

OBI PHARMA, INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OBI PHARMA, INC.

Opinion

We have audited the accompanying parent company only balance sheets of OBI PHARMA, INC. (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Company's 2025 parent company only financial statements is stated as follows:

Key audit matter - Impairment assessment of investments accounted for using equity method

Description

Refer to Note 4(11) for accounting policies on investments accounted for using equity method—subsidiary, Note 5 for critical judgement adopted in the impairment assessment of investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method in the parent company only financial statements.

The Company's investee, Amaran Biotechnoloy Inc. (Amaran), had significant amounts of property, plant and equipment and right-of-use assets. As of the balance sheet date, Amaran assesses whether there is any indication of impairment based on the external and internal information. If there is an indication that these assets may be impaired, these assets are tested for impairment based on their fair values or recoverable amounts. As the amount of investments accounted for using equity method is significant, the assessment of fair value and recoverable amount involves management's subjective judgement, and the key assumptions used in the impairment assessment have a significant impact on the impairment assessment result, we considered the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

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

1. Reviewed and assessed the reasonableness of the data used in the assessment of impairment indication of property, plant and equipment and right-of-use assets.
2. Obtained an understanding of the reasonableness of future cash flows forecast developed by management of subsidiary.
3. Discussed financial operation forecast with management of subsidiary, and compared the forecast with historical results for reasonableness.
4. Reviewed the reasonableness of other significant assumptions used by management of subsidiary in determining future cash flows.
5. Reviewed and assessed the estimated fair value of its property, plant, and equipment.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Teng, Sheng-Wei

Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2026

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.

OBI PHARMA, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 577,177	25	\$ 1,488,054	34
1136	Current financial assets at amortised cost	6(3)	-	-	790,000	18
1170	Accounts receivable, net		1,703	-	1,913	-
1200	Other receivables		47,632	2	16,056	-
1210	Other receivables due from related parties	7	33,361	1	64	-
1410	Prepayments	6(4)	177,903	8	161,000	4
11XX	Total current assets		<u>837,776</u>	<u>36</u>	<u>2,457,087</u>	<u>56</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	7,455	-	9,017	-
1535	Financial assets at amortised cost - non-current	6(3) and 8	9,900	-	9,900	-
1550	Investments accounted for using equity method	6(5) and 7	1,093,262	47	1,495,069	34
1600	Property, plant and equipment	6(6)	128,265	6	135,347	3
1755	Right-of-use assets	6(7)	181,156	8	216,318	5
1780	Intangible assets	6(8)	41,432	2	56,271	1
1900	Other non-current assets	7 and 8	10,696	1	12,630	1
15XX	Total non-current assets		<u>1,472,166</u>	<u>64</u>	<u>1,934,552</u>	<u>44</u>
1XXX	Total assets		<u>\$ 2,309,942</u>	<u>100</u>	<u>\$ 4,391,639</u>	<u>100</u>

(Continued)

OBI PHARMA, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2200	Other payables	6(9)	\$ 78,952	3	\$ 238,839	5
2220	Other payables to related parties	7	82,827	4	80,662	2
2230	Current income tax liabilities		-	-	8,055	-
2250	Current provisions	6(10)	45,988	2	-	-
2280	Current lease liabilities		36,831	2	36,017	1
2399	Other current liabilities	7	1,411	-	1,966	-
21XX	Total current liabilities		<u>246,009</u>	<u>11</u>	<u>365,539</u>	<u>8</u>
Non-current liabilities						
2550	Non-current provisions	6(10)	6,137	-	6,008	-
2580	Non-current lease liabilities		169,240	7	205,418	5
25XX	Total non-current liabilities		<u>175,377</u>	<u>7</u>	<u>211,426</u>	<u>5</u>
2XXX	Total liabilities		<u>421,386</u>	<u>18</u>	<u>576,965</u>	<u>13</u>
Equity						
	Share capital	6(13)				
3110	Common stock		1,315,797	57	2,631,594	60
	Capital surplus	6(12)(14)				
3200	Capital surplus		9,204,370	399	9,100,741	207
	Retained earnings	6(15)				
3350	Accumulated deficit		(8,616,065)	(373)	(7,879,039)	(179)
3400	Other equity interest		(15,546)	(1)	(12,089)	-
3500	Treasury shares	6(13)	-	-	(26,533)	(1)
3XXX	Total equity		<u>1,888,556</u>	<u>82</u>	<u>3,814,674</u>	<u>87</u>
	Significant Contingent Liabilities and	6(8) and 9				
	Unrecognised Contract Commitments					
	Significant Events after the Balance	11				
	Sheet Date					
3X2X	Total liabilities and equity		<u>\$ 2,309,942</u>	<u>100</u>	<u>\$ 4,391,639</u>	<u>100</u>

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16) and 7	\$ 8,568	-	\$ 3,373	-
5000	Operating costs		-	-	-	-
5900	Gross profit		8,568	-	3,373	-
5910	Unrealised loss from sales	6(5)	-	-	(1,490)	-
5920	Realised profit from sales	6(5)	41,322	2	41,315	2
5950	Net operating margin		49,890	2	43,198	2
	Operating expenses	6(6)(7)(8)(11)(12) (22)(22) and 7				
6200	Administrative expenses		(136,570)	(6)	(147,783)	(6)
6300	Research and development expenses		(1,574,835)	(77)	(1,792,023)	(78)
6000	Total operating expenses		(1,711,405)	(83)	(1,939,806)	(84)
6900	Operating loss		(1,661,515)	(81)	(1,896,608)	(82)
	Non-operating income and expenses					
7100	Interest income	6(17)	19,686	1	27,523	1
7010	Other income	6(18) and 7	51,850	3	17,213	-
7020	Other gains and losses	6(19) and 7	50,003	2	67,982	3
7050	Finance costs	6(20) and 7	(4,928)	-	(5,804)	-
7070	Share of loss of associates and joint ventures accounted for using equity method	6(5)	(507,857)	(25)	(512,277)	(22)
7000	Total non-operating income and expenses		(391,246)	(19)	(405,363)	(18)
7900	Loss before tax		(2,052,761)	(100)	(2,301,971)	(100)
7950	Income tax expense	6(23)	62	-	(8,055)	-
8200	Loss for the year		<u>(\$ 2,052,823)</u>	<u>(100)</u>	<u>(\$ 2,310,026)</u>	<u>(100)</u>
	Other comprehensive income (loss) for the year, net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealised valuation gains and losses from equity investment instruments measured at fair value through other comprehensive income	6(2)	(\$ 1,562)	-	(\$ 1,604)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(3,148)	-	5,387	-
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		565	-	(259)	-
8300	Other comprehensive (loss) income for the year, net		<u>(\$ 4,145)</u>	<u>-</u>	<u>\$ 3,524</u>	<u>-</u>
8500	Total comprehensive loss for the year		<u>(\$ 2,056,968)</u>	<u>(100)</u>	<u>(\$ 2,306,502)</u>	<u>(100)</u>
	Loss per share (in dollars)	6(24)				
9750	Basic and diluted loss per share		<u>(\$ 15.61)</u>		<u>(\$ 19.78)</u>	

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Additional paid-in capital	Accumulated deficit	Financial statements translation differences of foreign operations	Other equity interest		Treasury stocks	Total equity
						Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others		
Year ended December 31, 2024									
Balance at January 1, 2024		\$ 2,294,394	\$ 7,127,750	(\$ 5,569,013)	\$ 2,300	(\$ 16,560)	(\$ 5,607)	(\$ 26,533)	\$ 3,806,731
Net loss for the year		-	-	(2,310,026)	-	-	-	-	(2,310,026)
Other comprehensive income (loss) for the year		-	-	-	5,128	(1,604)	-	-	3,524
Total comprehensive income (loss) for the year		-	-	(2,310,026)	5,128	(1,604)	-	-	(2,306,502)
Issuance of shares	6(13)(14)	338,000	1,825,200	-	-	-	-	-	2,163,200
Share-based payment transactions	6(12)(14)(22)	-	36,635	-	-	-	-	-	36,635
Compensation cost of employee restricted stocks	6(12)(22)	-	-	-	-	-	3,415	-	3,415
Cancellation of employee restricted stocks	6(12)(13)(22)	(800)	(4,480)	-	-	-	1,236	-	(4,044)
Forfeiture of share options	6(12)(14)	-	3,681	-	-	-	-	-	3,681
Changes in equity of associates accounted for using equity method	6(5)(14)	-	111,955	-	-	-	-	-	111,955
Disposal of subsidiaries	6(5)	-	-	-	(397)	-	-	-	(397)
Balance at December 31, 2024		\$ 2,631,594	\$ 9,100,741	(\$ 7,879,039)	\$ 7,031	(\$ 18,164)	(\$ 956)	(\$ 26,533)	\$ 3,814,674
Year ended December 31, 2025									
Balance at January 1, 2025		\$ 2,631,594	\$ 9,100,741	(\$ 7,879,039)	\$ 7,031	(\$ 18,164)	(\$ 956)	(\$ 26,533)	\$ 3,814,674
Net loss for the year		-	-	(2,052,823)	-	-	-	-	(2,052,823)
Other comprehensive loss for the year		-	-	-	(2,583)	(1,562)	-	-	(4,145)
Total comprehensive loss for the year		-	-	(2,052,823)	(2,583)	(1,562)	-	-	(2,056,968)
Capital reduction to cover accumulated deficit		(1,315,797)	-	1,315,797	-	-	-	-	-
Share-based payment transactions	6(12)(14)(22)	-	13,372	-	-	-	-	-	13,372
Compensation cost of employee restricted stocks	6(12)(22)	-	-	-	-	-	688	-	688
Subsidiary employees exercising stock options	6(12)(14)	-	267	-	-	-	-	-	267
Forfeiture of share options	6(12)(14)	-	8,539	-	-	-	-	-	8,539
Changes in equity of associates accounted for using equity method	6(5)(14)	-	3,380	-	-	-	-	-	3,380
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(5)(14)	-	99,683	-	-	-	-	-	99,683
Disposal of the Company's shares by subsidiaries	6(13)	-	(21,612)	-	-	-	-	26,533	4,921
Balance at December 31, 2025		\$ 1,315,797	\$ 9,204,370	(\$ 8,616,065)	\$ 4,448	(\$ 19,726)	(\$ 268)	\$ -	\$ 1,888,556

Note: It refers to effect of not acquiring shares issued by subsidiaries in proportion to its interest.

