

ICARES MEDICUS, INC.
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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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, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2024 and 2023, 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, 2024 and 2023, and its financial performance and its cash flows for the year ended December 31, 2024 and 2023 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. 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. of total assets accounts for 3.73% and 2.23% as of December 31, 2024 and 2023, separately. The “Share of profit of subsidiaries accounted for using equity method” amount of ACME Tooling Technology Co. of profit before income tax accounts for 7.68% and (0.39) % for the year ended December 31, 2024 and

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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2023, 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(m) 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.

Acquisition of Investments accounted for using equity method

Please refer to note 4(i) "Investments in subsidiaries" and note 6(i) "Business combination" of the consolidated financial statements.

Description of key audit matter:

In order to enhance the richness and competitiveness of the group's products and expand the distribution system to meet future operational needs, the Company acquired a 95% stake in MILLENNIUM BIOMEDICAL, INC. (MBI) through its wholly owned U.S. subsidiary, AST VISIONCARE INC. (ASTVC US), on July 15, 2024. The total investment amount was 835,549 thousand, which increased the combined shareholding percentage of the Company and ASTVC US in MBI from 5% to 100% and granted control over the company. Due to the significant impact of this transaction on the amount of investment recognized under the equity method, the acquisition of an equity method investment has been identified as a key audit matter.

Notes to Readers

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How the matter was addressed in our audit:

1. Understanding management's assessment of the transaction.
2. Obtaining the valuation reports prepared by the appraisers appointed by the Company and evaluating the reasonableness of approaches, the appraisal procedure for determining the fair value allocation of the acquisition price and significant assumption by the appraisers appointed by the Firm.
3. Reviewing the appropriate disclosure of information regarding valuation of financial assets.

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.

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

Notes to Readers

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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.

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, 2025

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, 2024 and 2023

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

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (notes 6(s) and 7)	\$ 281,380	100	220,590	100
5000	Operating costs (notes 6(e), (m), (n), (q), (t), 7 and 12)	102,643	36	69,004	31
		178,737	64	151,586	69
5910	Deduction: Unrealized losses from inter affiliate accounts	12,408	5	8,482	4
	Gross profit from operations	<u>166,329</u>	<u>59</u>	<u>143,104</u>	<u>65</u>
	Operating expenses: (notes 6(m), (n), (q), (t), 7 and 12)				
6100	Selling expenses	2,070	1	3,599	2
6200	Administrative expenses	38,371	13	30,475	14
6300	Research and development expenses	84,613	30	72,346	32
		<u>125,054</u>	<u>44</u>	<u>106,420</u>	<u>48</u>
	Net operating income	<u>41,275</u>	<u>15</u>	<u>36,684</u>	<u>17</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(u) and 7)	8,146	3	1,750	1
7010	Other income (note 6(u))	11,142	4	27	-
7020	Other gains and losses, net (note 6(f), (u) and 7)	8,147	3	7,575	3
7050	Finance costs, net (note 6(m) and (u))	(10,184)	(4)	(1,077)	-
7070	Share of profit of subsidiaries accounted for using equity method (note 6(f))	58,537	21	52,342	23
	Total non-operating income and expenses	<u>75,788</u>	<u>27</u>	<u>60,617</u>	<u>27</u>
7900	Profit before income tax	117,063	42	97,301	44
7950	Less: Income tax expenses (note 6(o))	13,941	5	(428)	-
	Profit	<u>103,122</u>	<u>37</u>	<u>97,729</u>	<u>44</u>
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)	6,948	3
8349	Income tax expenses related to items that may not be reclassified to profit or loss (note 6(o))	886	-	(1,390)	-
	Total items that may not be reclassified subsequently to profit or loss	<u>(3,543)</u>	<u>(2)</u>	<u>5,558</u>	<u>3</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	57,685	21	(7,997)	(4)
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	<u>57,685</u>	<u>21</u>	<u>(7,997)</u>	<u>(4)</u>
8300	Other comprehensive income	<u>54,142</u>	<u>19</u>	<u>(2,439)</u>	<u>(1)</u>
	Comprehensive income	<u>\$ 157,264</u>	<u>56</u>	<u>95,290</u>	<u>43</u>
	Basic earnings per share (note 6(r))				
	Basic earnings per share	<u>\$ 2.41</u>		<u>2.55</u>	
	Diluted earnings per share	<u>\$ 2.40</u>		<u>2.54</u>	

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, 2024 and 2023
(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 January 1, 2023	\$ 341,639	174,318	29,322	3,545	320,117	8,049	14,080	(12,323)	-	878,747
Profit	-	-	-	-	97,729	-	-	-	-	97,729
Other comprehensive income	-	-	-	-	-	(7,997)	5,558	-	-	(2,439)
Comprehensive income	-	-	-	-	97,729	(7,997)	5,558	-	-	95,290
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	12,891	-	(12,891)	-	-	-	-	-
Cash dividends	-	-	-	-	(34,164)	-	-	-	-	(34,164)
Capital increase by cash	50,000	548,430	-	-	-	-	-	-	-	598,430
Compensation cost of share-based payments	-	12,523	-	-	-	-	-	7,611	-	20,134
Changes in subsidiary's ownership	-	19,525	-	-	-	-	-	-	-	19,525
Cancel of Restricted stocks to employees	(35)	(251)	-	-	-	-	-	286	-	-
Balance on December 31, 2023	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

