

ICARES MEDICUS, INC.
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

Address: 4F., No. 16, Sec.2, Shengyi Rd., Zhubei City, Hsinchu County
Telephone: (03) 657-9530

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of ICARES MEDICUS, INC.:

Opinion

We have audited the parent company only financial statements of ICARES MEDICUS, INC. (“the Company”), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2025 and 2024, and notes to the parent company only financial statements, including a summary of significant 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 year ended December 31, 2025 and 2024 and in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other matters

The financial statements of ACME TOOLING TECHNOLOGY CO., LTD. which lists on the “Investments accounted for using equity method” in the parent company only financial statements of the Company were audited by another auditor. Therefore, the amount regarding the financial statements of ACME Tooling Technology Co. were based on another auditor's independent report in our opinion of the aforementioned the parent company only financial statements of the Company. The “Investments accounted for using equity method” amount of ACME TOOLING TECHNOLOGY CO., LTD. of total assets accounts for 3.94% and 3.73% as of December 31, 2025 and 2024, separately. The “Share of profit of subsidiaries accounted for using equity method” amount of ACME TOOLING TECHNOLOGY CO., LTD. of profit before income tax accounts

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial statements of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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for 19.48% and 7.68% for the year ended December 31, 2025 and 2024, separately.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

Investments accounted for using equity method

Please refer to note 4(i) "Investments in subsidiaries", note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(l) of the consolidated financial statements for impairment assessment of intangible asset.

Description of key audit matter:

The Company indirectly obtained 66.67% shares of MAXUS MEDICAL CO., LTD. which was controlled by the company through its subsidiary, ICARES Medicus (Hong Kong) Limited, in 2019. It was identified the goodwill through the transaction. Since the evaluation and testing requires management to make judgments, estimates, and assumptions, the acquisition of the subsidiaries and the impairment of the goodwill due to the above-mentioned merger and acquisition case are the key judgmental areas for our audit.

How the matter was addressed in our audit:

1. Obtaining the impairment assessment reports prepared by the appraisers appointed by the Company and evaluating the appraisal procedure for determining the recoverable amount and significant assumption.
2. Performing sensitivity analysis on the test results.
3. Reviewing the appropriate disclosure of information regarding acquisitions and impairment assessment.

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 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.

Notes to Readers

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Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 investment in other entities accounted for using the equity method 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.

Notes to Readers

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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.

The engagement partners on the audit resulting in this independent auditors' report are Hung-Wen Fu and Shin-Kang Hung.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notes to Readers

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(r) and 7)	\$ 263,498	100	281,380	100
5000	Operating costs (notes 6(d), (l), (m), (p), (s), 7 and 12)	104,907	40	102,643	36
		158,591	60	178,737	64
5910	Deduction: Unrealized losses from inter affiliate accounts	19,368	7	12,408	5
5900	Gross profit from operations	139,223	53	166,329	59
	Operating expenses: (notes 6(l), (m), (p), (s), 7 and 12)				
6100	Selling expenses	2,586	1	2,070	1
6200	Administrative expenses	50,613	19	38,371	13
6300	Research and development expenses	76,660	29	84,613	30
		129,859	49	125,054	44
	Net operating income	9,364	4	41,275	15
	Non-operating income and expenses:				
7100	Interest income (note 6(t) and 7)	6,122	2	8,146	3
7010	Other income (note 6(t))	9,460	4	11,142	4
7020	Other gains and losses, net (note 6(e) and (t))	(25,307)	(10)	8,147	3
7050	Finance costs, net (note 6(o) and (t))	(13,214)	(5)	(10,184)	(4)
7070	Share of profit of subsidiaries accounted for using equity method	60,769	23	58,537	21
	Total non-operating income and expenses	37,830	14	75,788	27
7900	Profit before income tax	47,194	18	117,063	42
7950	Less: Income tax expenses (note 6(n))	(4,037)	(1)	13,941	5
	Profit	51,231	19	103,122	37
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	-	(4,429)	(2)
8349	Income tax expenses related to items that may not be reclassified to profit or loss (note 6(n))	-	-	886	-
	Total items that may not be reclassified subsequently to profit or loss	-	-	(3,543)	(2)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(57,098)	(21)	57,685	21
8399	Income tax expenses related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(57,098)	(21)	57,685	21
8300	Other comprehensive income	(57,098)	(21)	54,142	19
	Comprehensive income	\$ (5,867)	(2)	157,264	56
	Basic earnings per share (note 6(q))				
	Basic earnings per share	\$ 1.09		2.19	
	Diluted earnings per share	\$ 1.08		2.18	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC.

Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Total other equity					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation cost	Treasury stock	
Balance on December 31, 2024	\$ 391,604	754,545	42,213	3,545	370,791	52	19,638	(4,426)	-	1,577,962
Profit	-	-	-	-	103,122	-	-	-	-	103,122
Other comprehensive income	-	-	-	-	-	57,685	(3,543)	-	-	54,142
Comprehensive income	-	-	-	-	103,122	57,685	(3,543)	-	-	157,264
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	9,773	-	(9,773)	-	-	-	-	-
Special reserve	-	-	-	(3,545)	3,545	-	-	-	-	-
Cash dividends	-	-	-	-	(7,832)	-	-	-	-	(7,832)
Stock dividends	39,160	-	-	-	(39,160)	-	-	-	-	-
Compensation cost of share-based payments	-	11,003	-	-	-	-	-	3,267	-	14,270
Acquisition of treasury shares by business combination	-	-	-	-	-	-	-	-	(86,902)	(86,902)
Changes in subsidiary's ownership	-	5,270	-	-	-	-	-	-	-	5,270
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	16,095	-	(16,095)	-	-	-
Balance on December 31, 2024	430,764	770,818	51,986	-	436,788	57,737	-	(1,159)	(86,902)	1,660,032
Profit	-	-	-	-	51,231	-	-	-	-	51,231
Other comprehensive income	-	-	-	-	-	(57,098)	-	-	-	(57,098)
Comprehensive income	-	-	-	-	51,231	(57,098)	-	-	-	(5,867)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	11,922	-	(11,922)	-	-	-	-	-
Special reserve	-	-	-	23,632	(23,632)	-	-	-	-	-
Cash dividends	-	-	-	-	(12,923)	-	-	-	-	(12,923)
Stock dividends	43,076	-	-	-	(43,076)	-	-	-	-	-
Compensation cost of share-based payments	-	12,719	-	-	-	-	-	1,228	-	13,947
Exercise of employee stock options	1,306	4,697	-	-	-	-	-	-	-	6,003
Disposal of treasury shares	-	-	-	-	(33,194)	-	-	-	86,902	53,708
Changes in subsidiary's ownership	-	119,891	-	-	-	-	-	-	-	119,891
Balance on December 31, 2025	\$ 475,146	908,125	63,908	23,632	363,272	639	-	69	-	1,834,791

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 47,194	117,063
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	43,827	29,861
Amortization	3,260	114
Interest expense	13,214	10,184
Interest income	(6,122)	(8,146)
Dividend income	-	(11,029)
Share of profit of subsidiaries accounted for using equity method	(60,769)	(58,537)
Compensation cost of share-based payments	13,947	14,270
Net loss on financial assets at fair value through profit or loss and others	9,349	(568)
Unrealized losses from inter-affiliate accounts	19,368	12,408
Total adjustments to reconcile profit (loss)	<u>36,074</u>	<u>(11,443)</u>
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	97,749	(76,733)
Other receivables	(1,838)	28
Inventories	(20,618)	(51,487)
Other current assets	863	9,894
Accounts payable	(9,364)	5,183
Other payables	214	12,370
Other current liabilities	87	377
Total adjustments	<u>103,167</u>	<u>(111,811)</u>
Cash inflow generated from operations	150,361	5,252
Interest received	2,290	6,291
Dividends received	8,000	13,175
Income expense paid	(13,473)	(9,534)
Interest taxes paid	(5,914)	(9,379)
Net cash flows from operating activities	<u>141,264</u>	<u>5,805</u>
Cash flows from (used in) investing activities:		
Acquisition of Investments accounted for using equity method	-	(799,788)
Acquisition of property, plant and equipment	(11,055)	(23,997)
Increase in Guarantee deposits paid	(246)	-
Decrease (Increase) in other receivables—related parties	5,851	(131,140)
Acquisition of intangible assets	-	(2,749)
Decrease (Increase) in other financial assets	(25,144)	300,000
Increase in prepayments for equipment	(13,770)	(48,459)
Net cash flows from (used in) investing activities	<u>(44,364)</u>	<u>(706,133)</u>
Cash flows from (used in) financing activities:		
Increase in short term borrowings	179,500	280,000
Incurrence of long-term borrowings	-	500,000
Repayments of long-term borrowings	(226,693)	(150,000)
Payment of lease liabilities	(11,008)	(10,775)
Cash dividends	(12,923)	(7,832)
Exercise of employee stock options	6,003	-
Net cash flows from (used in) financing activities	<u>(65,121)</u>	<u>611,393</u>
Net increase (decrease) in cash and cash equivalents	31,779	(88,935)
Cash and cash equivalents at beginning of year	158,539	247,474
Cash and cash equivalents at end of year	<u>\$ 190,318</u>	<u>158,539</u>