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

OBI PHARMA, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 2,052,761)	(\$ 2,301,971)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(21)	70,380	57,325
Amortisation	6(8)(21)	14,839	15,369
Interest expense	6(20)	4,928	5,804
Interest income	6(17)	(19,686)	(27,523)
Gains on disposals of property, plant and equipment	6(19)	(260)	(43,805)
Gain on disposal of intangible assets	6(19)	(45,000)	-
Compensation cost for share-based payment transactions	6(12)	11,933	26,364
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	507,857	512,277
Gain on disposal of investments	6(19)	-	(397)
Loss on lease modification	6(19)	82	-
Unrealised gain on intercompany transactions	6(5)	(41,322)	(39,825)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		210	93
Other receivables		8,852	855
Other receivables due from related parties		(3,297)	13
Prepayments		(16,903)	(24,671)
Changes in operating liabilities			
Other payables		(154,884)	185,761
Other payables to related parties		2,165	31,799
Current provisions		45,988	-
Other current liabilities		(555)	(3,837)
Cash outflow generated from operations		(1,667,434)	(1,606,369)
Interest received		21,213	30,673
Interest paid		(4,799)	(9,038)
Income tax paid		(5,074)	-
Net cash flows used in operating activities		(1,656,094)	(1,584,734)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(209,900)	(790,000)
Proceeds from disposal of financial assets at amortised cost		999,900	1,143,528
Acquisition of investments accounted for using equity method	6(5)	(51,133)	(41,840)
Acquisition of property, plant and equipment	6(25)	(30,473)	(77,889)
Proceeds from disposal of property, plant and equipment		260	144,632
Acquisition of intangible assets	6(8)	-	(1,767)
Increase in prepayments for business facilities		-	(1,954)
(Increase) decrease in refundable deposits (shown as 'other non-current assets')		(20)	7,261
Increase in other receivables due from related parties (shown as 'other non-current assets')		(30,000)	-
Net cash flows from investing activities		678,634	381,971
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of long-term debt	6(9)(26)	-	(21,000)
Disposal of ownership interests in subsidiaries (without losing control)	6(5)	102,741	-
Repayment of lease principal	6(7)(26)	(36,158)	(28,533)
Proceeds from cash capital increase	6(13)	-	2,163,200
Net cash flows from financing activities		66,583	2,113,667
Net (decrease) increase in cash and cash equivalents		(910,877)	910,904
Cash and cash equivalents at beginning of year		1,488,054	577,150
Cash and cash equivalents at end of year		\$ 577,177	\$ 1,488,054

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

OBI PHARMA, INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANISATION

OBI PHARMA, INC. (the “Company”) was established on April 29, 2002 upon approval by the Ministry of Economic Affairs. The Company conducted the initial public offering in May 2012, and traded its shares on the Emerging Stock Market of the Taipei Exchange (formerly GreTai Securities Market) since March 23, 2015. The Company is primarily engaged in new drugs research.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 9, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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 2026 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

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

Except for the following, the above standards and interpretations have no significant impact to the 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 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, these parent company only financial statements have been prepared under the historical cost convention.

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) 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 other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

Otherwise, they are classified as non-current assets.

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

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

Otherwise, they are classified as non-current liabilities.

(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 receivable

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently measured it at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Impairment of financial assets

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

receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for using equity method in these parent company only financial statements.
- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the 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. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Shares of the parent company held by subsidiaries are treated as treasury shares.
- F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Investments accounted for using equity method / associates

- A. 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.

- B. 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 recognised 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.
- C. 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's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- E. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's book value 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 book value 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.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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:

Lab equipment	3~5 years
Office equipment	3~5 years
Leasehold improvements	3~6 years

(14) Operating leases (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the

commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that reduce the scope of the lease, the lessee will reduce the book value of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between it and the amount of remeasurement will be recognized in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(15) Intangible assets

A. Patent and acquired special technology:

- (a) Patents acquired in intellectual property right as equity are recognised at fair value at the acquisition date, and amortised on a straight-line basis over the estimated useful life of 17 years.
- (b) If acquired by cash, it is recorded at acquisition cost. The estimated useful life is 10 years, and it is amortised on a straight-line basis.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 3 years.

(16) Impairment of non-financial assets

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

(17) Derecognition of financial liabilities

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

(18) Provisions

Provisions (including decommissioning liabilities and those arising from termination of clinical trials) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market

assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) 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 expenses in that period when the employees render service.

B. Pensions - Defined contribution plans

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(20) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividend declaration.

- (c) For restricted stocks where employees do not need to pay to acquire those stocks, the Company repurchases and retires the stock at no cost when the employees resign during the vesting period.

(21) 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 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their book values in the consolidated balance sheet. However, the deferred income 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 income 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 income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income 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 income 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 income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, to the extent that it is possible that future taxable profit

will be available against which the unused tax credits can be utilised.

(22) Share capital

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

(23) Revenue recognition

- A. The Company entered into a contract with a customer to grant a license of patents to the customer. Given the license is distinct from other promised goods or services in the contract, the Company recognises the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The customer pays a non-refundable upfront fee upon signing of the contract, and makes milestone payments once each milestone is achieved. Revenue is recognised based on the transaction price. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time.
- B. Some contracts require a sales-based royalty in exchange for a license of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.
- C. The Company collaborates with customers in conducting research and development of candidate drugs and performs analytical testing. Revenue is recognised when services are rendered and acknowledged by the customers.

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 book value of assets and liabilities within the next financial year. The information is addressed below:

Impairment assessment of investments accounted for using equity method

The Company assesses impairment of tangible assets based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets, the future possible income and expenses arising from the assets based on how assets are utilised and industrial characteristics. In addition, the Company takes into account the recoverable amount of tangible assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand	\$ 130	\$ 130
Checking accounts and demand deposits	107,047	247,924
Time deposits	470,000	1,240,000
	<u>\$ 577,177</u>	<u>\$ 1,488,054</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 fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current item:		
Unlisted stocks	\$ 27,181	\$ 27,181
Valuation adjustment	(19,726)	(18,164)
	<u>\$ 7,455</u>	<u>\$ 9,017</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$7,455 and \$9,017 as at December 31, 2025 and 2024, respectively.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 1,562)	(\$ 1,604)

C. As at December 31, 2025 and 2024, 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 fair value through other comprehensive income held by the Company was the book value at the end of the year.

(3) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits with original maturity period of more than three months	\$ -	\$ 790,000
Non-current items:		
Pledged time deposits	\$ 9,900	\$ 9,900

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

	2025	2024
Interest income	\$ 9,359	\$ 6,465

B. As of December 31, 2025 and 2024, 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 was the closing book value at the end of the year.

C. 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 deposits are financial institutions with high credit quality, so the Company expects that probability of counterparty default is remote.

D. Information about the financial assets measured at amortised cost that were pledged to others as collateral is provided in Note 8.

(4) Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax overpaid retained for offsetting the future tax payable	\$ 169,668	\$ 153,235
Others	8,235	7,765
	<u>\$ 177,903</u>	<u>\$ 161,000</u>

(5) Investments accounted for using equity method

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
At January 1	\$ 1,495,069	\$ 2,170,289
Addition of investments accounted for using equity method	51,133	41,840
Disposal of investments accounted for using equity method	(102,741)	(374,838)
Realised gain on intercompany transactions	41,322	41,400
Unrealised gain on intercompany transactions	-	(1,490)
Subsidiary's disposal of parent company's shares	26,533	-
Share of profit or loss of investments accounted for using equity method	(507,857)	(512,277)
Changes in ownership interest in associates accounted for using equity method	3,380	111,955
Changes in capital surplus	89,006	13,324
Changes in other equity items	(2,583)	4,866
At December 31	<u>\$ 1,093,262</u>	<u>\$ 1,495,069</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
AP Biosciences, Inc.	\$ 739,886	\$ 937,933
Amaran Biotechnology Inc. (Note)	180,766	276,359
Obigen Pharma, Inc.	44,880	173,923
OBI Pharma USA, Inc.	90,240	88,334
OBI Pharma Australia Pty Ltd.	37,490	18,520
	<u>\$ 1,093,262</u>	<u>\$ 1,495,069</u>

Note: Includes shares of the Company held and disposed by subsidiaries that are treated as treasury shares.

- A. Details of the subsidiaries of the Company are provided in Note 4(3) in the Company's 2025 consolidated financial statements.
- B. OBI Pharma Australia Pty Ltd. issued 2,500 and 2,000 thousand new shares in 2025 and 2024, respectively. The Company subscribed to all shares in proportion to its shareholding ratio in the amount of \$51,333 and \$41,840 respectively.
- C. OBI Pharma Limited has completed the liquidation in March 2024.

