

Stock Code:6612

ICARES MEDICUS, INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of significant accounting policies	11~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	28~64
(7) Related-party transactions	65~69
(8) Pledged assets	69
(9) Significant Commitments and Contingencies	69
(10) Losses Due to Major Disasters	69
(11) Subsequent events	69
(12) Other	70
(13) Other disclosures	
(a) Information on significant transactions	70~73
(b) Information on investees	74
(c) Information on investment in mainland China	74~75
(d) Major shareholders	75
(14) Segment information	75~76

Representation Letter

The entities that are required to be included in the combined financial statements of ICARES MEDICUS, INC. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, “Consolidated and Separate Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ICARES MEDICUS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ICARES MEDICUS, INC.

Chairman: Ih-Houng Loh

Date: March 11, 2025

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of ICARES MEDICUS, INC. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Matter

The financial statements of subsidiaries included in the consolidated financial statements of the Group and those of ACME Tooling Technology Co., which lists on the "Investments accounted for using equity method", 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 consolidated financial statements of the Group. As of December 31, 2024, the total assets of the aforementioned subsidiary accounted for 7.74% of the consolidated total assets, and the net operating revenue for the year ended December 31, 2024, accounted for 14.40% of the consolidated net operating revenue. The "Investments accounted for using equity method" amount of ACME Tooling Technology Co. of total assets accounts for 1.99 % as of December 31, 2023. The "Share of profit of subsidiaries accounted for using equity method" amount of ACME Tooling Technology Co. of profit before income tax accounts for (1.34) % and (0.34) % for the year ended December 31, 2024 and 2023, respectively.

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

ICARES MEDICUS, INC. has prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion with other matter and an unmodified opinion, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

Impairment of goodwill

Please refer to note 4(m) "Impairment – non-financial assets", note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(m) "Intangible assets" of the consolidated financial statements.

Description of key audit matter:

ICARES MEDICUS, INC. 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 impairment of the intangible assets due to the above-mentioned cases 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 reasonableness of approaches, 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 impairment assessment.

Acquisition of Subsidiary

Please refer to note 4(r) "Business combination" and note 6(i) "Business combination".

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 Group acquired a 95% stake in MILLENNIUM BIOMEDICAL, INC. (MBI) on July 15, 2024. The total investment amount was 835,549 thousand, which increased the combined shareholding percentage of the Group in MBI from 5% to 100% and granted control over the Group. Due to the significant impact of this transaction on the amount of investment recognized under the equity method, the acquisition of subsidiary has been identified as a key audit matter.

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

Notes to Readers

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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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Consolidated 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)

	2024		2023	
	Amount	%	Amount	%
4000 Operating revenues (notes 6(v) and 7)	\$ 859,793	100	605,452	100
5000 Operating costs (notes 6(g), (p), (q), (t), (w), 7 and 12)	260,064	30	123,050	20
Gross profit from operations	599,729	70	482,402	80
Operating expenses (notes 6(e), (f), (p), (q), (t), (w), 7 and 12):				
6100 Selling expenses	51,448	6	27,561	5
6200 Administrative expenses	226,522	26	158,752	26
6300 Research and development expenses	192,701	23	177,446	29
6450 Expected credit losses	5,806	1	10,079	2
	<u>476,477</u>	<u>56</u>	<u>373,838</u>	<u>62</u>
Net operating income	123,252	14	108,564	18
Non-operating income and expenses:				
7000 Interest income (note 6(x), and note 7)	32,311	4	2,377	-
7010 Other income (note 6(x))	17,318	2	7,473	1
7020 Other gains and losses, net (note 6(h), (x) and note 7)	7,468	1	3,393	1
7050 Finance costs, net (note 6(p), (x) and note 7)	(18,330)	(2)	(7,171)	(1)
7060 Share of profit of associates accounted for using equity method (note 6(h))	2,384	-	(1,346)	-
Total non-operating income and expenses	41,151	5	4,726	1
7900 Profit before income tax	164,403	19	113,290	19
7950 Less: Income tax expenses (note 6(r))	109,890	13	48,859	8
Profit	54,513	6	64,431	11
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)	-	6,948	1
8349 Income tax expenses related to items that may not be reclassified to profit or loss (note 6(r))	886	-	(1,390)	-
Total items that may not be reclassified subsequently to profit or loss	(3,543)	-	5,558	1
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	61,721	7	(11,665)	(2)
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	61,721	7	(11,665)	(2)
8300 Other comprehensive income	58,178	7	(6,107)	(1)
8500 Comprehensive income	\$ 112,691	13	58,324	10
Profit, attributable to:				
Owners of parent	\$ 103,122	12	97,729	16
Non-controlling interests (note 6(j))	(48,609)	(6)	(33,298)	(5)
	\$ 54,513	6	64,431	11
Comprehensive income attributable to:				
Owners of parent	\$ 157,264	18	95,290	16
Non-controlling interests (note 6(j))	(44,573)	(5)	(36,966)	(6)
	\$ 112,691	13	58,324	10
Basic earnings per share (note 6(u))				
9750 Basic earnings per share	\$ 2.41		2.55	
9850 Diluted earnings per share	\$ 2.40		2.54	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Exchange differences on translation of foreign financial statements	Total other equity	Unearned compensation cost	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance on January 1, 2023	\$ 341,639	174,318	29,322	3,545	320,117	8,049	14,080	(12,323)	-	878,747	59,017	937,764
Profit	-	-	-	-	97,729	-	-	-	-	97,729	(33,298)	64,431
Other comprehensive income	-	-	-	-	-	(7,997)	5,558	-	-	(2,439)	(3,668)	(6,107)
Comprehensive income	-	-	-	-	97,729	(7,997)	5,558	-	-	95,290	(36,966)	58,324
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	12,891	-	(12,891)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(34,164)	-	-	-	-	(34,164)	-	(34,164)
Capital increase by cash	50,000	548,430	-	-	-	-	-	-	-	598,430	-	598,430
Compensation cost of share-based payments	-	12,523	-	-	-	-	-	7,611	-	20,134	-	20,134
Changes in subsidiary's ownership	-	19,525	-	-	-	-	-	-	-	19,525	(19,525)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	88,371	88,371
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	90,897	1,668,859
Profit	-	-	-	-	103,122	-	-	-	-	103,122	(48,609)	54,513
Other comprehensive income	-	-	-	-	-	57,685	(3,543)	-	-	54,142	4,036	58,178
Comprehensive income	-	-	-	-	103,122	57,685	(3,543)	-	-	157,264	(44,573)	112,691
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	9,773	-	(9,773)	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,545)	3,545	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,832)	-	-	-	-	(7,832)	-	(7,832)
Stock dividends	39,160	-	-	-	(39,160)	-	-	-	-	-	-	-
Acquisition of treasury shares by business combination	-	-	-	-	-	-	-	-	(86,902)	(86,902)	-	(86,902)
Compensation cost of share-based payments	-	11,003	-	-	-	-	-	3,267	-	14,270	-	14,270
Cash dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,674)	(2,674)
Changes in subsidiary's ownership	-	5,270	-	-	-	-	-	-	-	5,270	8,074	13,344
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,735	1,735
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	49,295	49,295
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	102,754	1,762,786