See accompanying notes to parent company only financial statements.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

ICARES MEDICUS, INC. (the “Company”) was incorporated and approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology on July 14, 2011. The address of the Company’s registered office is 4F., No.16, Sec.2, Shengyi Rd., Zhubei City, Hsinchu County.

The main activities of the Company include:

- (a) Provide high-grade nanomedical lubricious coatings and various surface treatments for implantable or interventional medical devices.
- (b) Design, development, manufacture and sale of intraocular lenses and nanomedical devices.

The Company’s ordinary shares were listed on the Taipei Exchange (TPEX) on July 18, 2018.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issued by the board of directors on March 11, 2026.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2025 :

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.
- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective.

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its parent company only financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements****(4) Summary of significant accounting policies**

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

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

(b) Basis of preparation**(i) Basis of measurement**

Except for the “Fair value through other comprehensive income” and “Fair value through profit and loss” are measured at fair value, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies**(i) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities using the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for differences relating to an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements**

is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It holds the asset primarily for the purpose of trading;
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, or has other restrictions.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand (including petty cash) and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements****(iii) Fair value through profit or loss (FVTPL)**

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iv) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when

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Notes to the Parent Company Only Financial Statements

one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 365 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(v) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(iii) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements****(iv) Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(v) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(vi) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements**

and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equal or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investments in subsidiaries

For preparing the parent company only financial statements, investments in subsidiaries are accounted for using the equity method. Under the equity method, there is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent in the consolidated financial statements. The equity in the Company's parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses, under non-operating income and expenses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure which can be reliably measured will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual value, and that amount shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge

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Notes to the Parent Company Only Financial Statements

for each period shall be recognized in profit or loss.

Land has an unlimited useful life, and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Machinery: 2~7 years
- 2) Others: 2~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expectations of the useful life differ from those of the previous estimates, the changes are accounted for as changes in accounting estimate.

(k) Leases (Lessee)

1. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset throughout the period of use only if either:
 - (1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - (2) the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

2. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of plant that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including computer software and expertise, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements****(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use:

- 1) Computer Software 3 years
- 2) Expertise 12 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment — non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue from contracts with customer

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements**

accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

The advance payment receipts shall be recognized as contract liabilities under other current liabilities and recognizes as revenue when products have been delivered.

(ii) Technical service revenue

The Company provides lubricious coatings and various surface treatments for implantable or interventional medical devices. Service revenue from providing services is recognized in the period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The customer pays the fixed amount based on the agreed payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when related services are provided.

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Notes to the Parent Company Only Financial Statements

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and if the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(q) Income taxes

Income taxes comprised current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprised tax payables or receivables on taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1). the same taxable entity; or

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Notes to the Parent Company Only Financial Statements

- 2). different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

- (r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee stock options, restriction of employee stock option and accrued employee remuneration.

- (s) Operating segments

The Company has disclosed information of operating segments in the consolidated financial statements. For the details, please refer to the consolidated financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent company only financial statements except for the judgment of whether the Group has substantive control over its investees in the Company's consolidated financial statements for the year ended December 31, 2024.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

- (a) Impairment of goodwill related to investments accounted for using equity method

The assessment of impairment of goodwill related to investments accounted for using equity method requires the Company to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable number of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

Evaluation of financial assets

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit and loss. The Company has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Company assessed the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If there is any movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3, the Company recognizes the movement at the reporting date.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$ 10	30
Demand deposits	171,450	125,724
Time deposits	18,858	32,785
	\$ 190,318	158,539

(b) Financial assets at FVTPL— non-current

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit and loss:		
Foreign unlisted stock	\$ 51,860	61,209

As of December 31, 2025 and 2024, the aforementioned financial assets were not provided as collateral.

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(c) Accounts receivable (including related parties)

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 2,960	6,725
Accounts receivable—related parties	17,315	111,299
Less: Loss allowance	-	-
	\$ 20,275	118,024

- (i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

December 31, 2025			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current to overdue 30 days	\$ 19,005	0.00%	-
31 to 90 days past due	-	0.00%	-
91 to 180 days past due	-	0.00%	-
181 to 365 days past due	1,270	0.00%	-
	\$ 20,275		-

December 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current to overdue 30 days	\$ 80,369	0.00%	-
31 to 90 days past due	37,530	0.00%	-
91 to 180 days past due	125	0.00%	-
	\$ 118,024		-

- (ii) The Company did not recognize loss allowance for accounts receivables for the years ended December 31, 2025 and 2024.
- (iii) As of December 31, 2025 and 2024, the aforementioned financial assets were not provided as collateral.

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(d) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods and merchandises	\$ 15,200	\$ 21,997
Semi-finished goods and work in process	107,256	72,364
Raw materials	17,979	25,456
	<u>\$ 140,435</u>	<u>\$ 119,817</u>

The aforementioned inventory was not provided as collateral. In addition, the different between inventory cost and net realizable value was as follows:

	<u>2025</u>	<u>2024</u>
Losses (Gain) on inventory valuation	<u>\$ (594)</u>	<u>200</u>

Inventory write-downs to net realizable value are included in cost of goods sold. Gains on reversal of inventory write-downs, resulting from sales or price recovery, are recognized as a reduction of cost of goods sold in the period in which the reversal occurs.

(e) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	<u>\$ 1,769,182</u>	<u>1,613,570</u>

- (i) Please refer to note (f) for the acquisition of the subsidiaries. Besides, for the details of subsidiaries, please refer to the Company's consolidated financial statements for the year ended December 31, 2025
- (ii) The Company originally held 40% of the voting shares in ACME TOOLING TECHNOLOGY CO., LTD. (ACME), which provided it with significant influence over the company and was therefore accounted for using the equity method. On June 1, 2024 (the acquisition date), the Company participated in ACME's cash capital increase, amounting to \$50,000 thousand, which raised the Company's voting shareholding from 40% to 60%. As a result, the Company gained control over ACME and included it in the consolidated entity. For more detailed information, please refer to Note 6(f). On the acquisition date, the Company recognized a loss of \$4,635 thousand from the disposal of its equity method investment due to the remeasurement of the fair value of its 40% stake in ACME held before the acquisition, which was recorded under other gains and losses.
- (iii) As of December 31, 2025 and 2024, the aforementioned investments were not provided as collateral.

ICARES MEDICUS, INC.

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(f) Acquisition of subsidiary

- (i) The following table summarizes the acquisition date fair value of major class of consideration transferred

On June 1, 2024 (the acquisition date), the Company participated in ACME's cash capital increase, amounting to \$50,000 thousand, which raised the Company's voting shareholding from 40% to 60%. As a result, the Company gained control over ACME and included it as a subsidiary from the acquisition date. The transaction amount has been fully paid, and all legal procedures have been completed. ACME's main business involves the injection molding, mold design and development, and production of medical devices and electronic plastic products. The Company's acquisition of ACME was primarily aimed at enhancing the autonomy and completeness of its medical product supply chain to strengthen the group's market competitive edge.