- D. On May 10, 2024, the Board of Directors of the Company resolved to terminate the exclusive licensing agreement in China (including Hong Kong and Macao) of OBI-833 (Globo H Adagloxad Simolenin) and OBI-999 (Globo H Antibody Drug Conjugate) entered into by the Company and Odeon Therapeutics (Hong Kong) Limited on February 22, 2022. Additionally, the Company signed a contract with Odeon Therapeutics (Hong Kong) Limited on the same day. The primary terms stated that any licenses and other rights granted by the Company to Odeon Therapeutics (Hong Kong) in the past will terminate and revert to the Company and the 6,000 thousand preferred shares of Odeon Therapeutics (Cayman) Limited (hereafter referred to as "Odeon") held by the Company shall be returned according to the agreement. Consequently, the Company lost its control over Odeon and its subsidiaries.
- E. Obigen Pharma, Inc.'s stock options were exercised in 2025. Additionally, on November 10, 2025, the Board of Directors of the Company resolved, upon Obigen Pharma, Inc.'s request, to dispose shares of Obigen Pharma, Inc. held by the Company to securities underwriters, strategic investors, and institutional investors for subscription. As a result, as of December 31, 2025, the Company's shareholding ratio decreased to 49.57%. The difference between the disposal proceeds and the carrying amount was recognised as capital surplus of \$99,683.
- F. Although the Company's shareholding in Obigen Pharma, Inc. is less than 50%, the Company holds majority voting rights in its shareholders' meetings and has decision-making rights over its financial, operational, and personnel matters. The Company therefore directs its relevant activities and has control over it.
- G. Realised and unrealised net sales through downstream transactions and unrealised gain on disposal of property, plant and equipment amounting to \$41,322 and \$39,825, \$0 and \$85 for the years ended December 31, 2025 and 2024, respectively, had been eliminated in accordance with the regulations. They had been accounted for as a deduction of "investments accounted for using equity method".
- H. The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	AP Biosciences, Inc.	
	December 31, 2025	December 31, 2024
Current assets	\$ 1,221,591	\$ 1,581,454
Non-current assets	2,053,579	2,422,547
Current liabilities	(40,798)	(36,536)
Non-current liabilities	(435,391)	(520,414)
Total net assets	<u>\$ 2,798,981</u>	<u>\$ 3,447,051</u>

	AP Biosciences, Inc.	
	December 31, 2025	December 31, 2024
Share in associate's net assets	\$ 759,191	\$ 941,831
Goodwill	14,695	14,695
Others	(34,000)	(18,593)
Book value of the associate	<u>\$ 739,886</u>	<u>\$ 937,933</u>

Statement of comprehensive income

	AP Biosciences, Inc.	
	Year ended	Year ended
	December 31, 2025	December 31, 2024
Revenue	\$ -	\$ -
Loss for the year from continuing operations	(\$ 739,708)	(\$ 733,863)
Other comprehensive income (loss), net of tax	2,078	(1,082)
Total comprehensive loss	(\$ 737,630)	(\$ 734,945)
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

- I. The fair value of the Company's material associate, AP Biosciences, Inc., with quoted market price as of December 31, 2025 and 2024 amounted to \$4,092,822 and \$1,150,700, respectively. The fair value of the Company's subsidiary, Obigen Pharma, Inc., with quoted market price as of December 31, 2025 amounted to \$2,038,438. Obigen Pharma, Inc. had no quoted market price as of December 31, 2024.
- J. AP Biosciences, Inc.'s stock options were exercised in 2025 and 2024, and it increased its capital by issuing 20,000 thousand new common stocks in June 2024. However, the Company did not acquire shares proportionally to its interest. Consequently, the Company's shareholding ratio decreased to 27.12% and 27.32% as of December 31, 2025 and 2024, respectively.
- K. The Company is the single major shareholder of AP Biosciences, Inc. Considering that the relevant power of the Company and related parties over AP Biosciences, Inc. does not enable the Company to direct relevant activities, the Company has no control but only has significant influence on the entity.

(6) Property, plant and equipment

	<u>Lab equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>	
<u>At January 1, 2025</u>					
Cost	\$ 284,270	\$ 21,334	\$ 105,214	\$ 410,818	
Accumulated depreciation	(252,481)	(15,980)	(7,010)	(275,471)	
	<u>\$ 31,789</u>	<u>\$ 5,354</u>	<u>\$ 98,204</u>	<u>\$ 135,347</u>	
<u>2025</u>					
At January 1	\$ 31,789	\$ 5,354	\$ 98,204	\$ 135,347	
Additions (Note 3)	23,476	-	1,994	25,470	
Reclassifications (Note 1)	1,954	-	-	1,954	
Depreciation	(15,814)	(2,093)	(16,599)	(34,506)	
At December 31	<u>\$ 41,405</u>	<u>\$ 3,261</u>	<u>\$ 83,599</u>	<u>\$ 128,265</u>	
<u>At December 31,</u>					
Cost	\$ 306,041	\$ 20,225	\$ 107,207	\$ 433,473	
Accumulated depreciation	(264,636)	(16,964)	(23,608)	(305,208)	
	<u>\$ 41,405</u>	<u>\$ 3,261</u>	<u>\$ 83,599</u>	<u>\$ 128,265</u>	
	<u>Lab equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<u>At January 1, 2024</u>					
Cost	\$ 266,008	\$ 18,605	\$ 18,885	\$ 48,459	\$ 351,957
Accumulated depreciation	(246,546)	(16,410)	(15,819)	-	(278,775)
	<u>\$ 19,462</u>	<u>\$ 2,195</u>	<u>\$ 3,066</u>	<u>\$ 48,459</u>	<u>\$ 73,182</u>
<u>2024</u>					
At January 1	\$ 19,462	\$ 2,195	\$ 3,066	\$ 48,459	\$ 73,182
Additions (Note 3)	23,675	5,571	51,139	-	80,385
Disposals	-	-	(577)	-	(577)
Reclassifications (Note 1)	190	-	52,135	(48,459)	3,866
Depreciation	(11,538)	(2,412)	(7,559)	-	(21,509)
At December 31	<u>\$ 31,789</u>	<u>\$ 5,354</u>	<u>\$ 98,204</u>	<u>\$ -</u>	<u>\$ 135,347</u>
<u>At December 31,</u>					
Cost	\$ 284,270	\$ 21,334	\$ 105,214	\$ -	\$ 410,818
Accumulated depreciation	(252,481)	(15,980)	(7,010)	-	(275,471)
	<u>\$ 31,789</u>	<u>\$ 5,354</u>	<u>\$ 98,204</u>	<u>\$ -</u>	<u>\$ 135,347</u>

Note 1: The reclassifications resulted from a transfer from prepayments for business facilities shown as "other non-current assets" to property, plant, and equipment.

Note 2: Information about the property, plant and equipment pledged as collateral is provided in Note 8.

Note 3: Refer to Note 6(25) for details.

Note 4: The Company's lab equipment, office equipment and leasehold improvements have been fully depreciated or sold, and then derecognised. Therefore, for the years ended December 31, 2025 and 2024, cost and accumulated depreciation of property, plant and equipment decreased by \$4,769, \$4,769, \$25,390 and \$24,813, respectively.

(7) Leasing arrangements - lessee

- A. The Company leases various assets including office space. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise offices. Low-value assets comprise photocopiers.
- C. The book value of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 180,375	\$ 215,727
Transportation equipment (Business vehicles)	781	591
	<u>\$ 181,156</u>	<u>\$ 216,318</u>
	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 35,540	\$ 35,461
Transportation equipment (Business vehicles)	334	355
	<u>\$ 35,874</u>	<u>\$ 35,816</u>

- D. For the years ended December 31, 2025 and 2024, the additions to 'right-of-use assets' were \$1,125 and \$0, respectively.
- E. For the year ended December 31, 2025, as the lease contract was early terminated, the Company recognised a decrease in right-of-use assets and lease liabilities in the amount of \$413 and \$331, respectively. Loss on lease modification amounting to \$82 was shown as other gains and losses. There was no such transaction for the year ended December 31, 2024.

F. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,799	\$ 5,545
Expense on short-term lease contracts	5,567	6,769
Expense on leases of low-value assets	366	311
Losses on lease modification	82	-

G. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$46,890 and \$41,158, of which \$36,158 and \$28,533 represents principal of lease liabilities, respectively.

(8) Intangible assets

	Patent		Software	Total
	OBI-3424 AKR1C3 enzyme prodrug	Trop2 monoclonal antibody		
<u>At January 1, 2025</u>				
Cost	\$ 90,693	\$ 41,648	\$ 4,953	\$ 137,294
Accumulated amortisation	(66,508)	(12,495)	(2,020)	(81,023)
	<u>\$ 24,185</u>	<u>\$ 29,153</u>	<u>\$ 2,933</u>	<u>\$ 56,271</u>
<u>2025</u>				
At January 1	\$ 24,185	\$ 29,153	\$ 2,933	\$ 56,271
Amortisation	(9,069)	(4,165)	(1,605)	(14,839)
At December 31	<u>\$ 15,116</u>	<u>\$ 24,988</u>	<u>\$ 1,328</u>	<u>\$ 41,432</u>
<u>At December 31, 2025</u>				
Cost	\$ 90,693	\$ 41,648	\$ 4,953	\$ 137,294
Accumulated amortisation	(75,577)	(16,660)	(3,625)	(95,862)
	<u>\$ 15,116</u>	<u>\$ 24,988</u>	<u>\$ 1,328</u>	<u>\$ 41,432</u>