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 117,063	97,301
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	29,861	21,347
Amortization	114	-
Interest expense	10,184	1,077
Interest income	(8,146)	(1,750)
Dividend income	(11,029)	-
Share of profit of subsidiaries accounted for using equity method	(58,537)	(52,342)
Compensation cost of share-based payments	14,270	18,974
Net loss on financial assets at fair value through profit or loss and others	(568)	(8,006)
Unrealized losses from inter-affiliate accounts	12,408	8,482
Total adjustments to reconcile profit (loss)	(11,443)	(12,218)
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	(76,733)	(4,116)
Other receivables	28	178
Inventories	(51,487)	(35,866)
Other current assets	9,894	(848)
Other non-current assets	-	9,824
Accounts payable	5,183	5,434
Other payables	12,370	4,391
Other current liabilities	377	55
Total adjustments	(111,811)	(33,166)
Cash inflow generated from operations	5,252	64,135
Interest received	6,291	1,660
Dividends received	13,175	860
Income expense paid	(9,534)	(1,077)
Interest taxes paid	(9,379)	(5,616)
Net cash flows from operating activities	5,805	59,962
Cash flows from (used in) investing activities:		
Acquisition of Investments accounted for using equity method	(799,788)	(162,078)
Acquisition of property, plant and equipment	(23,997)	(34,151)
Increase in other receivables – related parties	(131,140)	-
Acquisition of intangible assets	(2,749)	-
Increase in other financial assets	300,000	(300,000)
Increase in prepayments for equipment	(48,459)	(15,160)
Net cash flows from (used in) investing activities	(706,133)	(511,389)
Cash flows from (used in) financing activities:		
Increase in short term borrowings	280,000	-
Incurrence of long-term borrowings	500,000	-
Repayments of long-term borrowings	(150,000)	-
Payment of lease liabilities	(10,775)	(10,897)
Cash dividends	(7,832)	(34,164)
Capital increase by cash	-	598,430
Net cash flows from (used in) financing activities	611,393	553,369
Net increase (decrease) in cash and cash equivalents	(88,935)	101,942
Cash and cash equivalents at beginning of year	247,474	145,532
Cash and cash equivalents at end of year	\$ 158,539	247,474

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, 2024 and 2023

(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, 2025.

(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, 2024 :

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued 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, 2025, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

- (c) The impact of IFRS 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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. 	January 1, 2027

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 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of

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

IFRS 9 and the related disclosure requirements of IFRS 7.

– Annual Improvements to IFRS Accounting Standards – Volume 11

– Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(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

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

other comprehensive income.

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

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

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.

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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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****(vi) 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

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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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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

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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.

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(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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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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- 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.

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- (b) assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks.

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, 2024	December 31, 2023
Cash on hand and petty cash	\$ 30	70
Demand deposits	125,724	247,404
Time deposits	32,785	-
	\$ 158,539	247,474

As of December 31, 2023, the Company holds time deposits with original maturities of more than three months in the amount of \$300,000 thousand, which are recorded as "other financial assets – current".

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- (b) Financial assets at FVTPL – non-current

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit and loss:		
Foreign unlisted stock	\$ 61,209	56,006

As of December 31, 2024 and 2023, the aforementioned financial assets were not provided as collateral.

- (c) Financial assets at FVOCI – non-current

	December 31, 2024	December 31, 2023
Equity Investments at FVOCI:		
Foreign unlisted stock	\$ -	38,000

(i) The Company originally held a 5% stake in MILLENNIUM BIOMEDICAL, INC. (MBI) as a long-term strategic investment, not for trading purposes. Therefore, it was designated as a financial asset measured at fair value through other comprehensive income. In July, 2024, the Company, through its 100%-owned U.S. subsidiary, AST VISIONCARE INC. (ASTVC-US), acquired a 95% stake in MBI, increasing the company's direct and indirect ownership from 5% to 100%. As a result, the company gained control over MBI. For more detailed information, please refer to note 6(i) of the consolidated financial report for the year ended December 31, 2024. As of the acquisition date, the fair value of the 5% stake in MBI previously held by the company was reassessed to be \$33,571 thousand, and the accumulated disposal gain was \$16,095 thousand. The aforementioned accumulated disposal gain was transferred from other equity to retained earnings.

(ii) No strategic investments were disposed in the year ended December 31, 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(iii) As of December 31, 2023, the aforementioned financial assets were not provided as collateral.

- (d) Accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 6,725	1,011
Accounts receivable – related parties	111,299	40,280
Less: Loss allowance	-	-
	\$ 118,024	41,291

(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:

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	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		-

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current to overdue 30 days	\$ 25,123	0.00%	-
31 to 90 days past due	16,168	0.00%	-
	\$ 41,291		-

(ii) The Company did not recognize loss allowance for accounts receivables for the years ended December 31, 2024 and 2023.

(iii) As of December 31, 2024 and 2023, the aforementioned financial assets were not provided as collateral.

(e) Inventories

	December 31, 2024	December 31, 2023
Finished goods and merchandises	\$ 21,997	9,602
Semi-finished goods and work in process	72,364	53,951
Raw materials	25,456	4,777
	\$ 119,817	68,330

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

	2024	2023
Losses on inventory valuation	\$ 200	1,093

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 1,613,570	772,890
Associate	-	37,977
	\$ 1,613,570	810,867

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- (i) Please refer to note (g) 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, 2024
- (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(g). 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) The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	2023
Attributable to the Company:	
Profit (loss) from continuing operations	\$ (383)
Profit (loss) from discontinued operations	-
Comprehensive (loss) income	\$ (383)

- (iv) As of December 31, 2024 and 2023, the aforementioned investments were not provided as collateral.

(g) 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.

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- (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		<u>\$ 6,826</u>

- (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(m) in the consolidated financial report for the year ended December 31, 2024.

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(h) 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, 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>
Balance on January 1, 2023	\$ 77,266	13,670	15,107	106,043
Additions	10,891	22,416	3,320	36,627
Disposals and retirements	(20,516)	(4,365)	(7,239)	(32,120)
Balance on December 31, 2023	<u>\$ 67,641</u>	<u>31,721</u>	<u>11,188</u>	<u>110,550</u>
Accumulated depreciation:				
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>
Balance on January 1, 2023	\$ 60,503	13,057	13,654	87,214
Depreciation	6,261	2,710	1,254	10,225
Disposals and retirements	(20,516)	(4,365)	(7,239)	(32,120)
Balance on December 31, 2023	<u>\$ 46,248</u>	<u>11,402</u>	<u>7,669</u>	<u>65,319</u>
Carry amount:				
Balance at December 31, 2024	<u>\$ 51,612</u>	<u>23,392</u>	<u>3,090</u>	<u>78,094</u>
Balance at December 31, 2023	<u>\$ 21,393</u>	<u>20,319</u>	<u>3,519</u>	<u>45,231</u>
Balance at January 1, 2023	<u>\$ 16,763</u>	<u>613</u>	<u>1,453</u>	<u>18,829</u>

As of December 31, 2024 and 2023, the property, plant and equipment were not provided as collateral.