- (ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred:

Cash	\$	50,000
Fair value of pre-existing interest		30,768
Non-controlling interest in the acquiree		49,295

Less: Fair value of identifiable net assets

Cash and cash equivalents	\$	82,612
Trade receivables		42,200
Inventories		18,083
Other assets — current		17,840
Right-of-use assets		9,499
Property, plant and equipment		58,876
Intangible assets		270
Other assets — non-current		2,742
Short-term borrowing		(5,000)
Trade payables		(25,697)
Other liabilities — current		(33,689)
Lease liabilities — current		(3,324)
Long-term borrowing		(35,000)
Lease liabilities — non-current		(6,175)
		<u>123,237</u>

Goodwill

\$ 6,826

- (iii) Goodwill

The goodwill primarily arises from the control premium over ACME, the synergies from the merger, future market development, and employee value. These benefits do not meet the recognition criteria for identifiable intangible assets and are therefore not recognized separately from goodwill. Additionally, the recognized goodwill is expected to have no income tax effect. For more details on the goodwill impairment testing, please refer to Note 6(l) in the

ICARES MEDICUS, INC.

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consolidated financial report for the year ended December 31, 2025.

(g) Property, plant and equipment

Movements of the cost and accumulated depreciation of the property, plant and equipment of the Company were as follows:

	<u>Machinery</u>	<u>Lease Improvement</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2025	\$ 108,372	40,160	12,364	160,896
Additions	4,853	2,583	3,354	10,790
Disposals and retirements	-	-	(16)	(16)
Reclassification	32,293	21,375	2,338	56,006
Balance on December 31, 2025	<u>\$ 145,518</u>	<u>64,118</u>	<u>18,040</u>	<u>227,676</u>
Balance on January 1, 2024	\$ 67,641	31,721	11,188	110,550
Additions	20,006	978	1,431	22,415
Disposals and retirements	(764)	(279)	(255)	(1,298)
Reclassification	21,489	7,740	-	29,229
Balance on December 31, 2024	<u>\$ 108,372</u>	<u>40,160</u>	<u>12,364</u>	<u>160,896</u>
Accumulated depreciation:				
Balance on January 1, 2025	\$ 56,760	16,768	9,274	82,802
Depreciation	19,873	9,360	3,513	32,746
Disposals and retirements	-	-	(16)	(16)
Balance on December 31, 2025	<u>\$ 76,633</u>	<u>26,128</u>	<u>12,771</u>	<u>115,532</u>
Balance on January 1, 2024	\$ 46,248	11,402	7,669	65,319
Depreciation	11,276	5,645	1,860	18,781
Disposals and retirements	(764)	(279)	(255)	(1,298)
Balance on December 31, 2024	<u>\$ 56,760</u>	<u>16,768</u>	<u>9,274</u>	<u>82,802</u>
Carry amount:				
Balance at December 31, 2025	<u>\$ 68,885</u>	<u>37,990</u>	<u>5,269</u>	<u>112,144</u>
Balance at December 31, 2024	<u>\$ 51,612</u>	<u>23,392</u>	<u>3,090</u>	<u>78,094</u>
Balance at January 1, 2024	<u>\$ 21,393</u>	<u>20,319</u>	<u>3,519</u>	<u>45,231</u>

As of December 31, 2025 and 2024, the property, plant and equipment were not provided as collateral.

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(h) Right-of-use assets

Information about leases for which the Company as a lessee was presented below:

	Buildings
Cost:	
Balance at January 1 and December 31, 2025	<u>\$ 55,403</u>
Balance at January 1, 2024	\$ 39,794
Additions	<u>15,609</u>
Balance at December 31, 2024	<u>\$ 55,403</u>
Accumulated depreciation:	
Balance at January 1, 2025	\$ 19,039
Depreciation for the year	<u>11,081</u>
Balance at December 31, 2025	<u>\$ 30,120</u>
Balance at January 1, 2024	\$ 7,959
Depreciation for the year	<u>11,080</u>
Balance at December 31, 2024	<u>\$ 19,039</u>
Carrying amount:	
Balance at December 31, 2025	<u>\$ 25,283</u>
Balance at December 31, 2024	<u>\$ 36,364</u>
Balance at January 1, 2024	<u>\$ 31,835</u>

(i) Intangible assets

Movements of the cost and accumulated amortization of the intangible assets of the Company, were as follows:

	Software
Costs or deemed cost:	
Balance on January 1 and December 31, 2025	<u>\$ 10,820</u>
Balance on January 1, 2024	\$ 1,040
Additions	2,749
Reclassification	<u>7,031</u>
Balance on December 31, 2024	<u>\$ 10,820</u>

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	Software
Accumulated amortization:	
Balance on January 1, 2025	\$ 1,154
Amortization	3,260
Balance on December 31, 2025	\$ 4,414
Balance on January 1, 2024	\$ 1,040
Amortization	114
Balance on December 31, 2024	\$ 1,154
Carrying amount:	
Balance on December 31, 2025	\$ 6,406
Balance on December 31, 2024	\$ 9,666
Balance on January 1, 2024	\$ -

As of December 31, 2025 and 2024, the intangible assets were not provided as collateral.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 439,500	280,000
Secured bank loans	20,000	-
Total	\$ 459,500	280,000
Unused short-term credit lines	\$ 73,163	-
Range of interest rates	1.84%~2.25%	1.94%~2.30%

For the collateral for short-term borrowings, please refer to note 7.

(k) Long-term borrowings

The details were as follows:

	December 31, 2025			
Currency	Rate	Maturity year	Amount	
Unsecured bank loans	NTD	2.15%	2031.07	\$ 123,307
Less: current portion				(21,012)
Total				\$ 102,295
Unused long-term credit lines				\$ -

ICARES MEDICUS, INC.
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	December 31, 2024			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.15%~2.22%	2027.08~2031.07	\$ 350,000
Less: current portion				(47,639)
Total				\$ 302,361
Unused long-term credit lines				\$ 350,000

(i) For financial planning purposes, the Company prepaid its long-term bank loans maturing in August 2027 in full in April 2025.

(ii) For the collateral for short-term borrowings, please refer to note 7.

(l) Lease liabilities

The amounts of lease liabilities were presented below:

	December 31, 2025	December 31, 2024
Current	\$ 11,245	11,008
Non-current financial assets	\$ 14,747	25,992

(i) Please refer to Note 6(u), Financial Instruments, for the maturity analysis.

(ii) The amounts recognized in profit or loss was as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest on lease liabilities	\$ 684	916
Expenses relating to short-term leases	\$ 1,519	408

(iii) The amounts recognized in the statement of cash flows for the Company was as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Rental expense paid	\$ (1,519)	(408)
Interest paid	(684)	(916)
Payment of lease liabilities	(11,008)	(10,775)
Total cash outflow for leases	\$ (13,211)	(12,099)

(iv) The Company leases buildings for its plant and office space. The leases typically run for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(m) Employee benefits- defined contribution plans

The Company contributes 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company recognized pension costs under the defined contribution method amounting to \$4,491 thousand and \$4,123 thousand for the years ended December 31, 2025 and 2024, respectively, and were recorded as operating expenses and operating costs.

(n) Income tax

(i) Income tax expenses

The detail of income tax expenses for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current tax expenses	\$ 2,375	14,260
Deferred tax expenses	(6,412)	(319)
Income tax expenses	<u>\$ (4,037)</u>	<u>13,941</u>

The amount of income tax recognized directly in equity for 2025 and 2024 were none.

The amount of income tax recognized in other comprehensive income for 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Items may not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>(886)</u>

Reconciliation of income tax expenses and profit before income tax for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Profit before income tax	\$ 47,194	117,063
Income tax using the Company's domestic tax rate	9,439	23,413
Shares of profit accounted for using equity method	(12,154)	(11,707)
Recognized investment tax credits not been recognized in past year	(1,551)	(5,253)
Others	229	7,488
	<u>\$ (4,037)</u>	<u>13,941</u>

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2025	December 31, 2024
Aggregate number of temporary differences related to investments in subsidiaries	\$ 71,960	61,644

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Investment tax credits	\$ 16,073	19,743

The Biotech and New Pharmaceutical Development Act allows research and development and personal training expenses, as examined by the tax authorities, to offset profit-seeking enterprise income tax payable since when profit-seeking enterprise income tax payable occurs.