	Patent				Total
	OBI-833 Next-generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Trop2 monoclonal antibody	Software	
<u>At January 1, 2024</u>					
Cost	\$ 1,500	\$ 90,693	\$ 41,648	\$ 11,193	\$ 145,034
Accumulated amortisation	(1,500)	(57,439)	(8,330)	(7,892)	(75,161)
	<u>\$ -</u>	<u>\$ 33,254</u>	<u>\$ 33,318</u>	<u>\$ 3,301</u>	<u>\$ 69,873</u>
<u>2024</u>					
At January 1	\$ -	\$ 33,254	\$ 33,318	\$ 3,301	\$ 69,873
Additions	-	-	-	1,767	1,767
Amortisation	-	(9,069)	(4,165)	(2,135)	(15,369)
At December 31	<u>\$ -</u>	<u>\$ 24,185</u>	<u>\$ 29,153</u>	<u>\$ 2,933</u>	<u>\$ 56,271</u>
<u>At December 31, 2024</u>					
Cost	\$ -	\$ 90,693	\$ 41,648	\$ 4,953	\$ 137,294
Accumulated amortisation	-	(66,508)	(12,495)	(2,020)	(81,023)
	<u>\$ -</u>	<u>\$ 24,185</u>	<u>\$ 29,153</u>	<u>\$ 2,933</u>	<u>\$ 56,271</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2025	2024
Administrative expenses	\$ 1,312	\$ 807
Research and development expenses	13,527	14,562
	<u>\$ 14,839</u>	<u>\$ 15,369</u>

- B. In 2010, the Company acquired patents named “next-generation cancer vaccine” (OBI-833) and “reagent for cancer screening” (OBI-868). The contract states that the Company must pay royalty fees based on the achieved milestones. In 2013, the Company paid royalty fees of \$1,500 separately for both projects. On May 12, 2025, the Company resolved to terminate the research and development project of the active immuno-oncology drug OBI-833, and in the third quarter of 2025, notified the Academia Sinica to terminate the licensing agreement in accordance with the termination clause.
- C. On May 31, 2017, the Company entered into an agreement with Threshold Pharmaceuticals, Inc. to acquire the global IP right (excluding Mainland China, Hong Kong, Macao, Taiwan, Japan, South Korea, Singapore, Malaysia, Thailand, Turkey and India) and patent regarding the innovative micromolecule drug TH-3424, which was then renamed OBI-3424.
- D. On December 8, 2021, the Company and Biosion, Inc. (hereafter referred to as “Biosion”) entered into an exclusive authorisation contract of humanised Trop2 monoclonal antibody (product No.BSI-04702). The authorisation includes global exclusive right, except for Mainland China, Hong Kong and Macao. Under the contract, the Company will pay signing bonus to Biosion, milestone payment based on the progress of the research and development, and royalties based on a certain percentage of sales amount after the product has been launched in the market.

As of December 31, 2025, the Company has not launched any products related to the aforementioned technology license. The maximum unpaid royalties for the subsequent trial phases as stipulated in the contract totaled USD 69,000 thousand.

E. The Company has no intangible assets pledged to others.

(9) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accrued clinical trials cost	\$ 33,082	\$ 63,970
Accrued consulting and service fee	26,439	26,865
Accrued clinical material expense	3,913	94,623
Wages and salaries payable	3,826	6,203
Outsourced research expense payable	3,754	27,229
Payable on equipment	-	5,003
Others	7,938	14,946
	<u>\$ 78,952</u>	<u>\$ 238,839</u>

(10) Provisions

	<u>Decommissioning liabilities</u>	<u>Others (Note)</u>	<u>Total</u>
January 1, 2025	\$ 6,008	\$ -	\$ 6,008
Additional provisions	129	159,555	159,684
Used	-	(113,567)	(113,567)
December 31, 2025	<u>\$ 6,137</u>	<u>\$ 45,988</u>	<u>\$ 52,125</u>

	<u>Decommissioning liabilities</u>	<u>Others (Note)</u>	<u>Total</u>
January 1, 2024	\$ 5,882	\$ -	\$ 5,882
Additional provisions	126	-	126
December 31, 2024	<u>\$ 6,008</u>	<u>\$ -</u>	<u>\$ 6,008</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	<u>\$ 45,988</u>	<u>\$ -</u>
Non-current	<u>\$ 6,137</u>	<u>\$ 6,008</u>

Note : The Company's Phase III clinical trial of its active cancer immunotherapy, OBI-822, for the triple negative breast cancer, received recommendation from the Data and Safety Monitoring Board (DSMB) in April 2025 regarding the second interim analysis, that the Company shall terminate the study. Following thorough internal evaluation, the Company has decided to follow the DSMB recommendation and to terminate the trial. Further, the Company will redirect its resources to focus on the development of next-generation Antibody-Drug Conjugates (ADCs). The Company's active cancer immunotherapy, OBI-833, was terminated upon the approval of the Board of Directors on May 12, 2025, due to rapidly tightened

competition in the pharmaceuticals market and unpredictability of clinical trials. Further, the Company will redirect its resources to focus on the development of next-generation Antibody-Drug Conjugates (ADCs). Based on the contracted research agreement with CROs (Contract research organizations) and historical trial-related cost data, the Company estimates the total costs associated with the termination of the trial to be \$159,555 and has recognised provisions in the second quarter of 2025.

(11) Pension

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. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$8,999 and \$9,963, respectively.

(12) Share-based payment

A. The options were granted to qualified employees of the Company and the subsidiaries which the Company holds over 50% equity interest by issuing new shares of the Company when exercised. The options are valid for 10 years. The major contents were as follows:

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note 1)	2014.02.21	1,744,000	1	After two years of service, employees can exercise options monthly at a certain percentage based on the schedule	-
”	2014.03.26	575,000	1	”	-
”	2015.05.06	2,861,000	1	”	-
”	2015.08.04	75,000	1	”	-
”	2015.11.06	353,000	1	”	-
”	2015.12.15	13,000	1	”	-
”	2016.03.25	1,377,000	1	”	0.23
”	2017.03.09	3,145,000	1	”	1.19
”	2017.05.12	20,000	1	”	1.36
”	2017.08.11	20,000	1	”	1.61
”	2017.11.10	130,000	1	”	1.86
”	2018.01.19	1,685,000	1	”	2.05
”	2019.11.08	385,000	1	”	3.85
”	2020.08.05	510,000	1	”	4.59
”	2021.11.05	3,859,000	1	”	5.85
”	2022.03.18	320,000	1	”	6.21
”	2022.05.06	143,000	1	”	6.35
”	2022.08.08	639,000	1	”	6.60
”	2023.08.07	725,000	1	”	7.60

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note 1)	2024.03.11	200,000	1	After two years of service, employees can exercise options monthly at a certain percentage based on the schedule	8.19
"	2024.05.10	50,000	1	"	8.36
"	2024.08.02	1,800,000	1	"	8.59
"	2025.03.10	175,000	1	"	9.19
"	2025.05.12	50,000	1	"	9.36
Cash capital increase reserved for employee preemption (Note 1)	2024.10.14	1,500,000	1	Vested immediately	-
Restricted stocks to employees (Note 2)	2022.10.25	160,000	1	After 2 years of service and achieving certain performance level, restricted stocks can be vested at a certain percentage (Note 3)	-

Note 1: The above share-based payment arrangements are equity-settled.

Note 2: The restricted shares issued by the Company cannot be sold, pledged, transferred, donated, collateralized, or disposed in any other method during the vesting period. However, the rights to distribution of dividends, bonuses and capital surplus, and subscription rights to cash capital increase are not restricted.

Note 3: The employee restricted shares granted to an executive can only be vested if (1) the executive remains employed by the Company on the last date of each vesting period; (2) during the vesting period, the executive may not breach any agreement with the Company or violate the Company's work rules; and (3) executive performance metrics set up by the Company are met (that is, a performance rating of at least "Exceed" or above for the year immediately preceding the expiration of each vesting period.).

The vesting conditions of granted employee restricted shares are as follows:

- a. 50% of restricted shares are vested to employees who remain employed by the Company two years from the grant date;
- b. 25% of restricted shares are vested to employees who remain employed by the Company three years from the grant date;
- c. 25% of restricted shares are vested to employees who remain employed by the

Company four years from the grant date.

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

(a) Employee stock option plan

	Years ended December 31,			
	2025		2024	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	10,945,287	\$ 286.10	10,610,595	\$ 339.10
Options granted	225,000	108.36	2,050,000	120.64
Options forfeited or expired	(3,214,635)	308.48	(1,715,308)	337.22
Options outstanding at end of the year	<u>7,955,652</u>	272.04	<u>10,945,287</u>	286.10
Options exercisable at end of the year	<u>5,895,434</u>		<u>7,341,885</u>	
Options authorised but not granted at end of the year	<u>-</u>		<u>225,000</u>	

(b) Restricted stocks to employees

	Years ended December 31,	
	2025	2024
	No. of shares	No. of shares
Stocks outstanding at January 1	80,000	160,000
Stocks vested	(60,000)	-
Stocks cancelled (Note)	(10,000)	(80,000)
Stocks outstanding at December 31	<u>10,000</u>	<u>80,000</u>

Note: In 2025, 10,000 shares were cancelled in proportion to the capital reduction ratio pursuant to the terms of restricted stock plan.

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

D. As of December 31, 2025 and 2024, the range of exercise prices of the Company's stock options outstanding were \$78.1~\$618.2 and \$117.4~\$1,019.4 (in dollars), respectively.

