSeed Inc., a company based in Japan, claiming the termination of the cooperation contract signed by both parties due to the Company's alleged breach of contract. In order to protect the Company's own interests, the Company has appointed Japanese attorneys to file a lawsuit of confirming the contractual relationship to the Tokyo District Court. As of March 11, 2025, the aforementioned case is still on trial.

(2) Commitments

- A. Please refer to Note 7(2)I for details of significant related party contingent liabilities and unrecognised contract commitments.

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Intangible assets	\$ 16,012	\$ 11,571

Note: The Company entered into a start-up agreement of cell sheet regenerative medical cooperation with Japan CellSeed Inc. on December 21, 2016 with the consideration amounting to JPY 50 million for expanding biomedical research and development, business development, as well as promoting the Company's innovative transformation of regenerative medicine. The Board of Directors during its meeting on March 24, 2017 adopted a resolution to enter into a cooperation agreement of abovementioned cell sheet regenerative medicine with Japan CellSeed Inc., which was formally signed on April 24, 2017 with the consideration amounting to JPY 1.25 billion. As of December 31, 2024, the Company has paid JPY 1,246,727,004 in respect of the payment schedule for arrangement. For information on foregoing cooperation agreement, please refer to Note 9(1)B.

10. Significant Disaster Loss

None.

11. Significant Events After The Balance Sheet Date

None.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 107,807	\$ 126,940
Financial assets at amortised cost	9,300	6,300
Notes receivable (including related parties)	46	405
Accounts receivable (including related parties)	227,530	96,583
Other receivables	4,620	2,193
Guarantee deposits paid (shown as 'other non-current assets')	1,982	1,769
	<u>\$ 351,285</u>	<u>\$ 234,190</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 324,000	\$ 294,000
Notes payable	446	1,895
Accounts payable (including related parties)	93,274	41,457
Other payables (including related parties)	21,678	16,788
Guarantee deposits received (shown as 'other non-current liabilities')	1,530	1,530
	<u>\$ 440,928</u>	<u>\$ 355,670</u>
Lease liability	<u>\$ 29,912</u>	<u>\$ 34,620</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 and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close 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 arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Company's operating units to manage their foreign exchange risk against their 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 amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,261	32.785	\$ 303,622
JPY:NTD	4,012	0.2099	842
<u>Non-monetary items</u>			
USD:NTD	15,281	32.785	500,974
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	3,207	32.785	105,141
December 31, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,337	30.705	\$ 194,578
JPY:NTD	6,489	0.2172	1,409
<u>Non-monetary items</u>			
USD:NTD	17,552	30.705	538,946
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,435	30.705	44,062

- v. The total exchange gains 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 \$12,123 and \$1,071, 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 before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 3,036	\$ -
	JPY:NTD	1%	8	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 1,051	\$ -
		Year ended December 31, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 1,946	\$ -
	JPY:NTD	1%	14	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 441	\$ -

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and notes receivable based on the agreed terms, as well as 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 above investment grade are accepted. According to the credit policy, each local entity in 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 in accordance with limits set by the management . The utilisation of credit limits is regularly monitored. Credit risk arises from credit exposures to wholesale and retail customers, including outstanding receivables.
- iii. 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.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss.
- vii. As of December 31, 2024 and 2023, the Company has no written-off financial assets that are still under recourse procedures.
- viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the loss allowance for accounts receivable. The Company's expected credit loss rate of not past due accounts receivable as of December 31, 2024 and 2023 is not material.
- ix. The Company did not recognise the amount of loss allowance for accounts receivable applying the simple approach since it was not material for the years ended December 31, 2024 and 2023.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2024	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 325,870	\$ -	\$ -
Notes payable	446	-	-
Accounts payable (including related parties)	93,274	-	-
Other payables(including related parties)	21,678	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	1,530	-	-
Lease liability	9,962	18,971	1,787

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 295,900	\$ -	\$ -
Notes payable	1,895	-	-
Accounts payable (including related parties)	41,457	-	-
Other payables(including related parties)	16,788	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	1,530	-	-
Lease liability	9,359	26,401	-

(3) Fair value information

- A. The Company has determined that the book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, financial assets at amortised cost, notes receivables, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payables and other payables.
- B. The different levels that the inputs to valuation techniques are used to measure fair value of

financial and non-financial instruments have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments is included in Level 3.
- C. The balances of financial instruments measured at fair value for the years ended December 31, 2024 and 2023 were both \$0, so no relevant information about fair value was disclosed.
- D. There is no the movement of Level 3 for the years ended December 31, 2024 and 2023.
- E. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. Supplementary Disclosures

(1) Significant transactions information

The disclosure information of investees is based on financial statements audited by independent auditors and the inter-company transactions are eliminated in the preparation of the consolidated financial statements. The following disclosure information is for reference only.