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(i) Right-of-use assets

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

	Buildings
Cost:	
Balance at January 1, 2024	\$ 39,794
Additions	15,609
Balance at December 31, 2024	<u>\$ 55,403</u>
Balance at January 1, 2023	\$ 15,389
Additions	39,794
Disposals and retirements	(15,389)
Balance at December 31, 2023	<u>\$ 39,794</u>
Accumulated depreciation:	
Balance at January 1, 2024	\$ 7,959
Depreciation for the year	11,080
Balance at December 31, 2024	<u>\$ 19,039</u>
Balance at January 1, 2023	\$ 12,226
Disposals and retirements	11,122
Depreciation for the year	(15,389)
Balance at December 31, 2023	<u>\$ 7,959</u>
Carrying amount:	
Balance at December 31, 2024	<u>\$ 36,364</u>
Balance at December 31, 2023	<u>\$ 31,835</u>
Balance at January 1, 2023	<u>\$ 3,163</u>

(j) 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, 2024	\$ 1,040
Additions	2,749
Reclassification	7,031
Balance on December 31, 2024	<u>\$ 10,820</u>

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	<u>Software</u>
Balance on January 1 and December 31, 2023	<u>\$ 1,040</u>
Accumulated amortization:	
Balance on January 1, 2024	\$ 1,040
Amortization	<u>114</u>
Balance on December 31, 2024	<u>\$ 1,154</u>
Balance on January 1 and December 31, 2023	<u>\$ 1,040</u>
Carrying amount:	
Balance on December 31, 2024	<u>\$ 9,666</u>
Balance on December 31, 2023	<u>\$ -</u>
Balance on January 1, 2023	<u>\$ -</u>

As of December 31, 2024 and 2023, the intangible assets were not provided as collateral.

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2024</u>
Unsecured bank loans	<u>\$ 280,000</u>
Unused short-term credit lines	<u>\$ -</u>
Range of interest rates	<u>1.94%~2.30%</u>

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

(l) Long-term borrowings

The details were as follows:

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

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

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(m) Lease liabilities

The amounts of lease liabilities were presented below:

	December 31, 2024	December 31, 2023
Current	<u>\$ 11,008</u>	<u>7,790</u>
Non-current financial assets	<u>\$ 25,992</u>	<u>24,376</u>

The amounts recognized in profit or loss was as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest on lease liabilities	<u>\$ 916</u>	<u>795</u>
Expenses relating to short-term leases	<u>\$ 408</u>	<u>482</u>

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

	For the year ended December 31, 2024	For the year ended December 31, 2023
Rental expense paid	\$ (408)	(482)
Interest paid	(916)	(795)
Payment of lease liabilities	<u>(10,775)</u>	<u>(10,897)</u>
Total cash outflow for leases	<u>\$ (12,099)</u>	<u>(12,174)</u>

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.

(n) 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 \$4,123 thousand and \$3,589 thousand for the years ended December 31, 2024 and 2023, respectively, and were recorded as operating expenses and operating costs.

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(o) Income tax

(i) Income tax expenses

The detail of income tax expenses for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expenses	\$ 14,260	99
Deferred tax expenses	(319)	(527)
Income tax expenses	<u>\$ 13,941</u>	<u>(428)</u>

The amount of income tax recognized directly in equity for 2024 and 2023 were none.

The amount of income tax recognized in other comprehensive income for 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</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>\$ (886)</u>	<u>1,390</u>

Reconciliation of income tax expenses and profit before income tax for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	\$ 117,063	97,301
Income tax using the Company's domestic tax rate	23,413	19,460
Shares of profit accounted for using equity method	(11,707)	(10,468)
Recognized investment tax credits not been recognized in past year	(5,253)	(13,624)
Others	7,488	4,204
	<u>\$ 13,941</u>	<u>(428)</u>

(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, 2024 and 2023. 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:

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	December 31, 2024	December 31, 2023
Aggregate number of temporary differences related to investments in subsidiaries	\$ 61,644	51,735

2) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
Investment tax credits	\$ 19,743	30,557

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, 2024, the information of the Company's investment tax credits were recognized were as follows:

Year of deduction	Unused deduction	Expiry date
Research and development		
2021 (Examined)	\$ 10,557	2025
2022 (Examined)	3,003	2026
2023 (Examined)	6,183	2027
	\$ 19,743	

3) Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred Tax Liabilities:

	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	\$ 3,684	4,025	790	8,499
Balance on January 1, 2023	\$ 3,684	3,521	-	7,205
Recognized in other comprehensive income	-	1,390	-	1,390
Balance on December 31, 2023	\$ 3,684	4,911	-	8,595

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Deferred Tax Assets:

	Unrealized sales gains	The carry forward of unused tax losses	Allowance for inventory valuation	Others	Total
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	\$ (11,100)	(3,858)	(551)	(441)	(15,950)
Balance on January 1, 2023	\$ (6,922)	(6,500)	(292)	(600)	(14,314)
Recognized in profit or loss	(1,697)	1,601	(219)	(212)	(527)
Balance on December 31, 2023	\$ (8,619)	(4,899)	(511)	(812)	(14,841)

(iii) Assessment of tax

The Company's tax returns for the years through 2022 were examined by the tax authorities.

(p) Capital and other equity

(i) Common stock

As of December 31, 2024, and 2023, the number of authorized ordinary shares was amounted to \$600,000 thousand with par value of \$10 per share. As of that date, 43,076 thousand and 39,160 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2024 and 2023 was as follows:

	(Thousands of shares)	
	2024	2023
Balance on January 1	39,160	34,164
Issued for cash	-	5,000
Capitalization retained earnings	3,916	-
Cancelled of restricted stocks to employees	-	(4)
Balance on December 31	43,076	39,160

On May 31, 2024, the Company's shareholders' meeting resolved to capitalize retained earnings of 39,160 thousand to issue 3,916 thousand new shares, with July 14, 2024, as the record date for the capital increase. The registration of the change has been completed.