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 agreement	Grant date	Underlying market value on measurement date (in dollars)	Exercise price per share (in dollars) (Note 3)	Expected volatility (Note 1)	Expected option life	Expected dividend yield	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option plan	2014.02.21	231.4	191.1	47.62%	6.375 years	0%	1.34%	114.80
"	2014.03.26	215.0	201.0	46.54%	6.375 years	0%	1.38%	97.07
"	2015.05.06	334.0	252.9	44.46%	6.375 years	0%	1.33%	150.18
"	2015.08.04	283.0	219.6	43.90%	6.375 years	0%	1.21%	125.27
"	2015.11.06	422.0	310.4	44.11%	6.375 years	0%	1.01%	186.00
"	2015.12.15	727.0	509.7	45.44%	6.375 years	0%	0.99%	328.28
"	2016.03.25	420.0	618.2	47.70%	6.375 years	0%	0.72%	195.43
"	2017.03.09	326.0	615.4	50.01%	6.375 years	0%	1.11%	159.90
"	2017.05.12	261.0	492.8	49.51%	6.375 years	0%	0.96%	126.34
"	2017.08.11	191.0	360.6	48.61%	6.375 years	0%	0.82%	90.60
"	2017.11.10	169.0	319.0	48.44%	6.375 years	0%	0.81%	79.91
"	2018.01.19	170.5	322.0	48.61%	6.375 years	0%	0.88%	81.04
"	2019.09.06	144.0	275.4	45.65%	6.375 years	0%	0.62%	64.29
"	2019.11.08	131.0	250.6	45.03%	6.375 years	0%	0.65%	57.88
"	2020.08.05	120.0	229.6	45.37%	6.375 years	0%	0.37%	52.76
"	2021.11.05	108.0	206.8	45.03%	6.375 years	0%	0.45%	47.33
"	2022.03.18	110.0	210.6	44.11%	6.375 years	0%	0.79%	48.06
"	2022.05.06	118.5	232.4	43.61%	6.375 years	0%	1.17%	52.11
"	2022.08.08	79.0	155.0	43.15%	6.375 years	0%	1.10%	34.33
"	2023.08.07	84.6	166.0	42.23%	6.375 years	0%	1.11%	36.12
"	2024.03.11	63.8	125.2	40.73%	6.375 years	0%	1.20%	26.53
"	2024.05.10	61.7	121.0	39.92%	6.375 years	0%	1.56%	25.68
"	2024.08.02	59.9	117.4	39.60%	6.375 years	0%	1.49%	24.69
"	2025.03.10	58.5	117.0	39.28%	6.375 years	0%	1.66%	24.15
"	2025.05.12	39.1	78.1	40.30%	6.375 years	0%	1.66%	16.30
Cash capital increase reserved for employee preemption	2024.10.14	67.8	64.0	50.83%	0.060 years	0%	1.22%	5.55
Restricted stocks to employees	2022.10.25	66.0			Note 2			66.00

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within the appropriate period and the Company's historical transaction data since its shares traded on the Emerging Stock Market.

Note 2: The Company issued employee restricted shares with a par value of NT\$10 (in dollars) per share, the issuance price was NT\$0 (at no cost), and the fair value was measured at the closing price of the Company's shares at the grant date.

Note 3: The exercise price was adjusted in accordance with the employee stock option plan.

F. For the years ended December 31, 2025 and 2024, the Company recognised compensation cost of \$11,931 and \$26,131, respectively.

G. For the years ended December 31, 2025 and 2024, the Company recognised compensation cost

of \$2 and \$233, respectively, due to stock options issued by AP Biosciences, Inc. to the employees of the Company in prior years.

- H. On November 12, 2024, the Company adjusted the exercise prices of employee stock options issued between May 6, 2015, and August 2, 2024, in accordance with the employee stock option plan. The exercise price range was lowered from \$59.9 to \$575.3 to \$58.7 to \$509.7 (in dollars). This adjustment was made due to the issuance of new shares by the Company, and it did not result in any incremental fair value of the stock options.
- I. The Company conducted a capital reduction to cover accumulated deficit in 2025, and therefore adjusted the exercise price in accordance with the employee stock option plan.

(13) Share capital

- A. As of December 31, 2025, the Company's authorised capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 40 million shares reserved for employee stock options), and the outstanding capital was \$1,315,797 with a par value of \$10 (in dollars) per share.

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

	(Unit: shares in thousands)	
	2025	2024
At January 1	262,968	229,248
Subsidiary's disposal of parent company shares	191	-
Capital reduction to cover accumulated deficits (131,579)	-
Cash capital increase	-	33,800
Cancellation of employee restricted stock	-	(80)
At December 31	131,580	262,968

- B. The Board of Directors during its meeting on August 8, 2022 adopted a resolution to issue employee restricted ordinary shares with the effective date set on October 25, 2022. The number of shares issued is 160 thousand shares with a par value of NT\$10 (in dollars) per share. On December 10, 2024, the Board of Directors resolved to cancel 80 thousand shares, with the record date of reduction set on December 10, 2024.
- C. The Company conducted a cash capital increase by issuing 33,800 thousand new shares with a par value of \$10 (in dollars) per share. The capital increase record date was set on November 12, 2024.
- D. On September 1, 2025, the Company's Board of Directors resolved to cover accumulated deficit through a capital reduction, decreasing capital by \$1,315,797 and cancelling 131,579 thousand issued common shares, with a capital reduction ratio of 50%. This capital reduction plan was resolved at the extraordinary shareholders' meeting on October 20, 2025, with the capital reduction record date set as November 24, 2025.

E. Treasury stock:

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

Reason for reacquisition	Year ended December 31, 2025				Book value
	Beginning shares	Additions	Disposal	Ending shares	
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., treated as treasury shares (Note 1)	191 thousand shares	-	191 thousand shares	-	\$ -

Reason for reacquisition	Year ended December 31, 2024				Book value
	Beginning shares	Additions	Disposal	Ending shares	
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., treated as treasury shares (Note 1)	191 thousand shares	-	-	191 thousand shares	\$26,533

Note 1: Shares of the parent company held by subsidiaries are treated as treasury shares but are entitled to the shareholders' rights. The number of shares was calculated by multiplying the number of shares of the Company held by the subsidiaries by the Company's shareholding ratio to subsidiaries.

Note 2: Shares of the parent company held by the subsidiary, Amaran Biotechnology Inc. were sold in 2025, reducing the carrying amount of treasury stock to \$0.

- (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.

(14) Capital surplus

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

	2025			
	Share premium	Employee stock options	Restricted stocks	Others
At January 1	\$ 6,896,039	\$ 731,257	\$ 4,480	\$ 1,468,965
Employee stock options compensation cost	-	11,243	-	2,129
Vesting of restricted employee stocks	2,569	-	(2,569)	-
Subsidiary employee exercises stock options	-	-	-	267
Expiration of employee stock options	-	(214,672)	-	223,211
Changes in associates accounted for using equity method	-	-	-	3,380
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	99,683
Treasury stock transactions	-	-	-	(21,612)
At December 31	<u>\$ 6,898,608</u>	<u>\$ 527,828</u>	<u>\$ 1,911</u>	<u>\$ 1,776,023</u>
	2024			
	Share premium	Employee stock options	Restricted stocks	Others
At January 1	\$ 5,065,714	\$ 834,682	\$ 8,960	\$ 1,218,394
Cash capital increase	1,825,200	-	-	-
Cancellation of restricted employee stocks	-	-	(4,480)	-
Employee stock options compensation cost	5,125	22,272	-	9,238
Expiration of employee stock options	-	(125,697)	-	129,378
Changes in associates accounted for using equity method	-	-	-	111,955
At December 31	<u>\$ 6,896,039</u>	<u>\$ 731,257</u>	<u>\$ 4,480</u>	<u>\$ 1,468,965</u>

(15) Retained earnings

A. 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. Cash dividends shall first be appropriated, and the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company is facing a capital intensive industrial environment, with the life cycle of the

industry in the growth phase. The residual dividend policy is adopted taking into consideration the Company's operating expansion plans and investment demands. According to the balanced dividend policy adopted by the Board of Directors, stock dividends and cash dividends will be allocated in consideration of the actual net income and funds status and are subject to the approval by the Board of Directors and resolution by shareholders and cash dividends shall account for at least 10% of the total dividends distributed.

- C. Except for covering accumulated deficit, increasing capital or payment of cash, the legal reserve shall not be used for any other purpose. The amount capitalised or the cash payment shall not exceed 25% of the paid-in capital.
- D. As resolved by the shareholders on June 27, 2025, the Company's proposal for 2024 deficit is as follows:

	Year ended December 31, 2024
Accumulated deficit at beginning of the year	(\$ 5,569,013)
Net loss for 2024	(2,310,026)
Accumulated deficit at end of the year	(\$ 7,879,039)

- E. As resolved by the Board of Directors on March 9, 2026, the Company's proposal for 2025 deficit compensation is as follows:

	Year ended December 31, 2025
Accumulated deficit at beginning of the year	(\$ 7,879,039)
Capital reduction to cover accumulated deficit	1,315,797
Net loss for 2025	(2,052,823)
Accumulated deficit at end of the year	(\$ 8,616,065)

As of March 9, 2026, the aforementioned proposal for 2025 deficit compensation has not yet been resolved by the shareholders. Details are provided in Note 6 (13)C.

(16) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	\$ 8,568	\$ 3,373

The Company recognises revenue from licensing and related development services, and sales royalties. Related information is as follows:

<u>Year ended December 31, 2025</u>	<u>Patent technology licensing</u>
Revenue from external customer contracts	
Contract revenue	\$ <u>8,568</u>
<u>Year ended December 31, 2024</u>	<u>Patent technology licensing</u>
Revenue from external customer contracts	
Contract revenue	\$ <u>3,373</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:			
Contract liabilities - unearned sales revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>368,460</u>

For the years ended December 31, 2025 and 2024, the Company did not recognise revenues from the beginning balance of contract liabilities.

The termination of an exclusive licensing agreement in 2024 resulted in a reversal on contract liabilities recognised in prior years. Please refer to Note 6(4)d. for details.

(17) Interest income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 10,327	\$ 21,058
Interest income from financial assets measured at amortised cost	9,359	6,465
	\$ <u>19,686</u>	\$ <u>27,523</u>

(18) Other income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rent income	\$ 350	\$ 564
Other income, others (Note)	51,500	16,649
	\$ <u>51,850</u>	\$ <u>17,213</u>

Note: Due to the termination of the research and development projects, the Company settled accounts with the contracted research organization (CRO) and have its project funds returned.