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- 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 financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Information on investees in the Mainland Area: Please refer to table 6.

B. Significant transactions and their prices, payment terms and unrealised gains or losses, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Operating Segment Information

Not applicable.

Metatech (AP) Inc. and Subsidiaries
Loans to others
For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Metatech (AP) Inc.	MetaTech(S) Pte Ltd.	Other receivables	Y	\$ 32,835	\$ -	\$ -	6.52%	Short-term financing	\$ -	Operations	\$ -	-	\$ -	\$ 228,612	\$ 457,224	Notes 3 and 5
1	MTI Holding Co., Ltd.	MetaTech(S) Pte Ltd.	Other receivables	Y	65,760	65,570	-	6.77%	Short-term financing	-	Operations	-	-	-	400,779	500,974	Notes 4 and 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0' .

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

Note 2: According to the company's "Regulations for Provision of Loans", the interest rate of loans to others should be no less than the average interest rate of the Company's short-term funds borrowed from financial institutions at that time.

Note 3: According to the Company's "Regulations for Provision of Loans", the Company's ceiling on total loans granted to others are as follows:

A. For business transactions, the accumulated loan amount is the transaction amount.

B. For short-term financing, the total amount is lower than 40% of the creditor's net assets.

C. The limit on total loans to the same party is 20% of the Company's net assets.

Note 4: According to the subsidiary's "Regulations for Provision of Loans", the subsidiary's ceiling on total loans granted to others are as follows:

A. For business transactions, the accumulated loan amount is the transaction amount.

B. For short-term financing, the total amount is lower than 100% of the creditor's net assets.

C. The limit on total loans to the same party is 80% of the subsidiary's net assets.

The subsidiary's ceiling on total loans granted to related parties, which its 100% voting shares directly or indirectly held by the parent Company and to the same party is 100% and 80% of the subsidiary's net assets, respectively.

Note 5: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD: 32.785TWD).

Metatech (AP) Inc. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Metatech (AP) Inc.	MetaTech Ltd.	The Company's third-tier subsidiary	\$ 571,531	\$ 16,418	\$ 16,393	\$ 16,393	\$ -	1.43	\$ 1,143,061	Y	N	N	Notes 2,3 and 6

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: According to the Company's "Regulations for Provision of Endorsements and Guarantees", the Company's limit on endorsements/guarantees provided for a single party is 50% of the Company's net assets.

Note 3: According to the Company's "Regulations for Provision of Endorsements and Guarantees", the Company's limit on total endorsements/guarantees is 100% of the Company's net assets.

Note 4: According to the Subsidiary's "Regulations for Provision of Endorsements and Guarantees", the Subsidiary's limit on endorsements/guarantees provided for a single party is 50% of the Subsidiary's net assets.

Note 5: According to the Subsidiary's "Regulations for Provision of Endorsements and Guarantees", the Subsidiary's limit on total endorsements/guarantees is 100% of the Subsidiary's net assets.

Note 6: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD: 32.785TWD).

Metatech (AP) Inc. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2024

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
LOCUS CELL CO., LTD.	construction in progress	2023/7/14 (Note1)	\$955,600 (Note1)	In accordance with the contract terms (Note2)	ENGTOWN CONSTRUCTION CORPORATION	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	To meet the needs of future business	None

Note1 : It is based on the expected transaction information of the capital budget approved by the Board of Directors of the subsidiary, and the actual transaction information is based on the relevant contracts.

On December 20, 2024, the Board of Directors passed a resolution to increase the original transaction amount of \$933,600 by an additional retainages of \$22,000.

Note2 : As of December 31, 2024, it has been paid \$487,199.