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Consolidated 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	\$ 164,403	113,290
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	70,495	40,203
Amortization	18,549	3,531
Expected credit loss / Provision for bad debt expense	5,806	10,079
Interest expense	18,330	7,171
Interest income	(32,311)	(2,377)
Dividends income	(12,137)	(2,914)
Share of profit of associates accounted for using equity method	(2,384)	1,346
Compensation cost of share-based payments	27,389	20,134
Disposal of loss of associates accounted for using equity method	4,635	-
Net loss on financial assets at fair value through profit or loss and others	(4,256)	(8,866)
Total adjustments to reconcile profit (loss)	94,116	68,307
Changes in operating assets and liabilities:		
Notes and accounts receivable	(11,494)	(33,283)
Inventories	(115,210)	(50,333)
Other current assets	45,090	(17,242)
Other assets	(33,342)	(49,995)
Current contract liabilities	(7,549)	5,310
Notes and accounts payable	(19,744)	(1,756)
Other payables	(83,824)	1,196
Other current liabilities	(442)	(5,786)
Other liabilities	2,472	-
Total adjustments	(129,927)	(83,582)
Cash inflow generated from operations	34,476	29,708
Interest received	32,229	2,287
Dividends received	12,500	3,774
Interest paid	(17,864)	(6,787)
Income taxes paid	(72,165)	(54,769)
Net cash flows from operating activities	(10,824)	(25,787)
Cash flows from (used in) investing activities:		
Business combination	(688,431)	-
Acquisition of financial assets at amortized cost	(1,178,006)	(449,906)
Proceeds from disposal of financial assets at amortized cost	1,180,665	249,197
Acquisition of financial assets at fair value through profit or loss	(73,610)	(227,071)
Proceeds from disposal of financial assets at fair value through profit or loss	68,709	265,130
Acquisition of Investments accounted for using equity method	(4,434)	-
Acquisition of property, plant and equipment	(58,090)	(41,509)
Disposal of property, plant and equipment	1,387	-
Increased in guarantee deposits paid	(162)	(1,645)
Acquisition of intangible assets	(7,747)	(5,524)
Decreased (Increased) in other financial assets	300,000	(286,814)
Increase in prepayment of equipment	(90,883)	(29,441)
Net cash flows from (used in) investing activities	(550,602)	(527,583)
Cash flows from (used in) financing activities:		
Increase in short term borrowings	316,319	-
Incurrence of long-term borrowings	505,435	-
Repayments of long-term borrowings	(150,000)	-
Increased in other payable—related party	(22,515)	21,493
Payment of lease liabilities	(27,992)	(18,032)
Cash dividends paid	(7,832)	(34,164)
Capital increase by cash	-	598,430
Cash dividends paid by subsidiary to non-controlling interests	(2,674)	-
Contribution by non-controlling interests	1,735	88,371
Net cash flows from (used in) financing activities	612,476	656,098
Effect of exchange rate changes on cash and cash equivalents	7,471	(6,054)
Net increase (decrease) in cash and cash equivalents	58,521	96,674
Cash and cash equivalents at beginning of year	381,265	284,591
Cash and cash equivalents at end of year	\$ 439,786	381,265

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated 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 and its subsidiaries (“the Group”) 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 consolidated financial statements

The consolidated financial statements were authorized for issue 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated 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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

The Group 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 Group completes its evaluation.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group 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 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 consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial assets at fair value through other comprehensive income are measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. Unless otherwise specified, all financial information presented in NTD has been rounded to the nearest thousand.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Percentage of shareholding		Description
			December 31, 2024	December 31, 2023	
The Company	AST PRODUCTS, INC. (ASTP)	Provide lubricious coatings and various surface treatments for implantable or interventional medical devices.	100.00%	100.00%	
The Company	AST VISIONCARE INC. (ASTVC-US)	Distribution of ophthalmic medical equipment	100.00%	100.00%	Note1
The Company	ICARES Medicus (Hong Kong) Limited (ICARES HK)	Investment holding	100.00%	100.00%	
The Company	ACME Tooling Technology Co., Ltd. (ACME)	Injection molding, mold design and development, and production of medical devices and electronic plastic products.	60.00%	Note2	
The Company & ASTVC	MILLENNIUM BIOMEDICAL, INC. (MBI)	Research and manufacture the products related to intraocular lenses	100.00%	Note3	
ASTP & ASTVC US	AST VISIONCARE GmbH (ASTVC-DE)	Distribution of ophthalmic medical equipment	80.00%	80.00%	Note4, 5
ICARES HK	Maxus Medical Co., Ltd. (MAXUS)	Research and manufacture the products related to intraocular lenses	62.83%	63.47%	Note6

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%, making ACME a subsidiary of the Company June, 2024. Please refer to note6(h) and (i) for the details.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note3: The Group gained control over MBI by cash acquisition on July, 2024, making MBI a subsidiary of the company. Please refer to note6(c) and (i) for the details.

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.

Note5: The company adjusted the group's investment structure in August 2023, and ASTVC-US acquired 80% of ASTVC-DE's shares from ASTP in a cash acquisition. The aforementioned transactions are organizational reorganizations under joint control, and the book value method is adopted.

Note6: MAXUS completed a cash capital increase in September 2023 and June 2024, but the merged company did not subscribe in proportion to its shareholding, resulting in a shareholding reduction from 63.47% to 62.83%.

(d) Foreign currency transactions

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(e) 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 Group 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.

(f) 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.

(g) 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 Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 Group 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 Group 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 Group's right to receive payment is established.

(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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Impairment of financial assets

The Group 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 Group 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group 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 months 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

(v) Derecognition of financial assets

The Group 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 Group 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).

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Financial liabilities

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

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

(v) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

(h) 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 present 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.

(i) 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 25 years
- 2) Machinery: 2~7 years
- 3) Others: 2~15 years

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(k) Leases (Lessee)

(i) Identifying a lease

At inception of a contract, the Group 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 Group 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.

(ii) As a lessee

The Group 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 Group's incremental borrowing rate. Generally, the Group uses its 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 Group’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 Group 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 Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(1) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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 Group 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, patents and expertise, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

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

(iii) Amortization

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

- 1) Computer Software 3 years
- 2) Patents 15~17 years
- 3) 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 Group 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group 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 Group 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 Group 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 Group 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 Group 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) Royalty revenue

The Group signs contracts with customers to authorize the Group's surface treatment technology to the customers. Since the authorization is distinguishable, the royalty revenue is determined on the nature of the authorization during the authorization period, or when the control of the rights is transferred to the customers. The collection of royalties between the Group and the customers are based on the customer's sales basis and recognized when the performance obligation has been met and the subsequent customer's sales actually occur.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Financing components

The Group 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 Group 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 plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and 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;

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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 Group 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
 - 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) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as 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 potentially dilutive ordinary shares, such as employee stock options, restriction of employee stock option and accrued employee remuneration.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated 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 critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

Judgment of whether the Group has substantive control over its investee

The Group holds 48% of the outstanding voting shares of AST VISION CARE, S.L. (ASTVC-ES). The remaining outstanding voting share is held by another investee who takes the responsibility for the substantive management of ASTVC-ES. It is determined that the Group has only significant influence on ASTVC-ES.