As of December 31, 2025, the information of the Company's investment tax credits were recognized were as follows:

Year of deduction	Unused deduction	Expiry date
Research and development		
2022 (Examined)	\$ 3,003	2026
2023 (Examined)	6,183	2027
2024 (Examined)	6,887	2028
	\$ 16,073	

3) Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred Tax Liabilities:

	Unrealized investment income	Unrealized fair value gain	Unrealized exchanged gain	Total
Balance on January 1, 2025	\$ 3,684	4,025	790	8,499
Recognized in profit or loss	-	-	(682)	(682)
Balance on December 31, 2025	\$ 3,684	4,025	108	7,817

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	Unrealized investment income	Unrealized fair value gain	Unrealized exchanged gain	Total
Balance on January 1, 2024	\$ 3,684	4,911	-	8,595
Recognized in profit or loss	-	-	790	790
Recognized in other comprehensive income	-	(886)	-	(886)
Balance on December 31, 2024	<u>\$ 3,684</u>	<u>4,025</u>	<u>790</u>	<u>8,499</u>

Deferred Tax Assets:

	Unrealized sales gains	The carry forward of unused tax losses	Allowance for inventory valuation	Others	Total
Balance on January 1, 2025	\$ (11,100)	(3,858)	(551)	(441)	(15,950)
Recognized in profit or loss	(3,874)	(1,870)	119	(105)	(5,730)
Balance on December 31, 2025	<u>\$ (14,974)</u>	<u>(5,728)</u>	<u>(432)</u>	<u>(546)</u>	<u>(21,680)</u>
Balance on January 1, 2024	\$ (8,619)	(4,899)	(511)	(812)	(14,841)
Recognized in profit or loss	(2,481)	1,041	(40)	371	(1,109)
Balance on December 31, 2024	<u>\$ (11,100)</u>	<u>(3,858)</u>	<u>(551)</u>	<u>(441)</u>	<u>(15,950)</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2023 were examined by the tax authorities.

(o) Capital and other equity

(i) Common stock

As of December 31, 2025, and 2024, the number of authorized ordinary shares was amounted to \$700,000 and \$600,000, respectively, thousand with par value of \$10 per share. As of that date, 47,515 thousand and 43,076 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2025 and 2024 was as follows:

	(Thousands of shares)	
	2025	2024
Balance on January 1	43,076	39,160
Capitalization retained earnings	4,308	3,916
Exercise of employee stock options	131	-
Balance on December 31	<u>47,515</u>	<u>43,076</u>

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The Company's shareholders' meetings resolved on May 29, 2025, and May 31, 2024, to issue 4,308 thousand and 3,916 thousand new shares through the capitalization of retained earnings amounting to \$43,076 thousand and \$39,160 thousand, respectively. The capital increase base dates were set as August 30, 2025, and July 14, 2024, and the related registration changes have been completed.

In 2025, The Company issued 131 thousand new shares due to the exercise of employee stock options. The shares were issued at a subscription price of 46 per share, for a total amount of \$6,003 thousand. With November 12, 2025, as the capital increase base date, the related registration changes have been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid in capital	\$ 728,366	718,738
Difference arising from subsidiary's share price and it carrying value	198	198
Change in subsidiary's ownership	152,171	32,280
Restricted stocks to employees	-	4,931
Employee share options	27,390	14,671
	\$ 908,125	770,818

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve has equaled the total capital of the Company; then set aside a special reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the board of directors and submitted to the stockholders' meeting for approval.

The Company takes into consideration its operating environment, industry developments, future funding requirement, long-term financial plans, and the interests of stockholders. The Company distributes dividends more than 2% of undistributed earnings every year. Dividend can be paid by cash or shares. The cash dividends shall not be less than 10% of total dividends.

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When The Company has no accumulated deficit, it may, by a resolution adopted by a majority of the directors present at a meeting of the board of directors attended by two-thirds or more of the total number of directors, distribute the legal reserve (for the portion exceeding 25% of the paid-in capital) and all or a portion of the capital reserve compliant with the Company Act to shareholders in the form of cash, and shall report such distribution to the most recent shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission (FSC), when distributing distributable earnings, The Company shall appropriate a special reserve from the current net income plus items other than current net income that are included in the current undistributed earnings and the prior-period undistributed earnings, in an amount equal to the net reduction of other shareholders' equity during the current year. For the accumulated amount of other shareholders' equity reductions from prior periods, a special reserve shall be appropriated from prior-period undistributed earnings and shall not be distributed. When the reduction of other shareholders' equity is subsequently reversed, the reversed portion may be distributed as earnings.

Furthermore, a special reserve of an equal amount, which shall not be distributed, shall be appropriated based on the shareholding percentage for the difference between the market value and the book value of The Company's shares held by subsidiaries when the market value is lower than the book value. If the market value subsequently recovers, the special reserve may be reversed based on the shareholding percentage up to the recovered amount.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the board meeting on March 11, 2025 and March 14, 2024, respectively, as well as the shareholders' meeting on May 29, 2025 and May 31, 2024 respectively. The relevant dividend distributions to shareholders were as follows:

	2024	2023
Special reserve	\$ 23,632	(3,545)
Legal reserve	11,922	9,773
Stockholders' dividends – cash, NT\$ 0.3 and NT\$ 0.2 (dollars) per share, respectively.	12,923	7,832
Stockholders' dividends – shares, NT\$ 1 (dollars) per share.	43,076	39,160
	\$ 91,553	53,220

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The amount of cash dividends on the 2025 earnings distribution, and the amount of shares dividends on 2025 earnings distribution, had been approved and proposed, respectively during the board meeting on March 11 2025, as follows:

	2025	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	\$ 0.3	14,254
Shares	1.0	47,515
Total		\$ 61,769
4) Treasury shares		

In July 2024, the Company acquired shares of its own stock, totaling 508 thousand shares, through the merger with its subsidiary MBI. The book value per share was \$171, totaling \$86,902 thousand. The Company has fully disposed of the shares on August 20, 2025.

(p) Share-based payments

- (i) The Company was approved by the shareholders' meeting on May 31, 2023 to award 500 thousand new shares of employee share options to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. on July 2023.

The Company resolved by the board of directors on August 9, 2023, to issue 333 thousand shares on September 1, 2023.

The Company resolved by the board of directors on January 7, 2025, to issue 142 thousand shares on January 20, 2025.

- (ii) As of December 31, 2025, the information of the Company's employee share options was as follows:

	Employee share options 2nd Issuance	Employee share options 1st Issuance
Grant date	2025.01.20	2023.09.01
Granted units (thousand)	142	333
Contract term (Years)	6	6
Vesting life (Years)	2~4	2~4
	(Note1)	(Note1)

Note1: The optionees may exercise the employee stock options at the cumulative proportions of 50%, 80%, and 100% after 2, 3, and 4 years, respectively, from the grant date of the options.

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The Company used Black Scholes option valuation model method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	Employee stock options 2nd Issuance		
	Upon the expiration of 2 years	Upon the expiration of 3 years	Upon the expiration of 4 years
Share price at grant date	117.50	117.50	117.50
Exercise price	57.00	57.00	57.00
Expected volatility (%)	42.22	40.82	41.64
Expected life (years)	4.00	4.50	5.00
Expected dividend	-	-	-
Risk-free interest rate (%)	1.49	1.51	1.52
Fair value at grant date	69.86	70.58	72.12

	Employee stock options 1st Issuance		
	Upon the expiration of 2 years	Upon the expiration of 3 years	Upon the expiration of 4 years
Share price at grant date	131.50	131.50	131.50
Exercise price	57.00	57.00	57.00
Expected volatility (%)	42.39	41.03	42.19
Expected life (years)	4.00	4.50	5.00
Expected dividend	-	-	-
Risk-free interest rate (%)	1.07	1.09	1.10
Fair value at grant date	82.16	82.82	84.41

(iii) Details of the restricted stock and employee stock options of the Company are as follows:

Restricted stock

(thousands)	<u>2025</u>	<u>2024</u>
Outstanding on January 1	69	120
Vested	(69)	(51)
Outstanding on December 31	<u>-</u>	<u>69</u>

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Employee stock options

(in thousands)	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1	50.70	317	55.90	333
Granted during the year (number)	51.70	142	-	-
Exercised during the year (number)	46.00	(131)	-	-
Forfeited during the year (number)	-	(11)	-	(16)
Outstanding at December 31	48.55	<u>317</u>	50.70	<u>317</u>
Exercisable at December 31		<u>25</u>		<u>-</u>