Metatech (AP) Inc. and Subsidiaries
 Significant inter-company transactions during the reporting periods
 For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Metatech (AP) Inc.	LOCUS CELL CO., LTD.	1	Rental revenue	6,869	Prices are determined according to the amount in mutual agreement	0%
1	MetaTech Ltd.	MetaTech (Shenzhen) Ltd.	3	Sales revenue	19,496	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	1%
1	#	#	3	Service revenue	24,507	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	2%
1	#	#	3	Other payables	8,000	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	0%

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

- (1)Parent company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

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

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The sales prices and credit terms are the same with the third parties. The credit terms on sales to third parties were 30 to 120 days.

Note: Individual transactions less than \$5,000 will not be disclosed, and other related party transactions will not be disclosed separately.

Metatech (AP) Inc. and Subsidiaries

Information on investees

For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Metatech (AP) Inc.	MetaTech Investment Holding Co., Ltd.	British Virgin Islands	Investment holding and reinvestment business	\$ 333,065	\$ 333,065	10,000,000	100	\$ 500,974	\$ 21,340	\$ 21,340	Subsidiary
Metatech (AP) Inc.	Chienhwa Travel Service Co.,Ltd.	Taiwan	Travel business	4,900	4,900	950	100	1,716	(466)	(466)	Subsidiary
Metatech (AP) Inc.	Up Cell Biomedical Inc.	Taiwan	Cell sheet development and medical production	38,000	38,000	3,800,000	29.23	10,733	(14,194)	(4,149)	Investee accounted for using the equity method
Metatech (AP) Inc.	LOCUS CELL CO., LTD.	Taiwan	Cell therapy phase available product and commissioned to manufacturing services	300,000	300,000	30,000,000	15	258,418	(113,017)	(17,047)	Subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Investment holding and reinvestment business	333,065	333,065	10,000,000	100	500,974	21,340	21,340	Sub-subsiidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Wholesale and retail of electronic materials	82,259	82,259	3,800,000	100	138,803	3,331	3,331	Third-tier subsidiary
MTI Holding Co., Ltd.	MetaTech Ltd.	Hong Kong	Wholesale and retail of electronic materials	199,170	199,170	46,000,000	100	284,399	15,546	15,546	Third-tier subsidiary

Metatech (AP) Inc. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MetaTech (Shenzhen) Ltd.	Wholesale and retail of electronic materials	\$ 86,144	Through investing in an existing company in the third areas, which then invested in the investee in Mainland China	\$ 86,144	\$ -	\$ -	\$ 86,144	\$ 3,292	100	\$ 3,292	\$ 67,916	\$ -	Notes 1, 2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Celling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Metatech (AP) Inc.	\$ 86,144	\$ 87,127	\$ 1,564,366

Note 1: Through investing in the subsidiary, MetaTech Investment Holding Co, Ltd in the third areas by cash and reinvesting by its second-tier subsidiary, MetaTech Ltd. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.
Note 2: The amount of investment income (loss) recognised is the amount recognised in the financial statements of the investee that were audited by R.O.C parent company's CPA.
Note 3: Paid-in capital and investment amount are translated into TWD at exchange rate at the balance sheet date (1USD: 32.785 TWD).
Note 4: According to the MOEA Regulation No. 09704604680, "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", announced on August 29, 2008, limit on accumulated amount of investment in Mainland China is the higher of 60% of net assets and consolidated net assets.

Metatech (AP) Inc. and Subsidiaries
Major shareholders information
December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Zhen Long, Wu	7,570,319	11.10%
Ding Yuan Investment Co., Ltd.	6,735,000	9.87%
JUN INVESTMENT INTERNATIONAL CO., LTD.	3,601,516	5.28%

METATECH (AP) INC.
CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 1

Item	Description	Amount
Cash on hand		\$ 103
Demand deposits		
- NTD		5,877
- Foreign currency	USD 627,125; conversion rate 1:32.785	20,560
	JPY 3,967,549; conversion rate 1:0.209	834
	Others	12
Time deposits		
- Foreign currency	USD 2,450,000; conversion rate 1:32.785	80,323
Checking accounts		98
		<u>\$ 107,807</u>