The Group holds 46.5% of the outstanding voting shares of AST VISIONCARE France (ASTVC FR). The remaining outstanding voting share is held by another investee who takes the responsibility for the substantive management of ASTVC-FR. It is determined that the Group has only significant influence on ASTVC-FR.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(a) Business combination

The evaluation process of a corporate merger relies on the subjective judgment of the management, including the transfer consideration required for the transaction, the selection of valuation methods, the reasonableness of parameters and data, and the fair value assessment of the acquired target assets, among other evaluations and complex calculations. Any changes in estimates resulting from economic environment shifts or corporate strategy may lead to significant adjustments in the fair value of identifiable net assets.

(b) Impairment of intangible assets

The assessment of impairment of intangible assets requires the management 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.

(c) Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group 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 Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are 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 Group recognizes the movement at the reporting date.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$ 635	72
Demand and checking deposits	406,366	381,193
Times deposits	32,785	-
	<u>\$ 439,786</u>	<u>381,265</u>

As of December 31, 2023, the Group 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”.

(b) Financial assets at FVTPL – non-current

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss		
– current:		
Foreign open-end fund	<u>\$ 4,573</u>	<u>331</u>
Mandatorily measured at fair value through profit or loss		
– non-current:		
Foreign unlisted stock	<u>\$ 61,209</u>	<u>56,006</u>

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	<u>\$ -</u>	<u>38,000</u>

- (i) The Group originally held a 5% stake in 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 Group, through its 100%-owned U.S. subsidiary, ASTVC US, acquired a 95% stake in MBI, increasing the Group's direct and indirect ownership from 5% to 100%. As a result, the Group gained control over MBI. For more detailed information, please refer to note 6(i). 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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) Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Foreign government bonds	\$ 305,790	286,843

- (i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.
- (ii) As of December 31, 2024 and 2023, the aforementioned financial assets were not provided as collateral.
- (e) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes and accounts receivable	\$ 269,803	149,566
Less: Loss allowance	(22,299)	(12,851)
	\$ 247,504	136,715

- (i) The Group 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 were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current to overdue 30 days	\$ 179,181	3.22%	5,772
Overdue 31 to 90 days	38,843	6.94%	2,696
Overdue 91 to 180 days	29,587	13.81%	4,087
Overdue 181 to 365 days	13,521	7.94%	1,073
Overdue more than 365 days	8,671	100.00%	8,671
	\$ 269,803		22,299

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current to overdue 30 days	\$ 90,219	4.30%	3,880
Overdue 31 to 90 days	18,776	3.82%	716
Overdue 91 to 180 days	24,588	13.55%	3,331
Overdue 181 to 365 days	12,188	9.26%	1,129
Overdue more than 365 days	3,795	100.00%	3,795
	<u>\$ 149,566</u>		<u>12,851</u>

(ii) The movement in the allowance for notes and accounts receivable was as follows:

	For the years ended December 31,	
	2024	2023
Balance on January 1	\$ 12,851	5,791
Impairment losses recognized	10,433	16,767
Amounts written off	(2,032)	-
Reclassification to other receivables	-	(9,585)
Effects on exchange rate changes	1,047	(122)
Balance on December 31,	<u>\$ 22,299</u>	<u>12,851</u>

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

(f) Other receivables

	December 31, 2024	December 31, 2023
Other receivable	\$ 8,572	22,211
Less: Loss allowance	-	(4,424)
	<u>\$ 8,572</u>	<u>17,787</u>

(i) The movement in the allowance for other receivable was as follows:

	For the years ended December 31,	
	2024	2023
Balance on January 1	\$ 4,424	1,569
Impairment losses reversed	(4,627)	(6,688)
Reclassification from accounts receivable	-	9,585
Effects on exchange rate changes	203	(42)
Balance on December 31,	<u>\$ -</u>	<u>4,424</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

(ii) For further information regarding the reclassification from note and accounts receivable to other receivables, please refers to note 7.

(g) Inventories

	December 31, 2024	December 31, 2023
Finished goods and merchandises	\$ 150,344	41,545
Semi-finished goods and work in process	95,770	62,638
Raw materials	94,961	25,500
	<u>\$ 341,075</u>	<u>129,683</u>

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

	For the years ended December 31,	
	2024	2023
Losses on inventory valuation	<u>\$ 200</u>	<u>330</u>

The losses on inventory valuation are included in cost of sales.

(h) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Associates	<u>\$ 9,145</u>	<u>37,999</u>

(i) The Group originally held 40% of the voting shares in ACME, which provided it with significant influence over the Group and was therefore accounted for using the equity method. On June 1, 2024 (the acquisition date), the Group participated in ACME's cash capital increase, amounting to \$50,000 thousand, which raised the Group's voting shareholding from 40% to 60%. As a result, the Group gained control over ACME and included it in the consolidated entity. For more detailed information, please refer to Note 6(i). 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.

(ii) The Group, in May 2024, jointly established ASTVC-FR with other investors through a cash investment and acquired a 46.50% equity interest, with an investment amount of 4,434 thousand NTD (125 thousand Euros). The transaction amount has been fully paid, and the statutory procedures have been completed.

(iii) In August 2023, the Group adjusted its investment structure, where ASTVC-US acquired all the ASTVC-ES shares held by ASTP through a cash purchase. This transaction is considered an organizational restructuring under joint control, using the book value method.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vi) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	For the years ended December 31,	
	2024	2023
Attributable to the Group:		
Profit (loss)	\$ 2,384	(1,346)
Other comprehensive (loss) income	(80)	-
Comprehensive income	\$ 2,304	(1,346)

- (v) As of December 31, 2024 and 2023, the Group did not provide investments accounted for using the equity method as collateral.

- (i) Business combination

Acquisition of subsidiary – ACME

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

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

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

Consideration transferred:

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

Less: Fair value of identifiable net assets

Cash and cash equivalents	\$	82,612
Trade receivables		42,200
Inventories		18,083
Other assets – current		17,840
Right-of-use assets		9,499
Property, plant and equipment		58,876

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

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)
	123,237
Goodwill	\$ 6,826

(iii) Goodwill

The goodwill primarily arises from the control premium over ACME, the synergies from the merger, future market development, and employee value. These benefits do not meet the recognition criteria for identifiable intangible assets and are therefore not recognized separately from goodwill. Additionally, the recognized goodwill is expected to have no income tax effect.