(iv) Expense recognized in profit or loss

	2025	2024
Expenses resulting from restriction of employee stock options	\$ 1,228	3,267
Expenses resulting from granted employee share options	12,719	11,003
	<u>\$ 13,947</u>	<u>14,270</u>

(q) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share of years 2025 and 2024 based on the profit attributable to ordinary stockholders of the Company and the weighted-average number of ordinary shares outstanding was as follows:

	2025	2024
Profit of the Company for the year	<u>\$ 51,231</u>	<u>103,122</u>
Weighted-average number of ordinary shares (Basic/thousand shares)	<u>46,976</u>	<u>47,000</u>
Basic earnings per share (NT Dollars)	<u>\$ 1.09</u>	<u>2.19</u>

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Weighted-average number of ordinary shares (thousand shares)

	<u>2025</u>	<u>2024</u>
Issued ordinary shares on 1 January	47,384	47,384
Effect of employee stock options	18	-
Effect of treasury stock	(371)	(260)
Effect of ungranted of restricted stocks to employees	(55)	(124)
Weighted-average number of ordinary shares on 31 December	<u>46,976</u>	<u>47,000</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share of years 2025 and 2024 based on the profit attributable to ordinary stockholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares was as follows:

	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 51,231</u>	<u>103,122</u>
Weighted-average number of ordinary shares (Diluted/thousand shares)	<u>47,255</u>	<u>47,240</u>
Diluted earnings per share (NT Dollars)	<u>\$ 1.08</u>	<u>2.18</u>

	<u>2025</u>	<u>2024</u>
Weighted-average number of ordinary shares (Basic/thousand shares)	46,976	47,000
Effect of restriction of employee stock option	49	100
Effect of employee stock remuneration	60	32
Effect of employee stock options	170	108
Weighted-average number of ordinary shares (Diluted/thousand shares)	<u>47,255</u>	<u>47,240</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2025</u>	<u>2024</u>
Major products / service lines:		
Technical service revenue	\$ 61,359	79,044
Medical devices sales	202,139	202,336
	<u>\$ 263,498</u>	<u>281,380</u>

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(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable (including related parties)	\$ 20,275	118,024	41,291

For details on trade receivables and allowance for impairment, please refer to note 6(c).

(s) Employee and directors' remuneration

On May 29, 2025, The Company's shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended Articles, if The Company has a profit for the year, it shall appropriate no less than 2% as employees' compensation (with no less than 50% of the employees' compensation allocated to primary-level employees) and no more than 2% as directors' remuneration.

Prior to the amendment, the Articles provided that if The Company has a profit for the year, it shall appropriate no less than 2% as employees' compensation and no more than 2% as directors' remuneration. However, if The Company still has accumulated deficits, an amount shall be reserved in advance to offset the losses. Employees' compensation may be distributed in the form of shares or cash, and the recipients may include employees of affiliated companies meeting certain criteria.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$3,900 thousand and \$3,050 thousand, and directors' remuneration amounting to \$650 thousand and \$1,900 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2024. In 2023, the Company had accumulated deficits, so the Company didn't estimate employee and directors' remuneration. Information about employee and directors' remuneration can be accessed in the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2025	2024
Interest income from bank deposits	\$ 3,632	6,201
Other interest income	2,490	1,945
	\$ 6,122	8,146

ICARES MEDICUS, INC.

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(ii) Other income

The details of other income were as follows:

	<u>2025</u>	<u>2024</u>
Dividend income	\$ -	11,029
Others	9,460	113
	<u>\$ 9,460</u>	<u>11,142</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2025</u>	<u>2024</u>
Net gain (loss) on foreign exchanges	\$ (15,925)	7,580
Net gain (loss) on financial assets at fair value through profit or loss	(9,349)	5,203
Loss on disposal of investments	-	(4,635)
Others	(33)	(1)
	<u>\$ (25,307)</u>	<u>8,147</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ 12,530	9,268
Interest expense	684	916
	<u>\$ 13,214</u>	<u>10,184</u>

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2025, and 2024, 85% and 94%, respectively, of the ending balance of accounts receivable was accounted for by those sales to individual customers constituting over 10% of total revenue -for the years ended December 31, 2025 and 2024. In order to reduce credit risk, the Company assessed the financial status of the customers, and will require them to provide collateral if necessary. The Company assessed the possibility of collection of receivables on a regular basis, and recognized loss allowances.

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	<u>Carrying amount</u>	<u>Contractua l cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Above 5 year</u>
December 31, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 459,500	462,018	462,018	-	-
Accounts payable	5,645	5,645	5,645	-	-
Long-term borrowings (including current portion)	123,307	130,966	23,457	93,826	13,683
Other payables	39,765	39,765	39,765	-	-
Lease liabilities	25,992	26,682	11,691	14,991	-
	<u>\$ 654,209</u>	<u>665,076</u>	<u>542,576</u>	<u>108,817</u>	<u>13,683</u>
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 280,000	281,493	281,493	-	-
Accounts payable	15,010	15,010	15,010	-	-
Long-term borrowings (including current portion)	350,000	374,146	54,760	245,143	74,243
Other payables	40,075	40,075	40,075	-	-
Lease liabilities	37,000	38,374	11,691	26,683	-
	<u>\$ 722,085</u>	<u>749,098</u>	<u>403,029</u>	<u>271,826</u>	<u>74,243</u>

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 8,334	31.430	261,953	9,993	32.785	327,610
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	109	31.430	3,413	406	32.785	13,314

2) Sensitivity analysis

The Company's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, accounts receivable, and accounts payables. If the exchange rate of the foreign currencies against the NTD had depreciated or appreciated 1%, with other factors remaining constant, on the reporting date, profit before income tax would have increased or decreased by \$2,585

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thousand and \$3,143 thousand for the years ended December 31, 2025 and 2024, respectively. Analysis of the two periods is based on the same standard.

3) Exchange gain and loss

The details of Company's exchange gain or loss (including realized and unrealized) on monetary items were as follows:

<u>Functional currency</u>	<u>2025</u>		<u>2024</u>	
	<u>Exchange gain (loss)</u>	<u>Average rate</u>	<u>Exchange gain (loss)</u>	<u>Average rate</u>
NTD	<u>\$ (15,925)</u>	1	<u>7,580</u>	1

(iv) Interest rate analysis

Please refer to the note on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities. The mainly variable interest rates asset of the Company is bank savings. The Company evaluated that the cash flow risk arising from variable interest rates is not significant.

(v) Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>For the years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 10%	<u>\$ -</u>	<u>5,186</u>	<u>-</u>	<u>6,121</u>
Decreasing 10%	<u>\$ -</u>	<u>(5,186)</u>	<u>-</u>	<u>(6,121)</u>

(vi) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	December 31, 2025				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL– non-current					
Foreign unlisted stock	<u>\$ 51,860</u>	-	-	51,860	51,860
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 190,318				
Accounts receivable (including related parties)	20,275				
Other receivables	127,493				
Other financial assets – current	25,144				
Guarantee deposits paid	<u>2,298</u>				
	<u>\$ 365,528</u>				
Financial liabilities measured at amortized cost					
Short and long-term borrowings	\$ 582,807				
Accounts payable	5,645				
Other payables	39,765				
Lease liabilities	<u>25,992</u>				
	<u>\$ 654,209</u>				
	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL– non-current					
Foreign unlisted stock	<u>\$ 61,209</u>	-	-	61,209	61,209
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 158,539				
Accounts receivable (including related parties)	118,024				
Other receivables	133,384				
Guarantee deposits paid	<u>2,052</u>				
	<u>\$ 411,999</u>				

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	December 31, 2024			
	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
Financial liabilities				
measured at amortized cost				
Short and long-term borrowings	\$ 630,000			
Accounts payable	15,010			
Other payables	40,075			
Lease liabilities	37,000			
	\$ 722,085			

2) Valuation techniques for financial instruments measured at fair value

The Company has no financial assets quoted in the market, and the fair value of the remaining financial instruments is obtained by using the evaluation technology or reference to the counterparty. The fair value obtained through the evaluation technology can be calculated by reference to the current fair value of other financial instruments with similar characteristics, the discounted cash flow method or other evaluation techniques, including the market information utilization model available at the report date.

3) There were no Level 1 and Level 2 transferred for 2025 and 2024.