In order to purchase machinery and equipment to expand production capacity and enrich working capital to strengthen the financial structure, the Company passed the cash capital increase through resolution of the board of directors on August 9, 2023. It plans to issue ordinary shares with a limit of no more than 5,000 thousand shares, of which the number of new shares reserved for capital increase issuance 10% of the shares are subscribed by employees, with a par value of \$10 dollars per share. The issuance denomination is capped at \$50,000 thousand dollars, and the chairman is authorized to handle cash capital increases within the limit. The Company's chairman decided to issue 5,000 thousand ordinary shares through cash capital increase on September 27, 2023, and set October 25, 2023 as the base date for the cash capital increase and subscription, and then on October 12, 2023, the chairman considered the market conditions and jointly agreed with the sponsoring underwriters to set the issuance price at \$120 dollars per share, with a total cash capital increase of \$600,000 thousand

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dollars. On December 31, 2023, the cash capital increase has been fully received and the change registration has been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Additional paid in capital	\$ 718,738	715,038
Difference arising from subsidiary's share price and it carrying value	198	198
Change in subsidiary's ownership	32,280	27,010
Restricted stocks to employees	4,931	8,631
Employee share options	14,671	3,668
	\$ 770,818	754,545

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.

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 Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as

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special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meeting on March 14, 2024 and March 9, 2023, respectively, as well as the shareholders' meeting on May 31, 2024 and May 31, 2023 respectively. The relevant dividend distributions to shareholders were as follows:

	2023	2022
Special reserve	\$ (3,545)	-
Legal reserve	9,773	12,891
Stockholders' dividends – cash, NT\$ 0.2 and NT\$ 1 (dollars) per share, respectively.	7,832	34,164
Stockholders' dividends – shares, NT\$ 1 and NT\$ 0 (dollars) per share, respectively.	39,160	-
	\$ 53,220	47,055

The amount of cash dividends on the 2024 earnings distribution, and the amount of shares dividends on 2024 earnings distribution, had been approved and proposed, respectively during the board meeting on March 11 2025, as follows:

	2024	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	\$ 0.3	12,923
Shares	1.0	43,076
Total		\$ 55,999

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. As of December 31, 2024, these shares have not been sold, and the market price per share as of that date was \$124.

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(q) 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. On 1 September 2023, the Board of Directors issued 333 thousand shares of the employee share options.
- (ii) As of December 31, 2024, the information of the Company's restriction of employee stock option was as follows:

	<u>Restricted stock plan 3</u>
Grant date	2022.09.01
Fair value at grant date (dollars)	81.70
Exercise price	None
Granted units (thousand)	200
Expected life (Years)	0.33~3.00
	(Note1)

Note1 :

- Employees who have served for more than 10 years: Since the grant date, 100% of the restricted stock shall be vested in December 31, 2022 when the performance appraisal reaches 90 points. If the performance appraisal is between 89 points to 80 points, 50% of the restricted stock shall be vested in December 31, 2022.
- Employees who have served for less than 10 years: Since the grant date, 30%, 30% and 40% of the restricted stock shall be vested in August 31, 2023, 2024 and 2025, respectively when the performance appraisal reaches 80 points. If the performance appraisal is between 79 points to 70 point, 20%, 20% and 30% of the restricted stock shall be vested in August 31, 2023, 2024 and 2025, respectively.

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

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- (iii) As of December 31, 2024, the information of the Company's employee share options was as follows:

	Employee share options plan 1
Grant date	2023.09.01
Granted units (thousand)	333
Contract term (Years)	6
Vesting life (Years)	2~4
	(Note2)

Note2 : Since the grant date, 50%, 80% and 100% of the accumulated Employee share options shall be vested in September 31, 2025, 2026 and 2027, respectively.

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		
	August 31, 2025	August 31, 2026	August 31, 2027
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

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

Restricted stock

	2024	2023
(thousands)		
Outstanding on January 1	120	266
Vested	(51)	(142)
Cancelled	-	(4)
Outstanding on December 31	69	120

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Employee stock options

(in thousands)	2024		2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1	55.90	333	-	-
Granted during the year (number)	-	-	55.90	333
Forfeited during the year (number)	-	(16)	-	-
Outstanding at December 31	50.70	<u>317</u>	55.90	<u>333</u>
Exercisable at December 31		<u>-</u>		<u>-</u>

(v) Expense recognized in profit or loss

	2024	2023
Expenses resulting from restriction of employee stock options	\$ 3,267	7,141
Expenses resulting from granted employee share options	11,003	3,668
Expenses resulting from cash-settled share-based payment to employees	-	8,165
	<u>\$ 14,270</u>	<u>18,974</u>

(r) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share of years 2024 and 2023 based on the profit attributable to ordinary stockholders of the Company and the weighted-average number of ordinary shares outstanding was as follows:

	2024	2023
Profit of the Company for the year	\$ <u>103,122</u>	<u>97,729</u>
Weighted-average number of ordinary shares (Basic/thousand shares)	<u>42,729</u>	<u>38,300</u>
Basic earnings per share (NT Dollars)	<u>\$ 2.41</u>	<u>2.55</u>

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Weighted-average number of ordinary shares (thousand shares)

	<u>2024</u>	<u>2023</u>
Issued ordinary shares on 1 January	43,076	37,580
Effect of shares issued	-	919
Effect of treasury stock	(234)	-
Effect of ungranted of restricted stocks to employees	(113)	(199)
Weighted-average number of ordinary shares on 31 December	<u>42,729</u>	<u>38,300</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share of years 2024 and 2023 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>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 103,122</u>	<u>97,729</u>
Weighted-average number of ordinary shares (Diluted/thousand shares)	<u>42,947</u>	<u>38,506</u>
Diluted earnings per share (NT Dollars)	<u>\$ 2.40</u>	<u>2.54</u>
	<u>2024</u>	<u>2023</u>
Weighted-average number of ordinary shares (Basic/thousand shares)	42,729	38,300
Effect of restriction of employee stock option	91	173
Effect of employee stock remuneration	29	21
Effect of employee stock options	98	12
Weighted-average number of ordinary shares (Diluted/thousand shares)	<u>42,947</u>	<u>38,506</u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
Major products / service lines:		
Technical service revenue	\$ 79,044	72,823
Medical devices sales	202,336	147,767
	<u>\$ 281,380</u>	<u>220,590</u>

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(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (including related parties)	\$ 118,024	41,291	37,175