(vi) Pro forma information on operating results

From the acquisition date to December 31, 2024, the operating results of ACME are consolidated into the Group's consolidated income statement, with contributions of operating revenue and net income after tax of \$123,830 thousand and \$12,068 thousand, respectively. If this acquisition had occurred on January 1, 2024, the pro forma operating revenue and net income after tax for the Group for the year ended December 31, 2024, would have been \$928,486 thousand and \$98,807 thousand, respectively.

Acquisition of subsidiary — MBI

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

The Group originally held a 5% equity stake in MBI, and on July 15, 2024 (the acquisition date), it purchased 4,750 thousand common shares (95% equity) from MBI's original shareholders at a price of \$5.4 per share through its 100%-owned U.S. subsidiary, ASTVC-US. The total investment amount was \$835,549 thousand (USD 25,650 thousand), increasing the Group's stake in MBI from 5% to 100%. As a result, the Group gained control over MBI and, starting from the acquisition date, included it in the consolidated group. The transaction price has been fully paid, and all statutory procedures have been completed. MBI's main business is the design, development, and production of artificial intraocular lenses. The acquisition of MBI by the consolidated company was primarily aimed at enhancing the Group's product portfolio and competitiveness, as well as expanding its distribution network to align with future operational needs.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Consideration transferred:

Cash	\$	835,549
Fair value of pre-existing interest		33,571

Less: Fair value of identifiable net assets

Cash and cash equivalents	\$	114,506	
Trade receivables		46,454	
Inventories		78,099	
Other assets — current		40,797	
Financial assets at fair value through other comprehensive income — non-current		86,902	
Right-of-use assets		51,991	
Intangible assets		456,538	
Other assets — non-current		521	
Trade payables		(12,306)	
Other payables		(91,582)	
Lease liabilities — current		(6,817)	
Other liabilities — current		(41)	
Lease liabilities — non-current		(45,174)	
Deferred tax liabilities		(167,126)	552,762

Goodwill \$ 316,358

- (iii) Intangible assets

Intangible assets consist of customer relationships and specialized technology, which are amortized on a straight-line basis over their estimated economic benefit periods of 13.46 years and 12 years, respectively.

Goodwill mainly arises from the control premium over MBI, synergies from the merger, future market development, and employee value. These benefits do not meet the recognition criteria for identifiable intangible assets, so they are not separately recognized outside of goodwill. Additionally, the recognized goodwill is expected to have no income tax effect.

- (vi) Pro forma information on operating results

From the acquisition date to December 31, 2024, the operating results of MBI are consolidated into the Group's consolidated income statement, with contributions of operating revenue and net income after tax of \$99,294 thousand and \$5,500 thousand, respectively. If this acquisition had occurred on January 1, 2024, the pro forma operating revenue and net income after tax for the Group for the year ended December 31, 2024, would have been \$1,021,394 thousand and \$162,740 thousand, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
MAXUS	China	37.17%	36.53%
ACME	Taiwan	40.00%	-%

MAXUS completed a cash capital increase in September 2023. The Group did not subscribe according to the shareholding ratio, resulting in an increase in non-controlling equity from 34.85% to 36.53%. The recognized capital \$19,823 thousand was adjusted due to changes in the net value of investment equity.

MAXUS completed a cash capital increase in June 2024. The Group did not subscribe according to the shareholding ratio, resulting in an increase in non-controlling equity from 36.53% to 37.17%. The recognized capital \$2,223 thousand was adjusted due to changes in the net value of investment equity.

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

MAXUS's collective financial information

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 81,937	155,537
Non-current assets	331,913	277,487
Current liabilities	(129,558)	(31,748)
Non-current liabilities	(85,575)	(82,592)
Net assets	<u>\$ 198,717</u>	<u>318,684</u>
Non-controlling interests	<u>\$ 44,255</u>	<u>86,609</u>
	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales revenue	<u>\$ 16,012</u>	<u>22,850</u>
Net income	\$ (149,485)	(85,552)
Other comprehensive income	10,652	(8,015)
Comprehensive income	<u>\$ (138,833)</u>	<u>(93,567)</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2024	2023
Profit, attributable to non-controlling interests	<u>\$ (55,274)</u>	<u>(30,389)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ (51,272)</u>	<u>(34,180)</u>

	For the years ended December 31,	
	2024	2023
Net cash flows from operating activities	\$ (132,047)	(64,141)
Net cash flows from investing activities	(55,771)	(67,433)
Net cash flows from financing activities	125,461	105,340
Effect of exchange rate changes on cash and cash equivalents	(929)	(4,199)
Net increase (loss) in cash and cash equivalents	<u>\$ (63,286)</u>	<u>(30,433)</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

ACME's collective financial information

	December 31,
	2024
Current assets	\$ 139,734
Non-current assets	102,586
Current liabilities	(72,280)
Non-current liabilities	(25,766)
Net assets	<u>\$ 144,274</u>
Non-controlling interests	<u>\$ 54,979</u>
	June 1 to
	December, 2024
Sales revenue	<u>\$ 130,431</u>
Net income	\$ 18,669
Other comprehensive income	-
Comprehensive income	<u>\$ 18,669</u>
Profit, attributable to non-controlling interests	<u>\$ 7,468</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 7,468</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 1 to December, 2024
Net cash flows from operating activities	\$ 17,961
Net cash flows from investing activities	(28,008)
Net cash flows from financing activities	38,631
Net increase (loss) in cash and cash equivalents	\$ 28,584
Dividends paid to non-controlling interests	\$ (2,674)

(k) Property, plant and equipment

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

	Land	Buildings	Machinery	Leasehold Improvement	Others	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 16,725	45,253	96,791	47,862	21,880	228,511
Business combination	-	587	99,293	9,605	28,752	138,237
Additions	-	-	43,708	1,205	7,058	51,971
Disposal	-	-	(4,349)	(279)	(263)	(4,891)
Reclassification	-	-	21,489	85,739	387	107,615
Effect of exchange rate changes	1,133	3,065	1,054	1,512	651	7,415
Balance on December 31, 2024	\$ 17,858	48,905	257,986	145,644	58,465	528,858
Balance on January 1, 2023	\$ 16,728	45,260	102,483	28,849	24,317	217,637
Additions	-	-	15,689	23,394	4,902	43,985
Disposal	-	-	(20,849)	(4,365)	(7,239)	(32,453)
Effect of exchange rate changes	(3)	(7)	(532)	(16)	(100)	(658)
Balance on December 31, 2023	\$ 16,725	45,253	96,791	47,862	21,880	228,511
Accumulated depreciation:						
Balance on January 1, 2024	\$ -	7,844	66,088	19,819	14,455	108,206
Business combination	-	205	64,039	1,801	13,316	79,361
Depreciation	-	1,971	19,523	12,539	5,819	39,852
Disposals and retirements	-	-	(1,997)	(279)	(259)	(2,535)
Effect of exchange rate changes	-	571	704	621	400	2,296
Balance on December 31, 2024	\$ -	10,591	148,357	34,501	33,731	227,180
Balance on January 1, 2023	\$ -	6,035	77,350	20,606	18,817	122,808
Depreciation	-	1,837	9,946	3,592	2,937	18,312
Disposals and retirements	-	-	(20,849)	(4,365)	(7,239)	(32,453)
Effect of exchange rate changes	-	(28)	(359)	(14)	(60)	(461)
Balance on December 31, 2023	\$ -	7,844	66,088	19,819	14,455	108,206