(19) Other gains and losses

	Years ended December 31,	
	2025	2024
Gain on disposal of intangible assets (Note)	\$ 45,000	\$ -
Net currency exchange gains	4,847	25,177
Gains on disposals of investments	-	397
Gains on disposal of property, plant and equipment	260	43,805
Lease modification loss	(82)	-
Others	(22)	(1,397)
	<u>\$ 50,003</u>	<u>\$ 67,982</u>

Note: The Company sold the patent rights of CRM197 diphtheria toxin (carrier protein of OBI-833).

(20) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense		
Interest expense on lease liabilities	\$ 4,799	\$ 5,545
Interest expense on decommissioning provision	129	259
	<u>\$ 4,928</u>	<u>\$ 5,804</u>

(21) Expenses by nature

	Years ended December 31,	
	2025	2024
Clinical trials cost	\$ 572,035	\$ 562,761
Consulting and service fees	363,465	322,637
Clinical material expenses	259,656	400,863
Employee benefit expenses	243,740	266,429
Outsourced research expense	113,460	130,807
Depreciation	70,380	57,325
Amortisation	14,839	15,369
Rental expenses	5,933	7,080
Royalty fee	-	94,260
Other expenses	67,897	82,275
Operating expenses	<u>\$ 1,711,405</u>	<u>\$ 1,939,806</u>

(22) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 192,836	\$ 196,728
Share-based payment expense	11,933	26,364
Labor and health insurance fees	14,684	15,859
Pension costs	8,999	9,963
Directors' remuneration	4,725	4,755
Other personnel expenses	10,563	12,760
	<u>\$ 243,740</u>	<u>\$ 266,429</u>

- A. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation (of which 10% is reserved for its non-executive employees) and shall not be higher than 2% for directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the abovementioned employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The term shall be defined by the Board of Directors.
- B. As of December 31, 2025 and 2024, the Company had an accumulated deficit; thus, no employees' compensation and directors' remuneration was recognised nor distributed for the years ended December 31, 2025 and 2024.
- C. As of December 31, 2024, the Company had an accumulated deficit; thus, no employees' compensation and directors' remuneration were distributed, which were in agreement with the amount recognised in the 2024 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. The reconciliation between accounting income and income tax expense:

	Years ended December 31,	
	2025	2024
Tax calculated based on loss before tax and statutory tax rate	(\$ 410,552)	(\$ 460,394)
Tax effects of items required to be added by tax regulation	42,935	24,711
Tax effects of items disallowed by tax regulation	120	100
Tax effects of items required to be separately computed by tax regulation	-	(8,055)
House and land transactions income tax	-	8,055
Tax effects of unrecognised deferred tax assets	367,497	443,638
Prior year income tax underestimation	62	-
Income tax expense	<u>\$ 62</u>	<u>\$ 8,055</u>

For the years ended December 31, 2025 and 2024, the current income tax and deferred income tax were \$62 and \$8,055, respectively. For the years ended December 31, 2025 and 2024, there was no deferred income tax incurred.

B. Details of the amount the Company is entitled as investment tax credits and unrecognised deferred tax assets under the Act for the Development of Biotech and Pharmaceutical Industry are as follows:

December 31, 2025		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	<u>\$ 1,469,112</u>	<u>\$ 1,469,112</u>

December 31, 2024		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	<u>\$ 1,335,697</u>	<u>\$ 1,335,697</u>

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

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 943,536	\$ 943,536	\$ 943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,186,227	1,186,227	1,186,227	2029
2020	1,106,846	1,106,846	1,106,846	2030
2021	194,682	194,682	194,682	2031
2022	1,286,041	1,286,041	1,286,041	2032
2023	1,318,044	1,318,044	1,318,044	2033
2024	1,834,659	1,834,659	1,834,659	2034
2025	1,330,547	1,330,547	1,330,547	2035
December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 981,510	\$ 981,510	\$ 981,510	2025
2016	943,536	943,536	943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,186,227	1,186,227	1,186,227	2029
2020	1,106,846	1,106,846	1,106,846	2030
2021	194,682	194,682	194,682	2031
2022	1,286,041	1,286,041	1,286,041	2032
2023	1,318,044	1,318,044	1,318,044	2033
2024	1,834,659	1,834,659	1,834,659	2034

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

(24) Loss per share

	<u>Year ended December 31, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted-average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss for the year	(\$ 2,052,823)	131,479	(\$ 15.61)

	<u>Year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted-average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss for the year	(\$ 2,310,026)	116,807	(\$ 19.78)

Note 1: The potential ordinary shares have anti-dilutive effect due to net loss for the years ended December 31, 2025 and 2024, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

Note 2: The Company conducted a capital reduction to cover accumulated deficit in 2025; therefore, the weighted average number of outstanding shares was retrospectively adjusted.

(25) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment	\$ 25,470	\$ 80,385
Add: Opening balance of payable	5,003	2,507
Less: Ending balance of payable	-	(5,003)
	<u>\$ 30,473</u>	<u>\$ 77,889</u>

(26) Changes in liabilities from financing activities

	<u>Lease liabilities</u>		<u>Liabilities from financing activities - gross</u>
At January 1, 2025	\$	241,435	\$ 241,435
Changes in cash flow from financing activities	(36,158)	(36,158)
Others		794	794
At December 31, 2025	<u>\$</u>	<u>206,071</u>	<u>\$ 206,071</u>

	<u>Lease liabilities</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2024	\$ 273,328	\$ 21,000	\$ 294,328
Changes in cash flow from financing activities	(28,533)	(21,000)	(49,533)
Others	(3,360)	-	(3,360)
At December 31, 2024	<u>\$ 241,435</u>	<u>\$ -</u>	<u>\$ 241,435</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
OBI Pharma USA, Inc.	Subsidiary
OBI Pharma Australia Pty Ltd.	Subsidiary
Amaran Biotechnology Inc.	Subsidiary
Obigen Pharma, Inc.	Subsidiary
AP Biosciences, Inc.	Investee accounted for using equity method

(2) Significant related party transactions

A. Operating revenue:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Sales of services:		
Investee accounted for using equity method		
-AP Biosciences, Inc.	<u>\$ 808</u>	<u>\$ -</u>

AP Biosciences, Inc. commissioned the Company to execute a research and development project. The price and payment terms were based on mutual agreement..

B. Non-operating income

	Years ended December 31,	
	2025	2024
Other income:		
Subsidiary		
-Obigen Pharma, Inc.	\$ 6,342	\$ 357
Investee accounted for using equity method		
-AP Biosciences, Inc.	11	34
	<u>6,353</u>	<u>391</u>
Rental income:		
Subsidiary		
-Obigen Pharma, Inc.	-	214
	<u>\$ 6,353</u>	<u>\$ 605</u>

- (a) The Company provided management consulting, maintenance service of information system and leased office to Obigen Pharma, Inc. The price and payment terms were based on mutual agreement.
- (b) The Company offered AP Biosciences, Inc. to use as trial equipment. The price and payment terms were based on mutual agreement.

C. Research and development expenses

	Years ended December 31,	
	2025	2024
Subsidiaries		
-OBI Pharma USA, Inc.	\$ 301,024	\$ 255,094
-Amaran Biotechnology Inc.	19,216	26,597
Investee accounted for using equity method		
-AP Biosciences, Inc.	84	178
	<u>\$ 320,324</u>	<u>\$ 281,869</u>

- (a) The Company commissioned OBI Pharma USA, Inc. to render services of clinical trials and research and development for cancer. The price of services rendered was based on mutual agreement.
- (b) The Company signed the drugs purchase agreement for clinical trial of OBI-821, OBI-822, and OBI-833 with Amaran Biotechnology Inc. The Company also commissioned Amaran Biotechnology Inc. to carry out equipment calibration and analysis service. The price and payment terms were based on mutual agreement.
- (c) The Company used testing instruments of AP Biosciences, Inc., and the prices and payment terms were based on mutual agreement.

D. Administrative expenses

	Years ended December 31,	
	2025	2024
Subsidiaries		
-Obigen Pharma, Inc.	\$ 428	\$ 480

Administrative expenses mainly refer to building administrative expenses and utilities expenses.

E. Other receivables

	December 31, 2025	December 31, 2024
Subsidiaries		
-Amaran Biotechnology Inc.	\$ 30,015	\$ -
-Obigen Pharma, Inc.	3,346	64
	\$ 33,361	\$ 64

(a) Amaran Biotechnology Inc. borrowed funds from the Company for the period from December 19, 2025, to December 18, 2026, with interest charged at 2.31% annually. Interest income generated in 2025 (shown as 'other income') amounted to \$15.

(b) The Company provides management consulting services to Obigen Pharma, Inc..The prices and payment terms were based on mutual agreement.

F. Acquisition of investments accounted for under equity method

		Year ended December 31, 2025		
		No. of shares		
Accounts		(shares in thousands)	Objects	Consideration
Subsidiaries				
-OBI Pharma Australia Pty Ltd	Investments accounted for using equity method	2,500	Shares	\$ 51,133
		Year ended December 31, 2024		
		No. of shares		
Accounts		(shares in thousands)	Objects	Consideration
Subsidiaries				
-OBI Pharma Australia Pty Ltd	Investments accounted for using equity method	20,000	Shares	\$ 41,840

G. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries		
-OBI Pharma USA, Inc.	\$ 81,843	\$ 77,195
-Amaran Biotechnology Inc.	-	2,488
-Obigen Pharma, Inc.	984	979
	<u>\$ 82,827</u>	<u>\$ 80,662</u>

Other payables arise from research and development expenditures.

H. Lease transactions (lessee)

For the years ended December 31, 2025 and 2024, the Company paid Obigen Pharma, Inc. space planning fees in the amount of \$3,309 and \$3,034, respectively. The fees are paid on a monthly basis according to the mutual agreement. The term of the contract is one year, and a deposit of \$552 is paid according to the contract.