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

(t) Employee and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute more than 2 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The employee's remuneration may be distributed by way of shares or cash; and the employees entitled to receive shares or cash includes the employees of subsidiaries of the Company meeting certain requirements.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$3,050 thousand and \$2,017 thousand, and directors' remuneration amounting to \$1,900 thousand and \$1,550 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 2023. In 2022, 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.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2024	2023
Interest income from bank deposits	\$ 6,201	1,720
Other interest income	1,945	30
	\$ 8,146	1,750

(ii) Other income

The details of other income were as follows:

	2024	2023
Dividend income	\$ 11,029	-
Others	113	27
	\$ 11,142	27

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(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2024</u>	<u>2023</u>
Net gain (loss) on foreign exchanges	\$ 7,580	(370)
Net loss on financial assets at fair value through profit or loss and Others	<u>567</u>	<u>7,945</u>
	<u>\$ 8,147</u>	<u>7,575</u>

(vi) Finance costs

The details of finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ 9,268	282
Interest expense	<u>916</u>	<u>795</u>
	<u>\$ 10,184</u>	<u>1,077</u>

(v) 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, 2024, and 2023, 94% and 98%, 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, 2024 and 2023. 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, 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	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	-
	\$ 722,085	749,098	403,029	271,826	74,243
December 31, 2023					
Non-derivative financial liabilities:					
Accounts payable	\$ 9,827	9,827	9,827	-	-
Other payables	74,694	74,694	74,694	-	-
Lease liabilities	32,166	33,567	8,392	25,175	-
	\$ 116,687	118,088	92,913	25,175	-

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, 2024</u>			<u>December 31, 2023</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	\$ 9,993	32.785	327,610	3,105	30.705	95,329
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	406	32.785	13,314	282	30.705	8,648

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 \$3,143 thousand and \$867 thousand for the years ended December 31, 2024 and 2023, respectively. Analysis of the two periods is based on the same standard.

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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>2024</u>		<u>2023</u>	
	<u>Exchange gain (loss)</u>	<u>Average rate</u>	<u>Exchange gain (loss)</u>	<u>Average rate</u>
NTD	<u>\$ 7,580</u>	1	<u>(370)</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, 2024 and 2023, 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>2024</u>		<u>2023</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>6,121</u>	<u>3,800</u>	<u>5,601</u>
Decreasing 10%	<u>\$ -</u>	<u>(6,121)</u>	<u>(3,800)</u>	<u>(5,601)</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, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 247,474				
Accounts receivable (including related parties)	41,291				
Other receivables	417				
Other financial assets	300,000				
Guarantee deposits paid	<u>2,052</u>				
	<u>\$ 591,234</u>				
Financial liabilities measured at amortized cost					
Accounts payable	\$ 9,827				
Other payables	74,694				
Lease liabilities	<u>32,166</u>				
	<u>\$ 116,687</u>				

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 2024 and 2023.

4) Changes in Level 3

	Financial assets at FVTPL	Financial assets at FVOCI
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	-	<u>(4,429)</u>
Balance on December 31, 2024	<u>\$ 61,209</u>	<u>-</u>
Balance on January 1, 2023	\$ 48,000	31,052
Recognized in gains and losses	8,006	-
Recognized in other comprehensive income	-	<u>6,948</u>
Balance on December 31, 2023	<u>\$ 56,006</u>	<u>38,000</u>

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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:

	2024	2023
Total gains or losses:		
In gains and losses	\$ 5,203	8,006
In other comprehensive income (recognized in “unrealized gains from financial assets at fair value through other comprehensive income”)	(3,543)	5,558
	\$ 1,660	13,564

- 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	Income approach	Discount for lack of marketability on December 31, 2024 and 2023 was 20.43% and 18.62%, respectively.	The fair value would decrease if the discount for lack of marketability were higher
Financial assets at fair value through other comprehensive income – equity investments in inactive markets	Market approach	Discount for lack of marketability on December 31, 2023 was 25.00%.	The fair value would decrease if the discount for lack of marketability were higher

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- 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:

	Inputs	Increase or decrease	Effects of changes in fair value on comprehensive income and loss	
			Favorable change	Unfavorable change
December 31, 2024				
Financial assets at fair value through profit and loss – Equity investments	Discount of lack marketability	5%	<u>\$ 786</u>	<u>(786)</u>
December 31, 2023				
Financial assets at fair value through profit and loss – Equity investments	Discount of lack marketability	5%	<u>\$ 787</u>	<u>(787)</u>
Financial assets at fair value through other comprehensive income – Equity investments	Discount of lack marketability	5%	<u>\$ 632</u>	<u>(632)</u>

(w) 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

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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.

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.

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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.

(x) 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, 2024, and 2023, the debt ratios were 31% and 7%, respectively. There were no changes in the Company's approach to capital management.

(y) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	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

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Lease liabilities	\$ 3,269	(10,897)	39,794	32,166
Total liabilities from financing activities	\$ 3,269	(10,897)	39,794	32,166

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(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:

<u>Name of related party</u>	<u>Relationship with the Company</u>
AST PRODUCTS, INC.(ASTP)	A Subsidiary
AST VISIONCARE INC.(ASTVC-US)	A Subsidiary (Note1)
ICARES Medicus (Hong Kong) Limited (ICARES HK)	A Subsidiary
ACME Tooling Technology Co., Ltd. (ACME)	A Subsidiary (Note2)
MILLENNIUM BIOMEDICAL, INC.(MBI)	A Subsidiary (Note3)
AST VISIONCARE GmbH (ASTVC-DE)	A Subsidiary (Note4)
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 established ASTVC-US in the United States in August, 2023 with cash and held 100% of the shares, making ASTVC-US a subsidiary of the Company.

Note2: 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.

Note3: Since the general manager of ASTP has ceased to be a director of the company, making the Company no longer an affiliated enterprise of the company on May, 2023. In addition, the Company gained control over MBI and included it as a subsidiary since July, 2024. As result, the terms in disclosing related-party transaction between the Company and MBI were from July 15, 2024 to December 31, 2024 and for the year ended April 30, 2023, separately.