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Leasehold Improvement</u>	<u>Others</u>	<u>Total</u>
Carry amount:						
Balance on December 31, 2024	<u>\$ 17,858</u>	<u>38,314</u>	<u>109,629</u>	<u>111,143</u>	<u>24,734</u>	<u>301,678</u>
Balance on December 31, 2023	<u>\$ 16,725</u>	<u>37,409</u>	<u>30,703</u>	<u>28,043</u>	<u>7,425</u>	<u>120,305</u>
Balance on January 1, 2023	<u>\$ 16,728</u>	<u>39,225</u>	<u>25,133</u>	<u>8,243</u>	<u>5,500</u>	<u>94,829</u>

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

(ii) Please refer to note 6 (i) for more details regarding business combination.

(l) Right-of-use asset

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

	<u>Buildings</u>
Cost:	
Balance at January 1, 2024	\$ 133,453
Business combination	61,490
Additions	24,591
Effects of exchange rate changes	<u>3,651</u>
Balance at December 31, 2024	<u>\$ 223,185</u>
Balance at January 1, 2023	\$ 36,201
Additions	134,899
Disposal	(36,141)
Effect of exchange rate changes	<u>(1,506)</u>
Balance at December 31, 2023	<u>\$ 133,453</u>
Accumulated depreciation:	
Balance at January 1, 2024	\$ 15,984
Depreciation for the year	30,643
Effect of exchange rate changes	<u>425</u>
Balance at December 31, 2024	<u>\$ 47,052</u>
Balance at January 1, 2023	\$ 30,413
Depreciation for the year	21,891
Disposal	(36,141)
Effect of exchange rate changes	<u>(179)</u>
Balance at December 31, 2023	<u>\$ 15,984</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Buildings

Carrying amount:

Balance on December 31, 2024	\$ <u>176,133</u>
Balance on December 31, 2023	\$ <u>117,469</u>
Balance on January 1, 2023	\$ <u>5,788</u>

Please refer to note6 (i) for more details regarding business combination.

(m) Intangible assets

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

	<u>Goodwill</u>	<u>Software and Patent</u>	<u>Customer relationships</u>	<u>Expertise and others</u>	<u>Total</u>
Costs or deemed cost:					
Balance on January 1, 2024	\$ 86,768	19,937	-	29,016	135,721
Additions	-	7,747	-	-	7,747
Reclassification	-	7,031	-	-	7,031
Business combination	323,184	270	305,423	151,115	779,992
Effect of exchange rate changes	7,917	1,382	1,969	2,940	14,208
Balance on December 31, 2024	<u>\$ 417,869</u>	<u>36,367</u>	<u>307,392</u>	<u>183,071</u>	<u>944,699</u>
Balance on January 1, 2023	\$ 86,782	14,495	-	29,021	130,298
Additions	-	5,524	-	-	5,524
Effect of exchange rate changes	(14)	(82)	-	(5)	(101)
Balance on December 31, 2023	<u>\$ 86,768</u>	<u>19,937</u>	<u>-</u>	<u>29,016</u>	<u>135,721</u>
Accumulated amortization:					
Balance on January 1, 2024	\$ -	6,532	-	11,687	18,219
Amortization	-	1,528	9,320	7,701	18,549
Effect of exchange rate changes	-	401	195	953	1,549
Balance at December 31, 2024	<u>\$ -</u>	<u>8,461</u>	<u>9,515</u>	<u>20,341</u>	<u>38,317</u>
Balance on January 1, 2023	\$ -	5,470	-	9,271	14,741
Amortization	-	1,078	-	2,453	3,531
Effect of exchange rate changes	-	(16)	-	(37)	(53)
Balance at December 31, 2023	<u>\$ -</u>	<u>6,532</u>	<u>-</u>	<u>11,687</u>	<u>18,219</u>
Carrying amount:					
Balance on December 31, 2024	<u>\$ 417,869</u>	<u>27,906</u>	<u>297,877</u>	<u>162,730</u>	<u>906,382</u>
Balance on December 31, 2023	<u>\$ 86,768</u>	<u>13,405</u>	<u>-</u>	<u>17,329</u>	<u>117,502</u>
Balance on January 1, 2023	<u>\$ 86,782</u>	<u>9,025</u>	<u>-</u>	<u>19,750</u>	<u>115,557</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) Please refer to note 6 (i) for more details regarding business combination.
- (ii) Impairment assessment of Goodwill
- (1) The goodwill arising from the Group's acquisition of MAXUS was \$92,646 thousand and \$86,768 thousand as of December 31, 2024 and 2023, respectively. This was primarily due to the expected benefits from the growth of business revenue in the China region. MAXUS itself is a cash-generating unit that generates independent cash flows. Therefore, impairment of goodwill is assessed by calculating the recoverable amount of MAXUS and comparing it with the carrying value of its net assets to determine whether an impairment loss needs to be recognized. The recoverable amount of MAXUS is determined based on its value in use, which is estimated by the management using future cash flows from the financial projections of its operations. The discount rates applied on December 31, 2024 and 2023, were 14.30% and 15.38%, respectively.
- (2) The goodwill arising from the Group's acquisition of ACME in June 2024 was \$6,826 thousand. This goodwill was mainly due to the expected benefits from the integration of the Group's industrial chain and business revenue brought about by the injection molding products, such as medical molds. ACME itself is a cash-generating unit that generates independent cash flows. Therefore, impairment of goodwill is assessed by calculating the recoverable amount of ACME and comparing it with the carrying value of its net assets to determine whether an impairment loss needs to be recognized. The recoverable amount of ACME is determined based on its value in use, which is estimated by the management using future cash flows from the financial projections of its operations. The discount rate applied on December 31, 2024, was 11.40%.
- (3) The goodwill arising from the Group's acquisition of MBI in July 2024 was \$316,358 thousand. This goodwill was primarily due to the expected benefits from the growth of business revenue in the European and American regions, driven by the sales of artificial crystals and related medical materials. MBI itself is a cash-generating unit that generates independent cash flows. Therefore, impairment of goodwill is assessed by calculating the recoverable amount of MBI and comparing it with the carrying value of its net assets to determine whether an impairment loss needs to be recognized. The recoverable amount of MBI is determined based on its value in use, which is estimated by the management using future cash flows from the financial projections of its operations. The discount rate applied on December 31, 2024, was 13.71%.
- (iii) As of December 31, 2024, and 2023, the intangible assets were not provided as collateral.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024
Unsecured bank loans	\$ 321,319
Unused short-term credit lines	\$ 70,631
Range of interest rates	1.94%~6.20%

Please refer to note 7 for details on related parties of the Group acting as joint guarantors.