METATECH (AP) INC.
ACCOUNTS RECEIVABLE, NET
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 2

Client Name	Amount	Note
<u>Non-related parties</u>		
B	\$ 116,319	
A	31,139	
C	18,729	
Others	61,297	None of the balances of each remaining clients is greater than 5% of this account balance
	<u>227,484</u>	
Less: Allowance for bad debts	<u>-</u>	
	<u>\$ 227,484</u>	

METATECH (AP) INC.
INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount		Note
	Cost	Net Realisable Value	
Raw materials	\$ 11,621	\$ 11,716	Net realisable values are used as market value
Work in progress	724	724	Net realisable values are used as market value
Semi-finished goods	2,241	2,260	Net realisable values are used as market value
Finished goods	844	882	Net realisable values are used as market value
Merchandise	39,680	43,429	Net realisable values are used as market value
	<u>\$ 55,110</u>	<u>\$ 59,011</u>	
Less: Allowance for valuation loss on inventories	(6,325)		
	<u>\$ 48,785</u>		

METATECH (AP) INC.
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)

Statement 4

Name	Beginning Balance		Addition		Decrease (Note)		Ending Balance			Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount		
MetaTech Investment Holding Co., Ltd.	10,000,000	<u>\$ 538,946</u>	-	<u>\$ 56,062</u>	-	<u>(\$ 94,034)</u>	10,000,000	100%	<u>\$ 500,974</u>	\$ 50.10	<u>\$ 500,974</u>	None	None
Chienhwa Travel Service Co., Ltd.	950	<u>\$ 2,182</u>	-	<u>\$ -</u>	-	<u>(\$ 466)</u>	950	100%	<u>\$ 1,716</u>	\$ 1,806	<u>\$ 1,716</u>	None	None
Up Cell Biomedical Inc.	3,800,000	<u>\$ 14,881</u>	-	<u>\$ -</u>	-	<u>(\$ 4,148)</u>	3,800,000	29%	<u>\$ 10,733</u>	\$ 2.82	<u>\$ 10,733</u>	None	None
LOCUS CELL CO., LTD.	30,000,000	<u>\$ 273,995</u>	-	<u>\$ 1,471</u>	-	<u>(\$ 17,048)</u>	30,000,000	15%	<u>\$ 258,418</u>	\$ 8.61	<u>\$ 258,418</u>	None	None

Note1: Including investment profit or loss and effect from accumulated translation adjustment.

Note2: Including loss on investment and receiving cash devided.

METATECH (AP) INC.
CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Beginning Balance	Addition	Decrease	Transfer	Ending Balance	Collateral	Note
Cost							
Land	\$ 17,209	\$ -	\$ -	\$ -	\$ 17,209	Fully pledged as collateral for credit line for short-term borrowings	
Buildings and structures	150,504	-	-	-	150,504	Partly pledged as collateral for credit line for short-term borrowings	
Machinery and equipment	73,349	2,521	-	1,138	77,008	None	
Transportation equipment	5,453	-	-	-	5,453	"	
Office equipment	29,523	1,965	(2,358)	-	29,130	"	
Leasehold improvements	13,836	390	-	-	14,226	"	
Other equipment	1,963	-	-	-	1,963	"	
	<u>\$ 291,837</u>	<u>\$ 4,876</u>	<u>(\$ 2,358)</u>	<u>\$ 1,138</u>	<u>\$ 295,493</u>		
Accumulated depreciation							
Buildings and structures	(\$ 40,203)	(\$ 6,085)	\$ -	\$ -	(\$ 46,288)		
Machinery and equipment	(34,912)	(7,721)	-	-	(42,633)		
Transportation equipment	(5,324)	(129)	-	-	(5,453)		
Office equipment	(26,471)	(2,049)	2,344	-	(26,176)		
Leasehold improvements	(6,152)	(1,752)	-	-	(7,904)		
Other equipment	(1,676)	(51)	-	-	(1,727)		
	<u>(114,738)</u>	<u>(\$ 17,787)</u>	<u>\$ 2,344</u>	<u>\$ -</u>	<u>(130,181)</u>		
	<u>\$ 177,099</u>				<u>\$ 165,312</u>		