Note4: ASTP jointly established ASTVC-DE in Germany with other investors in cash and held 80% of the shares in January, 2023, making ASTVC-DE a 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		Accounts receivables from related parties	
	2024	2023	December 31, 2024	December 31, 2023
Subsidiaries				
ASTVC-US	\$ 207,580	57,384	95,291	31,752
MAXUS	30,802	23,898	16,008	8,528
ASTP	(5,709)	102,765	-	-
	<u>\$ 232,673</u>	<u>184,047</u>	<u>111,299</u>	<u>40,280</u>

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.

For the year ended 2024 and 2023, there were no significant differences in the selling prices and trading terms between related parties and other customers. The trading terms of the receivable sold to related parties are due 30 and 60 days after the date of sales. The trading terms of the receivable sold to customers are both due 30 to 60 days after the date of sales.

(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	
	2024	2023	December 31, 2024	December 31, 2023
ASTVC-US	\$ 16,827	716	-	683
ASTP	23,171	318	8,668	4,969
ACME	7,405	4,970	1,377	2,346
MBI	163	470	-	-
	<u>\$ 47,566</u>	<u>6,474</u>	<u>10,045</u>	<u>7,998</u>

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 rented factory from other related parties (ANTS). The rental price is in accordance with the agreement of both parties, paying rent at the beginning of each month. This lease transaction was deemed as short-term lease due to lease period less than 12 month and no right for bargain purchase. The rental expenses for the years ended December 31, 2024 and 2023 were \$372 thousand and \$444 thousand, respectively. The outstanding balances as of December 31, 2024 and 2023 were \$33 thousand and \$32 thousand, reported as other payables.

(iv) Miscellaneous transactions

	Cost and expense		Other payables	
	2024	2023	December 31, 2024	December 31, 2023
ASTP	\$ 26,738	32,218	4,295	1,748
Other related parties	1,180	804	599	481
	<u>\$ 27,918</u>	<u>33,022</u>	<u>4,894</u>	<u>2,229</u>

The outstanding balances of the advance to subsidiary as of December 31, 2024 was \$300 thousand, reported as other receivables.

(v) Loans to Related Parties

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

	December 31, 2024		
	Ending balance	Range of interest rates during the period	Loss allowance
ASTVC-US	<u>\$ 131,140</u>	3.00%	<u>-</u>
		Interest income	Interest receivable
		2024	December 31, 2024
ASTVC-US		<u>\$ 1,912</u>	<u>1,912</u>

(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 on December 31, 2024, 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(f) and (g) for the details.
- 3) The Company participated in the cash capital increase handled by its subsidiary ICARES HK in September, 2023, and the capital increase price was \$77,158 thousand. The unpaid capital increase price as of December 31, 2023 was \$46,057 thousand, which was listed

ICARES MEDICUS, INC.

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as “other payables”. The payment of the above-mentioned amount was fully completed on December 31, 2024.

(vii) Joint guarantor

As of December 31, 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:

	2024	2023
Short-term employee benefits	\$ 7,900	8,063
Post-employment benefits	317	324
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	3,391	2,679
	\$ 11,608	11,066

(8) Pledged assets: None

(9) Significant Commitments and Contingencies: None

(10) Losses Due to Major Disasters: None

(11) Subsequent events:

On February 14, 2025, the board of directors of the Company's subsidiary, MAXUS, approved a cash capital increase for the purchase of machinery and equipment and to strengthen operating capital, with a total amount of USD 5,000 thousand. As of the date this financial report was issued, the cash capital increase has not been completed.

(12) Other

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

By item	By function	2024			2023		
		Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefits							
Salary		41,483	55,671	97,154	38,831	47,688	86,519
Labor and health insurance		4,805	3,577	8,382	3,962	3,379	7,341
Pension		2,175	1,948	4,123	1,792	1,797	3,589
Remuneration of directors		-	2,440	2,440	-	2,090	2,090
Others		3,138	1,778	4,916	1,961	1,297	3,258
Depreciation		19,850	10,011	29,861	13,038	8,309	21,347
Amortization		67	47	114	-	-	-

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

	2024	2023
Employees	137	119
Non-employee directors	4	4
Average expense of employee benefit	\$ 861	876
Average expense of employee salary	\$ 730	752
Average adjustment of salary expense	(2.93)%	

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:

Number	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
													Items	Value		
00	The Company	ASTVC-US	Other receivables	Yes	131,340	131,140	131,140	3.00%	Short-term financing	-	Short-term financing	-	-	-	498,010	664,013
01	ASTP	ASTVC-US	"	"	492,001	491,775	157,368	-%	"	-	"	-	-	-	707,753	920,079
01	ASTP	MBI	"	"	54,298	45,899	45,899	-%	"	-	"	-	-	-	707,753	920,079
01	ASTP	ASTVC-ES	"	"	15,892	-	-	-%	"	-	Overdue Account receivables	-	-	-	247,714	283,101
01	ASTP	Xen-Innovation Medical Equipment	"	None	6,406	-	-	-%	"	-	"	-	-	-	247,714	283,101
02	ASTVC-US	ASTVC-ES	"	Yes	34,521	-	-	-%	"	-	"	-	-	-	268,677	307,059
02	ASTVC-US	ASTVC-FR	"	"	7,201	7,190	7,190	3.50%	"	-	Short-term financing	-	-	-	268,677	307,059

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

Note 1: For short-term financing, the individual lending limit for our company is 30% of its net worth, and the total limit is 40% of its net worth.

Note 2: The subsidiary ASTP engages in lending activities. For non-Taiwan subsidiaries that are not 100% owned by the parent company or group, the individual lending limit to each party is 35% of its net worth, and the total limit is 40% of its net worth. For non-Taiwan subsidiaries that are 100% owned by the parent company or group, the individual lending limit to each party is 100% of its net worth, and the total limit is 130% of its net worth.

Note 3: The subsidiary ASTVC US engages in lending activities. For non-Taiwan subsidiaries that are not 100% owned by the parent company or group, the individual lending limit to each party is 35% of its net worth, and the total limit is 40% of its net worth. For non-Taiwan subsidiaries that are 100% owned by the parent company or group, the individual lending limit to each party is 60% of its net worth, and the total limit is 80% of its net worth.