- I. In December 2023, the Company entered into an exclusive licensing agreement with Obigen Pharma, Inc. providing the exclusive global intellectual property rights with respect to the therapeutic medicine for OBI-858. The Company will not only receive an upfront payment but also future profit sharing from all therapeutic indications. The Company received \$1,490 from the aforementioned licensing agreement in 2024, and no profit sharing was generated in 2025 and 2024.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 47,466	\$ 49,428
Share-based payments	6,257	8,716
	<u>\$ 53,723</u>	<u>\$ 58,144</u>

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, 2025</u>	<u>December 31, 2024</u>	
Financial assets at amortised cost - non-current	\$ 9,900	\$ 9,900	Duty paid after customer release
Other non-current assets (refundable deposits)	10,696	10,676	Deposits for clinical trial agreement and rental deposit, etc.
	<u>\$ 20,596</u>	<u>\$ 20,576</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Aside from the commitments described in Note 6(8) Intangible assets, others are as follows:

- (1) The Company purchased patent named “OBI-822” (formerly named “OPT-822”), therapeutically metastatic breast cancer vaccines on December 29, 2003. The amount of payment was determined based on whether the milestones in the agreement are achieved or not. As of December 31, 2025, the remaining unpaid amount was US\$9 million. The Company decided to terminate the Phase III clinical trial of OBI-822 for triple-negative breast cancer in April 2025. Given that the payment under the contract is conditional upon achievement of certain milestones, the Company management is of the opinion that the Company has no obligation to settle the aforementioned unpaid amount in the short term. Refer to Note 6(10) for details.
- (2) Pursuant to the government grants for OBI-822, therapeutically metastatic breast cancer vaccines, in Phase II/III obtained by the Company from Department of Industrial Technology of Ministry of Economic Affairs R.O.C. (MOEA) on December 25, 2012, if OBI-822 will be successfully licensed to others, the Company promises to contribute 5% of the signing bonus and achieved milestones as feedback fund and the maximum amount for feedback fund is \$150,256. The Company decided to terminate the Phase III clinical trial of OBI-822 for triple-negative breast cancer in April 2025. Given that the payment under the contract is conditional upon achievement of certain milestones, the Company management is of the opinion that the Company has no obligation to settle the aforementioned unpaid amount in the short term. Refer to Note 6(10) for details.
- (3) On July 3, 2023, the Company entered into “Nectin-4 Human Antibody” licensing agreement with Ablexis, LLC. The amount of payment was determined based on whether the milestones in the agreement are achieved or not. As of December 31, 2025, the remaining unpaid amount was US\$8,570 thousand.
- (4) To conduct clinical trials of new drugs research, the Company entered into outsourcing research agreements with a variety of CRO (Contract research organization). Service fees and other miscellaneous expenses are calculated based on the number of patients accepted in the clinical trials, and becomes billable pursuant to the progress of the clinical trials. The agreements can be terminated at any time.
- (5) The Company had a dispute with Biosion, Inc. regarding the rights to the research, development, and commercialization of Trop2 ADC, and filed for rapid arbitration in Delaware, USA, in 2025 in accordance with the contract provisions. The Company assessed that there is no significant adverse impact on its business and financial condition.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(15) for details on the proposal for 2025 deficit compensation.

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 through maintaining an optimal capital structure to reduce the cost of capital, and to provide returns for shareholders after the Company turns around from loss to profit. In order to maintain or adjust the capital structure, the Company may increase capital by cash and sell assets to pay off or improve operating capital, adjust the amount of dividends paid to shareholders or capital reduction, etc. The Company monitors capital on the basis of the Debt/Equity ratio. The ratio is calculated by the "Net debt" divided by the "Total equity". The "Net debt" is the "Total liability" less cash and cash equivalents, and the "Total equity" is the same as the consolidated balance sheet.

During 2025, the Company's strategy, which was unchanged from 2024, was to maintain the gearing ratio within reasonable security range. The ratios are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liability	\$ 421,386	\$ 576,965
Less: Cash and cash equivalents	(577,177)	(1,488,054)
Net debt (Note)	(\$ 155,791)	(\$ 911,089)
Total equity	<u>\$ 1,888,556</u>	<u>\$ 3,814,674</u>

Note: The Company placed the capital that are not expected to be used in the short term in time deposits with maturity over three months with domestic financial institutions. The Company's cash and cash equivalents and time deposits with maturity over three months as of December 31, 2025 and 2024 amounted to \$577,177 and \$2,278,054, respectively which was sufficient to cover the Company's liabilities.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	<u>\$ 7,455</u>	<u>\$ 9,017</u>
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	\$ 577,177	\$ 1,488,054
Financial assets at amortised cost	9,900	799,900
Accounts receivable	1,703	1,913
Other receivables (including related parties)	80,993	16,120
Refundable deposits (shown as 'other non-current assets')	<u>10,696</u>	<u>10,676</u>
	<u>\$ 680,469</u>	<u>\$ 2,316,663</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other payables (including related parties)	\$ 161,779	\$ 319,501
	<u>\$ 161,779</u>	<u>\$ 319,501</u>
Lease liabilities	<u>\$ 206,071</u>	<u>\$ 241,435</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 price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the 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

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and AUD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- 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, 2025						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 282	31.430	\$ 8,863	1%	\$ 89	\$ -
AUD:NTD	1,069	21.010	22,460	1%	225	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	2,871	31.430	90,240	-	-	-
AUD:NTD	1,784	21.010	37,490	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	4,351	31.430	136,752	1%	1,368	-
December 31, 2024						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 87	32.785	\$ 2,852	1%	\$ 29	\$ -
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	2,694	32.785	88,334	-	-	-
AUD:NTD	908	20.390	18,520	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	6,464	32.785	211,922	1%	2,119	-
EUR:NTD	147	34.140	5,019	1%	50	-

- v. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024 amounted to \$4,847 and \$25,177, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Company.

- ii. The prices of the Company's investments in equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant. Other components of equity for the years ended December 31, 2025 and 2024 would have increased / decreased by \$75 and \$90, respectively, as a result of other comprehensive income on equity investment classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings were calculated by floating rate and stated at New Taiwan Dollars for the years ended December 31, 2025 and 2024.
- ii. At December 31, 2025 and 2024, if interest rates had been 1% higher or lower with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have been \$0 and \$46 lower or higher, respectively, mainly as a result of changes in interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions the Company only independently rated parties with stable credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Under IFRS 9, 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 assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

- v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. 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 reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. When estimating the allowance for uncollectible accounts receivable, the Company incorporates forward-looking information in the adjustment of the loss rate, which is calculated based on historical data from specific periods and current information. As of December 31, 2025 and 2024, the expected loss rate of the Company's accounts receivable that are not past due is immaterial.
- viii. For investments in debt instruments at amortised cost, the credit rating levels are presented below.

		December 31, 2025			
		Lifetime			
		12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost Domestic Bank		\$ 9,900	\$ -	\$ -	\$ 9,900
		December 31, 2024			
		Lifetime			
		12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost Domestic Bank		\$ 799,900	\$ -	\$ -	\$ 799,900

The debt instruments at amortised cost held by the Company are investment in certificates of deposit and the credit risk is well-managed without issues noted.

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury to monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and R&D needs. Such forecasting is in compliance with internal R&D project schedule

targets.

- ii. Company treasury invests surplus cash in interest bearing current deposits, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. 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.

	December 31, 2025				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	\$ 161,779	\$ -	\$ -	\$ -	\$ -
Lease liabilities (including current portion)	40,862	42,130	42,627	88,489	3,717

	December 31, 2024				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	\$ 319,501	\$ -	\$ -	\$ -	\$ -
Lease liabilities (including current portion)	40,809	40,687	41,792	86,354	48,317

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in financial assets at fair value through other comprehensive income is included in Level 3.

B. The book value of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables (including those from related parties), other financial asset (guarantee deposits paid) and other payables (including those to related parties) is a reasonable approximation to their fair value; the interest rate on long-term borrowings (including the portion due within a year or one operating cycle) is close to the market interest rate, therefore their book value is a reasonable basis for the estimation of their fair value.

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

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 7,455	\$ 7,455
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 9,017	\$ 9,017

D. Financial 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.

E. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 7,455</u>	Market comparable companies	Price to book ratio multiple	0.91~5.22 (1.50)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	16.89%~ 32.35% (22.36%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 9,017</u>	Market comparable companies	Price to book ratio multiple	0.99~3.95 (1.62)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	10.69%~ 33.60% (21.32%)	The higher the discount for lack of marketability, the lower the fair value

F. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2025				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741</u>	<u>(\$ 741)</u>
	Discount for lack of marketability	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>(\$ 214)</u>

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 901	(\$ 901)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 245	(\$ 245)

G. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	Equity securities	
	Years ended December 31,	
	2025	2024
Opening net book amount	\$ 9,017	\$ 10,621
Loss recognised in other comprehensive income	(1,562)	(1,604)
Closing net book amount	\$ 7,455	\$ 9,017

H. As of December 31, 2025 and 2024, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and oint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting period: Refer to table 2.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: None

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

Pursuant to Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, segment information is not required in the parent company only financial statements.

OBI PHARMA, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 130
Checking accounts		1,316
Demand deposits - NTD		76,104
- Foreign currencies	USD 228 thousand, exchange rate 31.43	7,169
- Foreign currencies	AUD 1,069 thousand, exchange rate 21.01	22,458
Time deposits - NTD	Interest rate 1.50% - 1.63%, mature between January - February 2026	470,000
		<u>\$ 577,177</u>

OBI PHARMA, INC.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(4) for details.