METATECH (AP) INC.
SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
CTBC Bank	Unsecured borrowings	\$ 85,000	2024/12/27-2025/03/27	2.28%	\$ 85,000	None	None
First Commercial Bank	Unsecured borrowings	3,000	2024/12/20-2025/03/20	2.35%	50,000	"	"
"	"	5,000	2024/12/24-2025/03/24	2.35%	50,000	"	"
Cathay United Bank	Unsecured borrowings	14,000	2024/09/24-2025/01/22	2.20%	20,000	"	"
"	"	6,000	2024/12/23-2025/03/21	2.20%	20,000	"	"
Taishin International Bank	Unsecured borrowings	4,000	2024/12/13-2025/01/13	2.33%	30,000	"	"
"	"	25,000	2024/12/23-2025/01/23	2.33%	30,000	"	"
Taichung Commercial Bank	Unsecured borrowings	2,000	2024/10/24-2025/01/24	2.25%	30,000	"	"
"	"	23,000	2024/11/05-2025/02/05	2.25%	30,000	"	"
Mega International Commercial Bank	Secured borrowings	20,000	2024/01/24-2025/01/23	0.50%	40,000	Pledge of deposit	Note 8
"	"	10,000	2024/01/31-2025/01/23	0.50%	40,000	"	"
Taiwan Business Bank	Secured borrowings	35,000	2024/11/29-2025/02/28	2.24%	200,000	Property, plant and equipment	Note 8
"	"	45,000	2024/11/29-2025/02/28	2.24%	200,000	"	"
"	"	20,000	2024/11/29-2025/02/28	2.24%	200,000	"	"
Chang Hwa Bank	Secured borrowings	14,000	2024/07/18-2025/01/17	2.23%	98,000	Property, plant and equipment	Note 8
"	Unsecured borrowings	9,000	2024/11/22-2025/05/22	2.33%	98,000	None	None
"	"	4,000	2024/10/01-2025/03/31	2.33%	98,000	"	"
		<u>\$ 324,000</u>					

METATECH (AP) INC.
ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 7

<u>Client Name</u>	<u>Amount</u>	<u>Note</u>
A	\$ 81,866	
Others	<u>10,523</u>	None of the balances of each remaining suppliers is greater than 5% of this account balance.
	<u>\$ 92,389</u>	

METATECH (AP) INC.
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 8

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Connectors	\$ 613,195	
Consumer products	11,711	
Communications	16,260	
Biomedical products	19,112	
Others	26	
	<u>660,304</u>	
Less: Sales returns and discounts	(3,361)	
Net operating revenue	<u>\$ 656,943</u>	

METATECH (AP) INC.
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount	Note
Beginning raw materials	\$ 10,090	
Add: Raw materials purchased	10,221	
Semi-finished goods transferred into raw materials	2,419	
Finished goods transferred into raw materials	140	
Less: Ending raw materials	(11,621)	
Disposal of raw materials	(529)	
Cost of raw materials	(149)	
Reclassified as expenses	(5,540)	
Raw materials used	5,031	
Direct labor	6,872	
Manufacturing expense	43,720	
Total manufacturing cost	55,623	
Add: Beginning work in Progress	619	
Less: Ending work in Progress	(724)	
Manufacturing cost	55,518	
Add: Beginning semi-finished goods	2,002	
Semi-finished goods purchased	1,013	
Less: Ending semi-finished goods	(2,241)	
Disposal of semi-finished goods	(196)	
Reclassified as expenses	(1,910)	
Semi-finished goods transferred into raw materials	(2,419)	
Cost of semi-finished goods	(479)	
Cost of finished goods	51,288	
Add: Beginning finished goods	949	
Finished goods purchased	38	
Less: Ending finished goods	(844)	
Reclassified as expenses	(2,952)	
Finished goods transferred into raw materials	(140)	
Cost of goods manufactured and sold	48,339	

METATECH (AP) INC.
OPERATING COSTS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount	Note
Beginning merchandise inventory	\$ 32,607	
Add: Net purchase for the year	538,766	
Less: Ending merchandise inventory	(39,680)	
Loss on disposal of inventories	(2,803)	
Reclassified as expenses	(12,463)	
Cost of purchases and sales	<u>516,427</u>	
Add: Other operating costs	18,823	
Cost of raw materials	149	
Cost of semi-finished goods	479	
Loss on disposal of inventories	3,529	
Gain on decline in market value	(3,583)	
Total operating costs	<u>\$ 584,163</u>	