4) Changes in Level 3

	Financial assets at FVTPL	Financial assets at FVOCI
Balance on January 1, 2025	\$ 61,209	-
Recognized in gains and losses	(9,349)	-
Balance on December 31, 2025	\$ 51,860	-
Balance on January 1, 2024	\$ 56,006	38,000
Purchased/Disposal/Deemed	-	(33,571)
Recognized in gains and losses	5,203	-
Recognized in other comprehensive income	-	(4,429)
Balance on December 31, 2024	\$ 61,209	-

The aforementioned total gains and losses that were included in “gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

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	2025	2024
Total gains or losses:		
In gains and losses	\$ (9,349)	5,203
In other comprehensive income (recognized in “unrealized gains from financial assets at fair value through other comprehensive income”)	-	(3,543)
	\$ (9,349)	1,660

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value were evaluated by the external valuation agency for the independent fair value verification. Use independent source data to bring the evaluation results close to the market, confirm that the data sources are independent, reliable, consistent with other resources, and represent executable prices, and regularly calibrate the evaluation model, perform back testing, update the input values and materials required for the evaluation model, and others. Any necessary fair value adjustments to ensure that the evaluation results are reasonable.

The quantitative information and sensitivity analysis about significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Financial assets at fair value through profit and loss – equity investments in inactive markets	Market comparable listed company approach	Discount for lack of marketability on December 31, 2025 and 2024 was 17.82% and 20.43%, respectively.	The fair value would decrease if the discount for lack of marketability were higher

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company chose evaluation parameter and evaluation model cautiously, but using different evaluation models or parameters will cause different results. For financial instruments in Level 3, if the evaluation parameters had changed, the effects on comprehensive income and loss would have been as follows:

December 31, 2024	Inputs	Increase or decrease	Effects of changes in fair value on comprehensive income and loss	
			Favorable change	Unfavorable change
Equity investments	marketability	5%	\$ 562	(562)

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December 31, 2024	Inputs	Increase or decrease	<u>Effects of changes in fair value on comprehensive income and loss</u>	
			Favorable change	Unfavorable change
Equity investments	marketability	5%	<u>\$ 786</u>	<u>(786)</u>

(v) Financial risk management

(i) The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes for measuring and managing risk. For detailed information, please refer to the related notes on each risk.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of director monitors management to ensure compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

Before setting payment and delivery terms and conditions according to the credit policy, The Company must individually analyze the credit rating of each new customer. The Company's review includes external ratings and, in certain cases, bank references. Credit limits are established for each individual customer and are subject to regular reviews. Customers who do not meet The Company's standard credit rating can only transact with The Company on a prepayment basis.

ICARES MEDICUS, INC.**Notes to the Parent Company Only Financial Statements**

2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by The Company's finance department. Since The Company's counterparties and performance obligors are reputable banks and financial institutions with investment-grade ratings or higher, there are no significant concerns regarding performance, and thus, no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to foreign exchange risk arising from sales, procurement, and borrowing transactions denominated in currencies other than the functional currency. The primary currency for these transactions is the US dollar.

2) Interest rate risk

The floating-rate assets and liabilities mainly consist of bank deposits and borrowings. The Company assesses that the cash flow risk arising from changes in market interest rates is not significant.

3) Other market price risk

The Company is exposed to equity price risk due to investments in unlisted foreign equity securities. These equity investments are not held for trading but are considered strategic investments. The Company does not actively trade these investments and monitors price risk regularly, with management assessing when to increase hedging positions to mitigate the associated risks.

(w) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence. Capital includes ordinary shares, capital surplus, and retained earnings. As of December 31, 2025, and 2024, the debt ratios were 27% and 31%, respectively. There were no changes in the Company's approach to capital management.

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- (x) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes	December 31, 2025
Short-term borrowings	\$ 280,000	179,500	-	459,500
Long-term borrowings	350,000	(226,693)	-	123,307
Lease liabilities	37,000	(11,008)	-	25,992
Total liabilities from financing activities	\$ 667,000	(58,201)	-	608,799

	January 1, 2024	Cash flows	Non-cash changes	December 31, 2024
Short-term borrowings	\$ -	280,000	-	280,000
Long-term borrowings	-	350,000	-	350,000
Lease liabilities	32,166	(10,775)	15,609	37,000
Total liabilities from financing activities	\$ 32,166	619,225	15,609	667,000

(7) Related-party transactions

- (a) Names and relationship with related parties

The followings are entities that have had transactions with related party and subsidiaries during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
AST PRODUCTS, INC.(ASTP)	A Subsidiary
AST VISIONCARE INC.(ASTVC-US)	A Subsidiary
ICARES MEDICUS(HONG KONG) LIMITED. (ICARES HK)	A Subsidiary
ACME TOOLING TECHNOLOGY CO., LTD. (ACME)	A Subsidiary (Note1)
MILLENNIUM BIOMEDICAL, INC.(MBI)	A Subsidiary (Note2)
AST VISIONCARE GmbH (ASTVC-DE)	A Subsidiary
MAXUS MEDICAL CO., LTD. (MAXUS)	A Subsidiary
Applied Nano Technology Science, Inc. (ANTS)	The Company's chairman is a director of the entity
Ih-Houng Loh	The Company's chairman

Note1: The Company participated in ACME's cash capital increase which raised the Company's voting shareholding from 40% to 60%. As a result, the Company gained control over ACME and included it as a subsidiary since June, 2024.

Note2: The Company obtained control over MBI in July 2024, making MBI a sub-subsidiary of The Company.

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(b) Significant related—party transactions

(i) Sales

The amounts of sales by the Company to related parties and the outstanding balances were as follows:

	Sales and Technical service revenue		Accounts receivables from related parties		Other payables from related parties	
	2025	2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
ASTVC-US	\$ 215,684	207,580	17,315	95,291	-	-
MAXUS	4,014	30,802	-	16,008	629	-
ASTP	(6)	(5,709)	-	-	-	-
	\$ 219,692	232,673	17,315	111,299	629	-

ASTP and ASTVC-US are developing intraocular lens products that meet the requirements of the US Food and Drug Administration, and has commissioned the Company to conduct research and development. The service income is determined by the two parties, and the markup ratio is according to the cost of the actual investment in research materials and labor.

Except as stated above, there are no significant differences between the transaction prices for sales to related parties and those to non-related parties. The credit terms for sales to related parties are 30 days and 60 days from the invoice date, respectively, whereas the credit terms for sales to general customers are 30 to 60 days after the end of the month.

(ii) Purchase

The amounts of purchase by the Company from related parties and the outstanding balances were as follows:

	Purchase		Accounts payables from related parties	
	2025	2024	December 31, 2025	December 31, 2024
ASTVC-US	\$ -	16,827	-	-
ASTP	1,147	23,171	1,787	8,668
ACME	2,766	7,405	1,489	1,377
MBI	14,635	163	-	-
	\$ 18,548	47,566	3,276	10,045

The purchasing prices of related parties is not comparable to other similar transactions. There were no significant differences in the payment terms between the related parties and other vendors.

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(iii) Leases

The Company leased a portion of factory buildings from other related parties (ANTS). The rental prices were determined through mutual agreement, and the rent was paid at the beginning of each month. This lease agreement was terminated in November 2025. As the lease term was 12 months and contained no purchase option, it was accounted for as a short-term lease. For the years 2025 and 2024, the rental expenses were \$312 thousand and \$372 thousand, respectively. As of December 31, 2025, and 2024, the outstanding balances were \$0 thousand and \$33 thousand, respectively, and were reported under other payables.

(iv) Miscellaneous transactions

	Revenue and gains		Other receivables	
	2025	2024	December 31, 2025	December 31, 2024
MBI	\$ 268	-	-	-
	Cost and expense		Other payables	
	2025	2024	December 31, 2025	December 31, 2024
ASTP	\$ 16,159	26,738	901	4,295
Other related parties	7,499	1,180	1,688	599
	\$ 23,658	27,918	2,589	4,894

The Company's prepayments made on behalf of subsidiaries as of December 31, 2025, and 2024, amounted to \$226 thousand and \$300 thousand, respectively, which were reported under other receivables.