Note 4: The related transactions have been eliminated during the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2024 (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 ASTP	EXCEL-LENS, INC.	None	Financial assets measured at FVTPL – non-current	2,632	61,209	10.00 %	61,209	Note
	Dreyfus Government Cash Management Service Shares	"	Financial assets measured at FVTPL – current	139	4,573	- %	4,573	
"	US Treasury Notes-912797NQ6	"	Amortized cost financial assets. – current	2,500	80,913	- %	80,913	"
"	US Treasury Notes-912797NC7	"	"	2,500	80,499	- %	80,499	"
"	US Treasury Notes-912797MK0	"	"	2,400	77,921	- %	77,921	"
"	US Treasury Notes-912797LY1	"	"	2,050	66,457	- %	66,457	"
					305,790			

Note: Units instead of percentage of ownership.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
ASTP	Dreyfus Government Cash Management Service Shares	Financial assets measured at FVTPL – current		None	11	331	2,270	73,610	2,142	68,709	68,709	(659)	139	4,573
ASTP	US Treasury Notes-912797GC5	Amortized cost financial assets. – current		None	3,013	92,100	-	-	3,013	94,304	92,100	2,204	-	-
ASTP	US Treasury Notes-912797JB4	Amortized cost financial assets. – current		None	3,064	93,633	-	-	3,064	94,960	93,633	1,327	-	-
ASTP	US Treasury Notes-912797LL9	Amortized cost financial assets. – current		None	3,380	101,110	-	-	3,380	105,046	101,110	3,936	-	-
ASTP	US Treasury Notes-912797JK4	Amortized cost financial assets. – current		None	-	-	2,016	62,280	2,016	63,800	62,280	1,520	-	-

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
ASTP	US Treasury Notes-912797JF5	Amortized cost financial assets. — current		None	-	-	3,015	93,521	3,015	94,813	93,521	1,292	-	-
ASTP	US Treasury Notes-912797JP3	Amortized cost financial assets. — current		None	-	-	3,050	95,568	3,050	96,365	95,568	797	-	-
ASTP	US Treasury Notes-912797JX6	Amortized cost financial assets. — current		None	-	-	3,375	106,518	3,375	108,979	106,518	2,461	-	-
ASTP	US Treasury Notes-912796ZW2	Amortized cost financial assets. — current		None	-	-	2,050	64,597	2,050	66,266	64,597	1,669	-	-
ASTP	US Treasury Notes-912797JS7	Amortized cost financial assets. — current		None	-	-	3,100	99,205	3,100	101,076	99,205	1,871	-	-
ASTP	US Treasury Notes-912797KY2	Amortized cost financial assets. — current		None	-	-	3,400	108,717	3,400	108,732	108,717	15	-	-
ASTP	US Treasury Notes-912797GW1	Amortized cost financial assets. — current		None	-	-	2,050	65,980	2,050	65,272	65,980	(708)	-	-
ASTP	US Treasury Notes-912797KU0	Amortized cost financial assets. — current		None	-	-	3,200	103,825	3,200	102,944	103,825	(881)	-	-
ASTP	US Treasury Notes-912797LE5	Amortized cost financial assets. — current		None	-	-	2,400	75,774	2,400	78,108	75,774	2,334	-	-
The Company	ASTVC-US	Investments accounted for using equity method		None	275	50,390	1,800	702,747	-	-	-	(121,886)	2,075	631,251
The Company & ASTVC-US	MBI	Investments accounted for using equity method		None	250	38,000	4,750	835,549	-	-	-	5,305	5,000	878,854

Note 1: The difference between sale and purchase amount and valuation amount by the exchange rate on reporting date from acquisition date and disposal date.

Note 2: The related transactions have been eliminated during the preparation of the consolidated financial statements.

- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$300 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	207,580	73.77%	Due 30 days after the date of sales	Transaction at the price agreed by both parties	No significant differences	95,291	80.74%	Note

Note: The related transactions have been eliminated during the preparation of the consolidated financial statements.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(viii) 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: 133,052	-	-		-	-	Note
ASTP	ASTVC-US	The ultimate parent company is the same parent company	Other receivable: 157,368	-	-		-	-	Note

Note: The related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: None

(b) Information on investees

The following is the information on investees for the year 2024 (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, 2024			Net income (losses) of investee (thousand)	Share of profits/losses of investee (thousand)	Note
				December 31, 2024 (thousand)	December 31, 2023 (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%	707,753	180,861	180,861	Note1&3
The Company	ASTVC-US	U.S. A	Distribution of ophthalmic medical equipment	833,725	130,978	2,075	100.00%	631,251	(37,521)	(37,521)	Note1&3
The Company	ICARES HK	Hong Kong	Equity investments	384,648	337,607	-	100.00%	155,431	(94,210)	(94,210)	Note1&3
The Company	ACME	Taiwan	Molding manufacturing	90,000	40,000	2,400	60.00%	89,295	14,354	8,991	Note1&3
The Company	MBI	U.S. A	Research and manufacture the products related to intraocular lenses	13,451	13,451	250	5.00%	29,840	83,310	416	Note1&3
ASTVC-US	ASTVC-DE	Germany	Distribution of ophthalmic medical equipment	28,293	28,293	20	80.00%	14,077	(4,010)	(3,208)	Note1&3
ASTVC-US	ASTVC-ES	Spain	Distribution of ophthalmic medical equipment	11,232	11,232	3	48.00%	4,926	10,139	4,660	Note2
ASTVC-US	ASTVC-FR	France	Distribution of ophthalmic medical equipment	4,434	-	-	46.50%	4,219	(140)	(65)	Note2
ASTVC-US	MBI	U.S. A	Research and manufacture the products related to intraocular lenses	835,549	-	4,750	95.00%	849,014	83,310	7,913	Note1&3

Note1: The subsidiaries.

Note2: The associate.

Note3: The related transactions have been eliminated during the preparation of the consolidated financial statements.

ICARES MEDICUS, INC.

Notes to the Parent Company Only Financial Statements

(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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	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	262,842	Indirect investment through ICARES HK	211,264	47,041	-	258,305	(147,588)	62.83%	(94,210)	154,462	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
258,305	418,304 (USD 12,759 thousand)	996,019

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"

(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
LOH TRUST HOLDINGS LLC	6,138,520	14.25%
Ih-Houng Loh	4,732,659	10.98%

(14) Segment information

For the details, please refer to consolidated financial statements for the year ended December 31, 2024.