(o) Long-term borrowings

The details were as follows:

	December 31, 2024			
	Currency	Currency	Currency	Currency
Unsecured bank loans	NTD	0.5%~2.22%	116.02~120.07	\$ 385,000
	USD	6%	118.12	624
	CNY	3.7%	118.12	4,811
Less: current portion				(64,031)
Total				\$ 326,404
Unused long-term credit lines				\$ 501,295

The long-term borrowings of the Group are partially secured by the Small and Medium Enterprise Credit Guarantee Fund. Additionally, please refer to note 7 for details on related parties of the Group acting as joint guarantors.

(p) Lease liabilities

The amounts of lease liabilities were presented below:

	December 31, 2024	December 31, 2023
Current	\$ 33,789	19,000
Non-current financial assets	\$ 149,317	102,636

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss was as follows:

	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	\$ 6,272	3,608
Expenses relating to short-term leases	\$ 3,158	2,959

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

	For the years ended December 31,	
	2024	2023
Rental expense paid	\$ (3,158)	(2,959)
Interest paid	(6,272)	(3,608)
Payment of lease liabilities	(27,992)	(18,032)
Total cash outflow for leases	\$ (37,422)	(24,599)

As of December 31, 2024, and 2023, the Group leases buildings for its plant and office space. The leases typically run for 1 to 10 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.

- (q) Employee benefits
- (i) The Company contribute the pension cost on the defined contribution plans to the labor pension personal account at the Bureau of Labor Insurance. Subsidiaries other than the Company set up their defined contribution plans in accordance with the regulations of their respective countries.
- (ii) The Group recognized its pension costs and recorded them as operating costs and operating expenses by its nature.

	For the years ended December 31,	
	2024	2023
Defined contribution plans	\$ 13,143	8,926
(r) Income tax		
(i) Income tax expenses		

The components of income tax in the years 2024 and 2023 were as follows:

	2024	2023
Current tax expenses	\$ 99,370	49,999
Deferred tax expenses	10,520	(1,140)
Income tax expenses	\$ 109,890	48,859

There was no amount of income tax recognized directly in equity for 2024 and 2023.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	<u>2024</u>	<u>2023</u>
Items that 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 and profit before tax for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	\$ 164,403	113,290
Income tax using each company's domestic tax rate	119,061	69,360
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	7,789	3,591
	<u>\$ 109,890</u>	<u>48,859</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group 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:

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

2) Unrecognized deferred tax assets

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investment tax credits	<u>\$ 19,743</u>	<u>30,557</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

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

- 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 valuation gain	Amortizati on of intangible assets and others	Unrealized exchange rate changes	Total
Balance on January 1, 2024	\$ 3,684	4,911	4,332	-	12,927
Business combination	-	-	167,126	-	167,126
Recognized in profit or loss	-	-	11,347	790	12,137
Recognized in other comprehensive income	-	(886)	-	-	(886)
Effect of exchange rate changes	-	-	1,609	-	1,609
Balance on December 31, 2024	<u>\$ 3,684</u>	<u>4,025</u>	<u>184,414</u>	<u>790</u>	<u>192,913</u>
Balance on January 1, 2023	\$ 3,684	3,521	4,938	-	12,143
Recognized in profit or loss	-	-	(613)	-	(613)
Recognized in other comprehensive income	-	1,390	-	-	1,390
Effect of exchange rate changes	-	-	7	-	7
Balance on December 31, 2023	<u>\$ 3,684</u>	<u>4,911</u>	<u>4,332</u>	<u>-</u>	<u>12,927</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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)
Business combination	-	-	-	(158)	(158)
Recognized in profit or loss	(2,481)	1,041	(40)	(137)	(1,617)
Balance on December 31, 2024	\$ (11,100)	(3,858)	(551)	(1,107)	(16,616)
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

**Tax returns examined by the tax
authorities**

The Company	for the years through 2022
ACME	for the years through 2022

(s) 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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:

	<u>2023</u>	<u>2022</u>
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.	<u>39,160</u>	<u>-</u>
	<u>\$ 53,220</u>	<u>47,055</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	<u>43,076</u>
Total		<u><u>\$ 55,999</u></u>
4) Treasury shares		

In July 2024, the Group 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.

(t) 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) The Group's subsidiary, MAXUS, passed a resolution at the shareholders' meeting on April 17, 2024 to implement an employee stock ownership capital increase plan. The beneficiaries of the plan are limited to full-time employees of the company who meet specific criteria. On June 1, 2024, a total of 88 thousand units will be issued, with each unit being eligible to subscribe to MAXUS's capital of USD 1 per unit.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) As of December 31, 2024, the information of the Group's restriction of employee stock option was as follows:

	Restricted stock plan 3
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.

- (iv) As of December 31, 2024, the information of the Group'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 August 31, 2025, 2026 and 2027, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group 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

- (v) As of December 31, 2024, the information of the Group's employee stock ownership capital increase plan was as follows:

	Employee stock ownership capital increase plan 1
Grant date	2024.06.01
Granted units (thousand)	88
Contract term (Years)	None
Vesting life (Years)	Immediately

The Group 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 ownership capital increase plan 1
Share price at grant date	USD 5.66
Exercise price	USD 1.00
Expected volatility (%)	27.24
Expected life (days)	42
Expected dividend	-
Risk-free interest rate (%)	1.52
Fair value at grant date	USD 4.66

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Details of the restricted stock of the Group are as follows:

Restricted stock

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

Employee stock options

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

Employee stock ownership capital increase plan

(in thousands)	<u>2024</u>	
	<u>Weighted average exercise price</u>	<u>Number of options</u>
Outstanding at January 1	-	-
Granted during the year (number)	USD 1.00	88
Implemented during the year (number)	USD 1.00	<u>(88)</u>
Outstanding at December 31	-	<u><u>-</u></u>
Exercisable at December 31		<u><u>-</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

(vii) Expense recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Expenses resulting from restriction of employee stock options	3,267	7,611
Expenses resulting from granted employee share options	11,003	3,668
Expenses resulting from cash-settled share-based payment to employees	-	8,855
Expenses resulting from employee stock ownership capital increase plan	<u>13,119</u>	<u>-</u>
	<u>27,389</u>	<u>20,134</u>

(u) 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:

	<u>2024</u>	<u>2023</u>
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>

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 shares	(234)	-
Effect of ungranted of restricted stocks to employees	<u>(113)</u>	<u>(199)</u>
Weighted-average number of ordinary shares on 31 December	<u>42,729</u>	<u>38,300</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

(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>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2024</u>			
	<u>Domestic operation department</u>	<u>China operation department</u>	<u>U.S.A operation department</u>	<u>Total</u>
Major products / service lines:				
Technical service revenue	\$ 28,090	59	172,191	200,340
Royalty revenue	-	-	225,100	225,100
Sales revenue	144,447	15,683	274,223	434,353
	<u>\$ 172,537</u>	<u>15,742</u>	<u>671,514</u>	<u>859,793</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

	2023			
	Domestic operation department	China operation department	U.S.A operation department	Total
Major products / service lines:				
Technical service revenue	\$ 24,799	-	180,215	205,014
Royalty revenue	-	-	221,008	221,008
Sales revenue	11,744	22,839	144,847	179,430
	\$ 36,543	22,839	546,070	605,452

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	\$ 269,803	149,566	130,558
Less: Loss allowance	(22,299)	(12,851)	(5,791)
Total	\$ 247,504	136,715	124,767
Contract liability	\$ 19,227	5,227	-

For details on accounts receivable and loss allowance, please refer to note 6(e).