(v) Loans to Related Parties

As of December 31, 2025 and 2024, the details of loans to related party due to short-term financing listed as below:

	December 31, 2025		
	Ending balance	Range of interest rates during the period	Loss allowance
	ASTVC-US	\$ 125,720	3.00%
	December 31, 2024		
	Ending balance	Range of interest rates during the period	Loss allowance
	ASTVC-US	\$ 131,140	3.00%

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The interest income and year-end balances arising from loans to related parties are as follows; the interest receivable is reported under other receivables:

	Interest income		Interest receivable	
	2025	2024	December 31, 2025	December 31, 2024
ASTVC-US	\$ 2,451	1,912	1,481	1,912

(vi) Stock transactions

- 1) The Company participated in the cash capital increase handled by its subsidiary ASTVC-US in July, 2024, and the capital increase price was \$702,747 thousand. The payment of the above-mentioned amount was fully completed and the legal procedures had been finalized.
- 2) The Company participated in ACME's cash capital increase which the Company gained control over ACME and included it as a subsidiary since June, 2024. Please refer note6(e) and (f) for the details.

(vii) Joint guarantor

As of December 31, 2025 and 2024, the Chairman of the Company acted as the joint guarantor for the loan from the financial institution.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	\$ 10,467	7,900
Post-employment benefits	417	317
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	4,268	3,391
	\$ 15,152	11,608

(8) Pledged assets:

The book values of The Company's assets pledged as collateral are as follows:

Asset Name	Pledged Collateral	December 31, 2025	December 31, 2024
Other financial assets	Short-term borrowings	\$ 25,144	-

(9) Significant Commitments and Contingencies:

The amounts of guaranteed promissory notes issued by The Company for credit facilities signed with financial institutions are as follows:

	December 31, 2025	December 31, 2024
Credit facilities	\$ 962,440	495,000

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(10) Losses Due to Major Disasters: None

(11) Subsequent events:

On January 14, 2026, The Company's board of directors resolved to repurchase treasury shares from January 15 to March 13, 2026, for transfer to employees to motivate them and enhance employee commitment.

(12) Other

Employee benefits, depreciation, and amortization summarized by function, are as below:

By item	By function	2025			2024		
		Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefits							
Salary		42,585	62,191	104,776	41,483	55,671	97,154
Labor and health insurance		5,483	4,250	9,733	4,805	3,577	8,382
Pension		2,336	2,155	4,491	2,175	1,948	4,123
Remuneration of directors		-	1,295	1,295	-	2,440	2,440
Others		3,020	1,792	4,812	3,138	1,778	4,916
Depreciation		32,716	11,111	43,827	19,850	10,011	29,861
Amortization		3,007	253	3,260	67	47	114

Additional information of number of employees and expense of employee benefit is as below:

	<u>2025</u>	<u>2024</u>
Employees	<u>135</u>	<u>137</u>
Non-employee directors	<u>5</u>	<u>4</u>
Average expense of employee benefit	<u>\$ 952</u>	<u>\$ 861</u>
Average expense of employee salary	<u>\$ 806</u>	<u>\$ 730</u>
Average adjustment of salary expense	<u>10.41%</u>	

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The remuneration policy (including directors, managers and employees) of the Company listed as below:

- (i) The remuneration of the directors included the total amount of director's remuneration provided for the annual surplus in accordance with the company's articles of association, and then evaluates each director's participation in the company's operations, and pays it to each independent director on a regular basis in accordance with the board's evaluation of the professional resolution of each independent director.
- (ii) The remuneration of the managers (such as President and Vic President) included salary, bonus and employee remuneration, which was determined according to the position held, the responsibility assumed and the contribution to the company. The level of the same industry was negotiated as well.
- (iii) The remuneration of the employees included fixed and variable salary, such as principal salary, food allowance and year-end bonus, which was determined according to the academic experience, professional knowledge and technology, and annual performance appraisal.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required to be disclosed by the Regulations for the Company:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Items	Value			
00	The Company	ASTVC-US	Other receivables	Yes	132,820	125,720	125,720	3.00%	Short-term financing	-	Short-term financing	-	-	-	550,437	733,916	Note 1
01	ASTP	ASTVC-US	"	"	645,330	330,015	330,015	- %	"	-	"	-	-	-	865,575	1,125,248	Note 2
02	ASTVC-US	ASTVC-FR	"	"	42,535	37,228	37,228	3.5%~5.5%	"	-	"	11,200	-	-	239,534	273,753	Note 3

Note 1: For short-term financing provided by The Company, the individual limit for loans to a single party is 30% of its net worth, and the aggregate limit is 40% of its net worth.

Note 2: Regarding the loans of funds by the subsidiary ASTP: for non-Taiwanese subsidiaries that are not the parent company or not 100% owned by the Group, the individual loan limit to a single party is capped at 35% of its net worth, and the aggregate limit is capped at 40% of its net worth. For non-Taiwanese subsidiaries that are the parent company or 100% owned by the Group, the individual loan limit to a single party is capped at 100% of its net worth, and the aggregate limit is capped at 130% of its net worth.

Note 3: Regarding the loans of funds by the subsidiary ASTVC-US: for non-Taiwanese subsidiaries that are not the parent company or not 100% owned by the Group, the individual loan limit to a single party is capped at 35% of its net worth, and the aggregate limit is capped at 40% of its net worth. For non-Taiwanese subsidiaries that are the parent company or 100% owned by the Group, the individual loan limit to a single party is capped at 60% of its net worth, and the aggregate limit is capped at 80% of its net worth.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	MAXUS	The Company's sub-subsidiary	917,396	68,595	67,440	67,440	-	3.68%	1,834,791	Y	N	Y

Note 1: The limit for endorsements and guarantees for a single enterprise is 50% of The Company's net worth as stated in its most recent financial statements.

Note 2: The aggregate amount of endorsements and guarantees shall not exceed 100% of The Company's net worth as stated in its most recent financial statements.

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	EXCEL-LENS, INC.	None	Financial assets measured at FVTPL – non-current	2,632	51,860	10.00%	51,860	
ASTP	Dreyfus Government Cash Management Service Shares	"	Financial assets measured at FVTPL – current	186	5,857	- %	5,857	Note
"	US Treasury Notes-912797SB4	"	Amortized cost financial assets. – current	2,600	80,233	- %	80,233	"
"	US Treasury Notes-912797RK5	"	"	3,650	113,645	- %	113,645	"
"	US Treasury Notes-912797PM3	"	"	2,000	62,299	- %	62,299	"
"	US Treasury Notes-912797TG2	"	"	2,000	62,121	- %	62,121	"
					318,298			

Note: Units instead of percentage of ownership.

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
The Company	ASTVC US	Parent Company and its subsidiary	Sales	215,684	19.07%	Due 60 days after the date of sales	Transaction at the price agreed by both parties	No significant differences	17,315	100.00%	

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

- (v) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance	Note
					Amount	Action taken			
The Company	ASTVC-US	The Company's subsidiary	Other receivable: 127,201	-	-		-	-	-
ASTP	ASTVC-US	The ultimate parent company is the same parent company	Other receivable: 330,015	-	-		-	-	-

- (b) Information on investees

The following is the information on investees for the year 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Net income (losses) of investee (thousand)	Share of profits/losses of investee (thousand)	Note
				December 31, 2025(thousand)	December 31, 2024 (thousand)	Shares (thousand)	Percentage of ownership (%)	Carrying value (thousand)			
The Company	ASTP	U.S. A	Provide lubricious coatings and various surface treatments for implantable or interventional medical devices	300,000	300,000	2,329	100.00%	865,575	185,584	185,584	
The Company	ASTVC-US	U.S. A	Distribution of ophthalmic medical equipment	833,725	833,725	2,075	100.00%	609,910	(51,442)	(51,442)	
The Company	ICARES HK	Hong Kong	Equity investments	384,648	384,648	-	100.00%	166,352	(81,189)	(81,189)	
The Company	ACME	Taiwan	Molding manufacturing	90,000	90,000	2,400	60.00%	98,485	15,319	9,191	
The Company	MBI	U.S. A	Research and manufacture the products related to intraocular lenses	13,451	13,451	-	5.00%	28,860	3,252	(1,375)	
ASTVC-US	ASTVC-DE	Germany	Distribution of ophthalmic medical equipment	28,293	28,293	20	80.00%	36,468	25,326	20,261	
ASTVC-US	ASTVC-ES	Spain	Distribution of ophthalmic medical equipment	11,232	11,232	3	48.00%	20,841	25,822	14,512	
ASTVC-US	ASTVC-FR	France	Distribution of ophthalmic medical equipment	16	16	-	46.50%	-	(42,271)	(10,851)	
ASTVC-US	MBI	U.S. A	Research and manufacture the products related to intraocular lenses	835,549	835,549	5	95.00%	739,076	3,252	(26,128)	

- (c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
MAXUS	Research and manufacture the products related to intraocular lenses	295,399	Indirect investment through ICARES HK	258,305	-	-	258,305	(138,690)	55.99%	(81,178)	163,728	-

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
258,305	401,015 (USD 12,759 thousand)	1,100,875

Note 1: Related amounts in New Taiwan Dollars were translated based on the spot exchange rates for RMB and USD as of December 31, 2025, which were 4.496 and 31.430, respectively, except for the investment income or loss recognized for the current period, which was translated at the average exchange rate for 2025, and the outward investment remittances, which were translated at the exchange rates at the time of remittance.