ICARES MEDICUS, INC.
Statement of cash and cash equivalents
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 30
Demand deposits – NTD		80,306
Demand deposits – USD	USD \$1,385 thousand, exchange rate 32.785	45,418
Time deposits – USD	USD \$1,000 thousand, exchange rate 32.785	32,785
		<u><u>\$ 158,539</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	\$ 4,715
EYECARE TECH INC.	"	1,940
Others (Note)	"	<u>70</u>
Subtotal		<u>6,725</u>
Accounts receivable – related parties		
ASTVC – US		95,291
MAXUS		<u>16,008</u>
Subtotal		<u>111,299</u>
Total accounts receivable, gross		118,024
Less: Allowance for doubtful account		<u>-</u>
Total accounts receivable, net		<u><u>\$ 118,024</u></u>

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

ICARES MEDICUS, INC.
Statement of other receivable
December 31, 2024
(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.	\$ 133,352
Others (Note)		<u>32</u>
		<u>\$ 133,384</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	\$ 22,148	
Less: Provision	<u>(151)</u>	
	21,997	<u>67,116</u>
Semi-finished goods and work in process	74,350	
Less: Provision	<u>(1,986)</u>	
	72,364	<u>164,541</u>
Raw materials	26,074	
Less: Provision	<u>(618)</u>	
	25,456	<u>25,943</u>
Net amount	<u>\$ 119,817</u>	<u>257,600</u>

ICARES MEDICUS, INC.

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

For the year ended December 31, 2024

(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>56,006</u>	-	<u>-</u>	-	<u>-</u>	-	<u>5,203</u>	2,632	<u>61,209</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, 2024

(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	\$ 489,915	-	-	-	-	-	217,838	2,329	100.00%	707,753	707,753	None
ASTVC-US	275	50,390	1,800	702,747	-	-	-	(121,886)	2,075	100.00%	631,251	767,649	"
MBI	-	-	-	-	-	-	250	29,840	(250)	5.00%	29,840	185,033	"
ICARES HK	- (Note 2)	232,585	-	47,041	-	-	-	(124,195)	- (Note 2)	100.00%	155,431	157,624	"
ACME	1,067	37,977	1,333	50,000	-	-	-	1,318	2,400	60.00%	89,295	137,448	"
		<u>\$ 810,867</u>		<u>799,788</u>		<u>-</u>		<u>2,915</u>			<u>1,613,570</u>	<u>1,955,507</u>	

Note1: Share of profit, unrealized profit, Exchange differences on translation of foreign financial statements and other adjustment.

Note2: The limited company.

ICARES MEDICUS, INC.
Statement of changes in property, plant and equipment
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(h) for Property, plant and equipment.

Statement of changes in right-of-use assets

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

Statement of other non current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments for equipment	Prepayments for lab construction and equipment.	47,595
Others (Note)		2,054
		<u><u>\$ 49,649</u></u>

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

ICARES MEDICUS, INC.

Statement of short-term borrowings

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

<u>Name</u>	<u>Description</u>	<u>Borrowing Period</u>	<u>Interest rate</u>	<u>Credit Limit</u>	<u>Amount</u>	<u>Pledged of guaranteed</u>
Bank SinoPac	Unsecured loans	2024.02~2025.02	2.30%	180,000	\$ 180,000	None
Taishin Bank	"	2024.05~2025.05	1.94%	100,000	<u>100,000</u>	"
					<u>\$ 280,000</u>	

Statement of long-term borrowings

<u>Name</u>	<u>Description</u>	<u>Borrowing Period</u>	<u>Interest rate</u>	<u>Credit Limit</u>	<u>Amount</u>	<u>Pledged of guaranteed</u>
E.SUN Bank	Unsecured loans	2024.07~2031.07	2.15%	300,000	\$ 300,000	None
Taishin Bank	"	2024.08~2027.08	2.22%	150,000	50,000	"
Less: Current portion of long-term loans					<u>(47,639)</u>	
					<u>\$ 302,361</u>	

ICARES MEDICUS, INC.
Statement of other payables
December 31, 2024
(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	\$ 18,804
Employee and directors' remuneration payable	Estimated employee and directors' remuneration	6,968
Miscellaneous expenses payable	Labor costs, management fees, and various expenses, etc.	5,894
Related party payable	Related party equipment, inspection fees, freight, and rent, etc.	4,927
Income tax payable	Estimated income tax	4,881
Others (Note)		3,482
		<u>\$ 44,956</u>

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

Statement of operating revenues
For the year ended December 31, 2024

<u>Item</u>	<u>Amount</u>
Medical devices sales	
Intraocular lenses and implantable medical devices	\$ 195,895
Others	<u>6,441</u>
Subtotal	<u>202,336</u>
Technical service revenue	
Lubricious coatings and various surface treatments	<u>79,044</u>
Net operating revenues	<u>\$ 281,380</u>

ICARES MEDICUS, INC.
Statement of operating costs
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material:	
Raw material On January 1, 2024	\$ 4,986
Add: Purchases	57,316
Less: Raw material on December 31, 2024	(26,074)
Transfers to expenses	(2,811)
Raw material used	33,417
Direct labor	22,334
Manufacturing overhead	89,352
Manufacturing costs	145,103
Add: Semi-finished goods and work in process on January 1, 2024	55,677
Less: Semi-finished goods and work in process on December 31, 2024	(74,350)
Cost of goods manufactured	126,430
Add: Finished goods on January 1, 2024	10,222
Less: Finished goods on December 31, 2024	(22,148)
Transfers to expenses	(13,748)
Cost of finished goods	100,756
Merchandises on January 1, 2024	-
Add: Purchases	1,687
Less Merchandises on December 31, 2024	-
Cost of goods sold	102,443
Other operating cost	200
Operating costs	\$ 102,643

ICARES MEDICUS, INC.
Statement of operating expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	\$ 1,119	22,355	32,197
Directors' remuneration	-	2,440	-
Traveling costs	200	79	1,916
Shipping costs	119	11	184
Depreciation	110	1,589	8,312
Service expense	10	5,128	10,200
Research expense	-	-	18,521
Other expenses (individual amount not exceeding 5%)	<u>512</u>	<u>6,769</u>	<u>13,283</u>
Total	<u>\$ 2,070</u>	<u>38,371</u>	<u>84,613</u>