The beginning balance of contract liabilities on January 1, 2024, recognized as revenue during 2024, amounts to \$5,227 thousand.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2023 and 2022. Information about employee and directors' remuneration can be accessed in the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 19,289	2,343
Interest income from financial assets measured at amortized cost	12,849	4
Interest income from bank deposits	<u>173</u>	<u>30</u>
	<u><u>\$ 32,311</u></u>	<u><u>2,377</u></u>

(ii) Other income

The details of other income were as follows:

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 12,137	2,914
Others	<u>5,181</u>	<u>4,559</u>
	<u><u>\$ 17,318</u></u>	<u><u>7,473</u></u>

(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	\$ 8,642	925
Losses on disposals of investments	(4,635)	-
Net loss on financial assets at fair value through profit or loss and Others	<u>3,461</u>	<u>2,468</u>
	<u><u>\$ 7,468</u></u>	<u><u>3,393</u></u>

(vi) Finance costs

The details of finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses	\$ 12,058	3,563
Interest on lease liabilities	<u>6,272</u>	<u>3,608</u>
	<u><u>\$ 18,330</u></u>	<u><u>7,171</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 19% and 36%, 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 Group assessed the financial status of the customers, and will require them to provide collateral if necessary. The Group assessed the possibility of collection of receivables on a regular basis, and recognized loss allowances.

(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>5 years above</u>
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 321,319	324,000	324,000	-	-
Notes and accounts payable	23,993	23,993	23,993	-	-
Long-term borrowings	390,435	416,219	71,944	270,032	74,243
Other payables	105,568	105,568	105,568	-	-
Lease liabilities	183,106	210,492	41,003	119,820	49,669
	<u>\$ 1,024,421</u>	<u>1,080,272</u>	<u>566,508</u>	<u>389,852</u>	<u>123,912</u>
December 31, 2023					
Non-derivative financial liabilities:					
Notes and accounts payable	\$ 5,734	5,734	5,734	-	-
Other payables	90,593	90,593	90,593	-	-
Lease liabilities	121,636	140,437	23,146	72,613	44,678
	<u>\$ 217,963</u>	<u>236,764</u>	<u>119,473</u>	<u>72,613</u>	<u>44,678</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2024			December 31, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 10,345	32.785	339,167	3,557	30.705	109,232	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		894	32.785	29,322	562	30.705	17,428

2) Sensitivity analysis

The Group'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 \$3,098 thousand and \$918 thousand for the years ended December 31, 2024 and 2023, respectively. Analysis of the two periods is based on the same standard.

3) Exchange gain and loss

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

Functional currency	2024		2023	
	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	\$ 8,144	1	(370)	1
CNY	498	4.4544	1,295	4.3954
	<u>\$ 8,642</u>		<u>925</u>	

(iv) Interest rate analysis

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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:

Prices of securities at the reporting date	For the years ended December 31,			
	2024		2023	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 10%	\$ -	6,578	3,800	5,634
Decreasing 10%	\$ -	(6,578)	(3,800)	(5,634)

(vi) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group'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:

	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVPL–non-current					
Foreign open-end fund	\$ 4,573	4,573	-	-	4,573
Foreign unlisted stock	61,209	-	-	61,209	61,209
	<u>\$ 65,782</u>				
Financial assets measured at amortized cost:					
Foreign government bonds	\$ 305,790				
Cash and cash equivalents	439,786				
Notes and accounts receivable	247,504				
Other receivables	8,572				
Guarantee deposits paid	5,786				
	<u>\$ 1,007,438</u>				

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	December 31, 2024			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term and Long-term borrowings	\$ 711,754				
Notes and accounts payable	23,993				
Other payables	105,568				
Lease liabilities	183,106				
	<u>\$ 1,024,421</u>				
		December 31, 2023			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVPL–non-current					
Foreign open-end fund	\$ 331	331	-	-	331
Foreign unlisted stock	56,006	-	-	56,006	56,006
	<u>\$ 56,337</u>				
Financial assets at FVOCI– non-current					
Foreign unlisted stock	<u>\$ 38,000</u>	-	-	38,000	38,000
Financial assets measured at amortized cost:					
Foreign government bonds	\$ 286,843				
Cash and cash equivalents	381,265				
Accounts receivable	136,715				
Other receivables	17,787				
Other financial asset	300,000				
Guarantee deposits paid	4,899				
	<u>\$ 1,127,509</u>				
Financial liabilities measured at amortized cost					
Accounts payable	\$ 5,734				
Other payables	90,593				
Lease liabilities	121,636				
	<u>\$ 217,963</u>				

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

The Group 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 FVPL	Financial assets at FVOCI
Balance on January 1, 2024	\$ 56,006	38,000
Purchased/Disposal/Deemed	-	(33,571)
Recognized in profits and losses	5,203	-
Recognized in other comprehensive income	-	(4,429)
Balance on December 31, 2024	\$ 61,209	-
Balance on January 1, 2023	\$ 48,000	31,052
Recognized in profits and losses	8,006	-
Recognized in other comprehensive income	-	6,948
Balance on December 31, 2023	\$ 56,006	38,000

The aforementioned total gains and losses that were included in “profits 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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

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

The Group'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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value</u>
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

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

The Group 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 other comprehensive income and loss would have been as follows:

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income and loss	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through profit or 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>

(z) Financial risk management

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group must individually analyze the credit rating of each new customer. The Group'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 Group's standard credit rating can only transact with The Group on a prepayment basis.

2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by The Group's finance department. Since The Group'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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group'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 Group'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 Group 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 Group assesses that the cash flow risk arising from changes in market interest rates is not significant.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Other market price risk

The Group 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 Group does not actively trade these investments and monitors price risk regularly, with management assessing when to increase hedging positions to mitigate the associated risks.

(aa) 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 41% and 13%, respectively. There were no changes in the Group's capital management.