The investment income (loss) recognized in the current period was based on the financial statements that were audited by the parent company's CPA.

(iii) Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions"

(14) Segment information

For the details, please refer to consolidated financial statements for the year ended December 31, 2025.

ICARES MEDICUS, 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 and petty cash		\$ 10
Demand deposits – NTD		100,230
Demand deposits – USD	USD \$2,266 thousand, exchange rate 31.430	71,220
Time deposits – USD	USD \$600 thousand, exchange rate 31.430	18,858
		<u><u>\$ 190,318</u></u>

Statement of accounts receivables

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accounts receivable:		
Customer G	Operating revenue of non-related parties	\$ 1,971
EYECARE TECH INC.	"	955
Others (Note)	"	<u>34</u>
Subtotal		<u>2,960</u>
Accounts receivable – related parties		
ASTVC – US		<u>17,315</u>
Subtotal		<u>17,315</u>
Total accounts receivable, gross		20,275
Less: Allowance for doubtful account		<u>-</u>
Total accounts receivable, net		<u><u>\$ 20,275</u></u>

Note: Individual amount not exceeding 5%, not listed separately.

ICARES MEDICUS, INC.
Statement of other receivable
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other receivable — related-party	Principal, interest, and other payments on behalf of related parties in lending relationships.	\$ 127,427
Others (Note)		<u>66</u>
		<u>\$ 127,493</u>

Note: Individual amount not exceeding 5%, not listed separately.

Statement of inventories

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished goods merchandises	\$ 15,376	
Less: Provision	<u>(176)</u>	
	15,200	<u>38,696</u>
Semi-finished goods and work in process	109,090	
Less: Provision	<u>(1,834)</u>	
	107,256	<u>269,431</u>
Raw materials	18,130	
Less: Provision	<u>(151)</u>	
	17,979	<u>18,462</u>
Net amount	<u>\$ 140,435</u>	<u>326,589</u>

ICARES MEDICUS, INC.

Statement of changes in Financial assets measured at FVTPL – non-current

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning Balance		Additions		Decrease		Other adjustments (Note)		Ending Balance		Pledged of guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	
EXCEL-LENS	2,632	\$ <u>61,209</u>	-	<u>-</u>	-	<u>-</u>	-	<u>(9,349)</u>	2,632	<u>51,860</u>	None

Note: Recognized in “unrealized gains from financial assets at fair value through profit and loss”

ICARES MEDICUS, INC.

Statement of changes in investment accounted for using equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning Balance		Additions		Decrease		Other adjustments		Other adjustments			Market value or net assets value	Pledged of guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (Note1)	Number of shares	Percentage of shareholding	Amount		
ASTP	2,329	\$ 707,753	-	-	-	-	-	157,822	2,329	100.00%	865,575	865,575	None
ASTVC-US	2,075	631,251	-	-	-	-	-	(21,341)	2,075	100.00%	609,910	684,383	"
MBI	250	29,840	-	-	-	-	-	(980)	250	5.00%	28,860	187,487	"
ICARES HK	- (Note 2)	155,431	-	-	-	-	-	10,921	- (Note 2)	100.00%	166,352	166,748	"
ACME	2,400	89,295	-	-	-	-	-	9,190	2,400	60.00%	98,485	152,767	"
		<u>\$ 1,613,570</u>		<u>-</u>		<u>-</u>		<u>155,612</u>			<u>1,769,182</u>	<u>2,056,960</u>	

Note1: The amounts represent the recognition of investment income or loss, unrealized gross profit on sales, cumulative translation adjustments, and the effect of transactions involving the disposal of The Company's shares by MBI, etc.

Note2: The limited company.

ICARES MEDICUS, 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(g) for Property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to note 6(h) for Right-of-use assets.

ICARES MEDICUS, INC.

Statement of short-term borrowings

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Name	Description	Borrowing Period	Interest rate	Amount	Pledged of guaranteed
Bank SinoPac	Unsecured loans	2025.12~2026.01	2.25%	\$ 180,000	None
Taishin Bank	"	2025.12~2026.01	1.94%	157,500	"
E.SUN Bank	"	2025.09~2026.03	2.10%	62,000	"
"	"	2025.07~2026.03	"	20,000	"
"	"	2025.08~2026.01	"	10,000	"
"	"	2025.08~2026.01	"	10,000	"
"	Secured loans	2025.07~2026.06	1.84%	<u>20,000</u>	"
				<u>\$ 459,500</u>	

Statement of long-term borrowings

Name	Description	Borrowing Period	Interest rate	Amount	Pledged of guaranteed
E.SUN Bank	Unsecured loans	2024.07~2031.07	2.15%	\$ 123,307	None
Less: Current portion of long-term loans				<u>(21,012)</u>	
				<u>\$ 102,295</u>	

ICARES MEDICUS, INC.
Statement of other payables
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salary and bonus payable	Salary, bonus for unused annual paid leave earned and year-end bonus	\$ 20,679
Employee and directors' remuneration payable	Estimated employee and directors' remuneration	7,600
Miscellaneous expenses payable	Service fees, management fees, and various expenses, etc.	5,230
Related party payable	Related party equipment, inspection fees, freight, and rent, etc.	3,218
Income tax payable	Estimated income tax	1,342
Others (Note)		3,038
		<u>\$ 41,107</u>

Note: Individual amount not exceeding 5%, not listed separately.

Statement of operating revenues
For the year ended December 31, 2025

<u>Item</u>	<u>Amount</u>
Medical devices sales	
Intraocular lenses and implantable medical devices	\$ 201,620
Others	<u>519</u>
Subtotal	<u>202,139</u>
Technical service revenue	
Lubricious coatings and various surface treatments	<u>61,359</u>
Net operating revenues	<u>\$ 263,498</u>

ICARES MEDICUS, INC.
Statement of operating costs
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material:	
Raw material On January 1, 2025	\$ 26,074
Add: Purchases	24,359
Less: Raw material on December 31, 2025	(18,130)
Transfers to expenses	(3,403)
Raw material used	28,900
Direct labor	24,263
Manufacturing overhead	98,880
Manufacturing costs	152,043
Add: Semi-finished goods and work in process on January 1, 2025	74,350
Less: Semi-finished goods and work in process on December 31, 2025	(109,090)
Cost of goods manufactured	117,303
Add: Finished goods on January 1, 2025	22,148
Less: Finished goods on December 31, 2025	(15,376)
Transfers to expenses	(20,075)
Cost of finished goods	104,000
Merchandises on January 1, 2025	-
Add: Purchases	1,501
Less Merchandises on December 31, 2025	-
Cost of goods sold	105,501
Other operating cost	(594)
Operating costs	\$ 104,907

ICARES MEDICUS, INC.
Statement of operating expenses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	\$ 1,487	31,888	28,816
Directors' remuneration	-	1,295	-
Traveling costs	147	284	1,608
Shipping costs	103	11	818
Depreciation	178	2,914	8,019
Service expense	4	5,890	1
Research expense	-	-	28,693
Other expenses (individual amount not exceeding 5%)	<u>667</u>	<u>8,331</u>	<u>8,705</u>
Total	<u>\$ 2,586</u>	<u>50,613</u>	<u>76,660</u>