METATECH (AP) INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 10

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 26,325	
Advertising expense		8,090	
Insurance expense		4,465	
Depreciation expense		2,754	
Others (Note)		14,426	
		<u>\$ 56,060</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH (AP) INC.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		\$ 17,493	
Service expense		18,421	
Insurance expense		3,070	
Entertainment expense		2,708	
Others (Note)		14,999	
		<u>\$ 56,691</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH (AP) INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Wages and salaries		\$ 15,154	
Contracted research expense		7,108	
Supplies		6,557	
Depreciation expense		3,394	
Service expense		3,049	
Consultancy fee		2,546	
Others (Note)		8,836	
		<u>\$ 46,644</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH (AP) INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Function Nature	For the year ended December 31, 2024			For the 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	\$ 13,838	\$ 58,972	\$ 72,810	\$ 13,610	\$ 56,428	\$ 70,038
Labour and health insurance fees	1,554	6,386	7,940	1,490	6,716	8,206
Pension costs	783	3,516	4,299	704	3,720	4,424
Directors' remuneration	-	2,465	2,465	-	2,420	2,420
Other personnel expenses	736	2,902	3,638	682	3,964	4,646
Depreciation expense	18,861	7,406	26,267	18,541	7,946	26,487
Amortisation expense	7,850	178	8,028	7,803	192	7,995

Note:

1. As at December 31, 2024 and 2023, the Company had 99 and 103 employees, including 7 and 7 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) Average employee benefit expense in current year was \$964 ((Total employee benefit expense in current year–Total directors' compensation in current year)/ (Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$910 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).
 - (2) Average employee salaries in current year was \$791 (Total employee salaries in current year / (Number of employees in current year-Number of non-employee directors in current year)).
Average employee salaries in previous year was \$730 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
 - (3) Adjustments of average employee salaries was 8.4% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).
 - (4) The Company set up an audit committee, so there is no supervisor's remuneration for the years ended December 31, 2024 and 2023.

METATECH (AP) INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

(5) The Company's compensation policies(including directors, supervisors, managers and employees):

A. Principles for formulating salary policies:

- (a) Employee compensation mainly includes base salary (including basic salary and meal allowance), position allowances, year-end bonuses, performance bonuses, and achievement bonuses.
- (b) Salaries are determined based on the salary market trends, the Company's operational status, and organizational structure. Adjustments are made as necessary in response to market salary dynamics, overall economic and industry conditions, and government regulations.
- (c) Employee salaries and compensation are determined based on their academic and professional background, expertise, professional experience, and individual performance, without discrimination based on age, gender, race, religion, political stance, marital status, or union affiliation.
- (d) Bonuses are awarded based on the Company's operational performance and individual employee performance.

B. The relationship between employee compensation policy, compensation setting procedures and business performance or results:

- (a) According to the Company's articles of association, when there is a profit in the fiscal year, 1% to 5% should be allocated as employee compensation. However, if there are accumulated losses, the amount needed to cover them should be reserved first. Due to accumulated losses in the fiscal year 2024, the Company did not allocate employee and director compensation, only disbursing travel allowances for directors and fixed compensation for independent directors.
- (b) The compensation policy for the general manager, deputy general manager, and managers in equivalent positions is based on the Company's business strategy, profitability, performance, and contribution to the role. It also considers the salary market standards. Recommendations are made by the Compensation Committee and executed upon approval by the Board of Directors.
- (c) The employee welfare system emphasizes policies that cater to employee welfare. The "Metatech (AP) Employee Welfare Committee" is established to deliberate, promote, and supervise employee welfare activities, manage and utilize employee welfare funds, audit the distribution of welfare activity funds, as well as report on revenue and expenses. The Company encourages proper leisure activities to help employees relieve work stress, promote interaction among plant employees, enhance mutual goodwill and cooperation, maintain physical health, enrich cultural atmosphere, and strengthen company cohesion.
- (d) Depending on the need to retain talent or increase capital, the Company issues restricted stocks and employee stock options irregularly.