OBI PHARMA, INC.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Addition		Decrease		Cumulative Translation Adjustment	Investment Income (Loss)	Change in Other Equity Interest	Ending Balance			Market Value or Net Assets Value	Collateral
	Shares (in shares)	Amount	Shares (in shares)	Amount	Shares (in shares)	Amount				Shares (in shares)	Percentage of Ownership	Amount		
AP Biosciences, Inc. (Note 1)	23,223,000	\$ 937,933	-	\$ -	-	\$ -	\$ 565	(\$ 201,992)	\$ 3,380	23,223,000	27.12%	\$ 739,886	\$ 4,092,822	None
Amaran Biotechnology Inc.	64,915,252	276,359	-	-	-	-	-	(109,320)	13,727	64,915,252	70.68%	180,766	180,766	"
Obigen Pharma, Inc. (Note 2)	55,062,500	173,923	-	41,322	(2,061,000)	(102,741)	-	(167,372)	99,748	53,001,500	49.57%	44,880	2,038,438	"
OBI Pharma USA, Inc.	2,701,000	88,334	-	-	-	-	(3,606)	3,448	2,064	2,701,000	100.00%	90,240	90,240	"
OBI Pharma Australia Pty Ltd. (Note 3)	14,500,000	18,520	2,500,000	51,133	-	-	458	(32,621)	-	17,000,000	100.00%	37,490	37,490	"
		<u>\$ 1,495,069</u>		<u>\$ 92,455</u>		<u>(\$ 102,741)</u>	<u>(\$ 2,583)</u>	<u>(\$ 507,857)</u>	<u>\$ 118,919</u>			<u>\$ 1,093,262</u>	<u>\$ 6,439,756</u>	

Note 1: Changes in other equity interest included changes in ownership interests in associates in the amount of \$3,380, arising from investees' employees exercising options.

Note 2: Additions included realised gain on sales and unrealised gain on sales of \$41,322.

Decreases were due to Obigen Pharma, Inc.'s employees exercising stock options and the Company's disposal of subsidiary's shares. Other equity changes for the period primarily due to capital surplus arising from the disposal of subsidiary's shares.

Note 3: Additions included the participating in the cash capital increase of the investee company.

OBI PHARMA, INC.
STATEMENT OF CHANGES IN PROPERTY, PLANT, AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(6) for details.

OBI PHARMA, INC.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
<u>Cost</u>					
Buildings and structures	\$ 274,829	\$ 188	\$ -	\$ 275,017	
Transportation equipment	<u>1,064</u>	<u>937</u>	<u>(1,064)</u>	<u>937</u>	
	<u>275,893</u>	<u>1,125</u>	<u>(1,064)</u>	<u>275,954</u>	
<u>Accumulated depreciation</u>					
Buildings and structures	(59,102)	(35,540)	-	(94,642)	
Transportation equipment	<u>(473)</u>	<u>(334)</u>	<u>651</u>	<u>(156)</u>	
	<u>(59,575)</u>	<u>(\$ 35,874)</u>	<u>\$ 651</u>	<u>(94,798)</u>	
	<u>\$ 216,318</u>			<u>\$ 181,156</u>	

OBI PHARMA, INC.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Lease Terms	Discount rate	Amount	Note
Buildings and structures	Office equipment /Laboratory	2023.5.9~2031.2.8	2.13%	\$ 205,287	
Transportation equipment	Business vehicles	2025.6.30~2028.6.29	2.13%	784	
				<u>\$ 206,071</u>	

OBI PHARMA, INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Administrative Expense</u>	<u>Research and Development Expense</u>	<u>Note</u>
Wages and salaries and directors' remuneration	\$ 64,165	\$ 145,329	
Clinical trials cost	-	572,035	
Consulting and service fees	16,800	346,665	
Clinical material expenses	-	259,656	
Outsourced research expense	-	113,460	
Insurance expenses	7,705	10,738	Balance of individual
Depreciation	18,141	52,239	accounts has not exceeded
Other expenses	29,759	74,713	5% of total account balance
	<u>\$ 136,570</u>	<u>\$ 1,574,835</u>	

OBI PHARMA, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Nature	Function	Years ended December 31,							
		2025			2024				
		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total		
Employee benefit expense									
Wages and salaries	\$	-	\$ 204,769	\$ 204,769	\$	-	\$ 223,092	\$ 223,092	\$ 223,092
Labour and health insurance fees		-	14,684	14,684		-	15,859	15,859	15,859
Pension costs		-	8,999	8,999		-	9,963	9,963	9,963
Directors' remuneration		-	4,725	4,725		-	4,755	4,755	4,755
Other personnel expenses		-	10,563	10,563		-	12,760	12,760	12,760
		\$	-	\$ 243,740	\$ 243,740	\$	-	\$ 266,429	\$ 266,429
Depreciation		\$	-	\$ 70,380	\$ 70,380	\$	-	\$ 57,325	\$ 57,325
Amortisation		\$	-	\$ 14,839	\$ 14,839	\$	-	\$ 15,369	\$ 15,369

Note:

A. As at December 31, 2025 and 2024, the Company had 143 and 157 employees, including 6 and 6 non-employee directors, respectively.

B. As at December 31, 2025 and 2024, the amounts of employee stock options expensed as employee salaries were \$11,933 and \$26,364, respectively.

C. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was \$1,745 ((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 \$1,733 ((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)).

(b) Average employees salaries in current year was \$1,495 (Total employee salaries in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries in previous year was \$1,477 (Total employee salaries in previous year / (Number of employees in previous year – Number of non-employee directors in previous year)).

Average employees salaries, excluding the expenses from employee stock options, in current year, was \$1,408 (Total employee salaries in current year – Total employee stock options expenses in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries, excluding the expenses from employee stock options, in previous year was \$1,303 (Total employee salaries in previous year - Total employee stock options expenses in previous year / (Number of employees in previous year – Number of non-employee directors in previous year)).

OBI PHARMA, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

- (c) Adjustments of average employees salaries was 1.22% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).
Adjustments of average employees salaries, excluding the expenses from employee stock options, was 8.06% ((Average employee salaries, excluding employee stock options expenses, in current year- Average employee salaries, excluding employee stock options expenses, in previous year)/ Average employee salaries, excluding employee stock options expenses, in previous year).
- (d) The Company had no supervisors' remuneration for both current and previous years.
- (e) The Company has set up the audit committee and therefore it has no supervisors' remuneration.
- (f) The Company's remuneration policy (including directors, managers and employees) is as follows:
- (1) Directors:
- i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed not higher than 2% for directors' remuneration.
 - ii. The remuneration to directors is determined by the Remuneration Committee based on the extent of their participation and value of contribution to the Company by reference to the general pay levels in the same industry, and the reports thereof are submitted to the Board of Directors for resolution. The Company may set different remuneration for the independent directors and general directors.
- (2) Managers and employees
- i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed at no lower than 2% for employees' compensation.
 - ii. The Company's annual salary adjustment levels are determined based on a comprehensive consideration of the Company's operational performance and profitability by reference to the salary adjustment levels in the same industry. The Company also differentiates rewards by offering different levels of salary adjustments based on managers'/employees' performance assessment. In addition, the Company sets up employee compensation and stock options regulations and rules, which establish a clear compensation, reward and punishment standards, to share the Company's operational performance and growth with employees.

OBI Pharma, Inc.
Loans to others
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Is a related party	General ledger account	Maximum outstanding	Balance at		Interest rate	Nature of loan (Note 2)	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
					balance during the year ended December 31, 2025	December 31, 2025	Actual amount drawn down						Item	Value			
1	OBI Pharma, Inc.	Amaran Biotechnology Inc.	Y	Other receivables - related party	\$ 60,000	\$ 60,000	\$ 30,000	2.31%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 188,856	\$ 755,422	Note 1

Note 1: Ceiling on total loans from a subsidiary to others is 40% of the subsidiary's net assets and limit on loans from a subsidiary to a single party is 10% of the subsidiary's net assets.

Note 2: The nature of the loan is as follows:

- (1) Business transaction: 1
- (2) Short-term financing: 2

OBI Pharma, Inc.
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	OBI Pharma USA, Inc.	OBI Pharma, Inc.	2	Accounts receivable	\$ 81,843	(Note 4)	2.39
1	"	"	"	Service revenue	301,024	"	513.91
2	Amaran Biotechnology Inc.	"	"	CMO revenue and calibration and analysis service revenue	19,216	"	32.81
2	"	"	"	Other payables	30,015	"	0.88

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:

- (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 consolidated income statement accounts.

Note 4: The transaction terms are based on the mutual agreement.

Note 5: Only those inter-company transactions exceeding \$10,000 are disclosed, with the transactions from the counterparty undisclosed.

OBI Pharma, Inc.
Information on investees
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
OBI Pharma, Inc.	AP Biosciences, Inc.	Taiwan	Research and development of biotechnology	\$ 558,276	\$ 558,276	23,223,000	27.12	\$ 739,886	(\$ 444,767)	(\$ 201,992)	
"	Amaran Biotechnology Inc.	Taiwan	Manufacture and wholesale of western pharmaceuticals as well as research and development of biotechnology	676,096	676,096	64,915,252	70.68	180,766	(163,501)	(109,320)	Note 2
"	Obigen Pharma, Inc.	Taiwan	Research and development of biotechnology	1,150,271	1,195,000	53,001,500	49.57	44,880	(325,963)	(167,372)	"
"	OBI Pharma USA, Inc.	USA	Research and development of biotechnology	84,861	84,681	2,701,000	100.00	90,240	3,448	3,448	"
"	OBI Pharma Australia Pty Ltd.	Australia	Research and development of biotechnology	357,170	304,645	17,000,000	100.00	37,490	(32,621)	(32,621)	"

Note 1: The accounts of the Company are maintained in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

Note 2: Inter-company transactions between companies within the Group are eliminated.