(bb) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ -	316,319	5,000	321,319
Long-term borrowings	-	355,435	35,000	390,435
Lease liabilities	121,636	(27,992)	89,462	183,106
Other payable-relative party	21,872	22,515	605	44,992
Total liabilities from financing activities	<u>\$ 143,508</u>	<u>666,277</u>	<u>130,067</u>	<u>939,852</u>

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2023</u>
Lease liabilities	\$ 6,159	(18,032)	133,509	121,636
Other payable-relative party	-	21,493	379	21,872
Total liabilities from financing activities	<u>\$ 6,159</u>	<u>3,461</u>	<u>133,888</u>	<u>143,508</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Applied Nano Technology Science, Inc. (ANTS)	The Company's chairman is a director of the entity
MILLENNIUM BIOMEDICAL, INC. (MBI)	ASTP's general manager is a director of the entity (Note1)
AST VISION CARE, S.L. (ASTVC-ES)	Associates
AST VISIONCARE France (ASTVC-FR)	Associates (Note2)
ACME Tooling Technology Co., Ltd. (ACME)	Associate (Note3)
Ih-Houng Loh	The Company's chairman
Shih-Kai Chu	MAXUS's chairman
Cheng-Chun Pu	MAXUS's director
Kuo-Fang Wang	ACME's chairman

Note1: 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 Group and MBI were for the year ended April 30, 2023.

Note2: The Group's associate since May, 2024.

Note3: The Group participated in ACME's cash capital increase which raised the Group's voting shareholding from 40% to 60%.The Group gained control over ACME and included it as a subsidiary since June, 2024. As result, the terms in disclosing related-party transaction between the Group and ACME were for the year ended May 31, 2024.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Significant related-party transactions

(i) Sales

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

	Sales		Accounts receivables from related parties	
	2024	2023	December 31, 2024	December 31, 2023
Associates :				
ASTVC-ES	\$ 75,419	51,684	58,739	33,120
Other related parties	1,638	413	1,114	-
Less: Loss allowance	-	-	(11,748)	(6,624)
	<u>\$ 77,057</u>	<u>52,097</u>	<u>48,105</u>	<u>26,496</u>

There were no significant differences in the selling prices and trading terms between related parties and other customers.

(ii) Purchase

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

	Purchase		Accounts payables from related parties	
	2024	2023	December 31, 2024	December 31, 2023
Other related parties:				
ACME	\$ 3,260	5,142	-	2,346
ANTS	2,830	2,003	-	-
MBI	-	1,750	-	-
	<u>\$ 6,090</u>	<u>8,895</u>	<u>-</u>	<u>2,346</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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

(iii) Leases

The Group 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.

	<u>Rental expenses</u>		<u>Other payables from related parties</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
ANTS	<u>\$ 372</u>	<u>444</u>	<u>33</u>	<u>32</u>

In July 2024, the Group acquired a subsidiary, MBI, through a merger, which leased part of its factory and office space from the Chairman of the Company. The lease term is six years, and the rental price is determined through mutual agreement between the parties, with rent paid at the beginning of each month as per the contract. Due to this transaction, the merged company recognized right-of-use assets and lease liabilities amounting to \$51,991 thousand. The outstanding balance of the lease for the factory and office space leased from related parties is as follows:

	<u>Interest expenses</u>	<u>Depreciation expenses</u>	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
	<u>2024</u>	<u>2024</u>	<u>December 31, 2024</u>	<u>December 31, 2024</u>
The Company's chairman	<u>\$ 1,287</u>	<u>3,328</u>	<u>48,928</u>	<u>49,519</u>

(iv) Loans to Related Parties

As of December 31, 2023, due to the ending balance of the overdue accounts receivables that meet the condition for financing was reclassified as other receivables listed as below:

	<u>December 31, 2023</u>		
	<u>Ending balance</u>	<u>Range of interest rates during the period</u>	<u>Loss allowance</u>
ASTVC-ES	<u>\$ 15,892</u>	0%	<u>3,178</u>

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

	<u>December 31, 2024</u>		
	<u>Ending balance</u>	<u>Range of interest rates during the period</u>	<u>Loss allowance</u>
ASTVC-FR	<u>\$ 7,190</u>	3.50%	<u>-</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

	<u>Interest income</u>	<u>Interest receivable</u>
	<u>2024</u>	<u>December 31, 2024</u>
ASTVC-FR	<u>\$ 140</u>	<u>143</u>

(v) Borrowings from Related Parties

	<u>December 31, 2024</u>		
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rates</u>
The Company's chairman	22,985	-	Note
MAXUS's director	44,870	44,780	1.50%
	<u>\$ 67,855</u>	<u>44,780</u>	

	<u>December 31, 2023</u>		
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rates</u>
The Company's chairman	<u>\$ 145,215</u>	<u>21,493</u>	Note

Note: The Group's borrowings from related parties are calculated based on the average interest rate of short-term borrowings from financial institutions in the year when the related parties allocate funds, and they are all unsecured loans.

	<u>Interest expenses</u>		<u>Interest payables</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The Company's chairman	\$ 1,682	3,281	-	379
MAXUS's director	212	-	212	-
	<u>\$ 1,894</u>	<u>3,281</u>	<u>212</u>	<u>379</u>

(vi) Stock transactions

- 1) The Group participated in ACME's cash capital increase which the Group gained control over ACME and included it as a subsidiary since June, 2024. Please refer note6(h) and (i) for the details.
- 2) The Group participated in ASTVC-FR's cash capital increase which the Group included it as a associate since May, 2024. Please refer note6(h) for the details.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ICARES MEDICUS, INC. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

(vii) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant transaction by the Group and the outstanding balances were as follows:

	<u>Cost and expense</u>		<u>Other payables</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	\$ 315	3,498	13	481

	<u>Revenue and income</u>		<u>Other receivables</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	\$ 7	8	-	-

(viii) Joint guarantor

As of December 31, 2024, the Company's chairman, MAXUS's chairman and ACME's chairman acted as the joint guarantor for the loan from the financial institution.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 43,478	34,056
Post-employment benefits	1,089	918
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	8,873	2,679
	<u>\$ 53,440</u>	<u>37,653</u>

(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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2024			2023		
		Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefits							
Salary		129,312	208,532	337,844	64,403	150,190	214,593
Labor and health insurance		14,017	14,347	28,364	6,003	10,926	16,929
Pension		3,416	9,727	13,143	2,342	6,584	8,926
Others		10,301	11,066	21,367	4,142	8,251	12,393
Depreciation		30,163	40,332	70,495	13,038	27,165	40,203
Amortization		66	18,483	18,549	-	3,531	3,531

(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 Group:

(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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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				Highest balance during the year		Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	Shares/Units	Percentage of ownership (%)	
The Company	EXCEL-LENS, INC.	None	Financial assets measured at FVTPL — non-current	2,632	61,209	10.00 %	61,209	2,632	10.00%	
ASTP	Dreyfus Government Cash Management Service Shares	"	Financial assets measured at FVTPL — current	139	4,573	- %	4,573	2,152	- %	Note1
"	US Treasury Notes-912797N Q6	"	Amortized cost financial assets. — current	2,500	80,913	- %	80,913	2,500	- %	"
"	US Treasury Notes-912797N C7	"	"	2,500	80,499	- %	80,499	2,500	- %	"
"	US Treasury Notes-912797M K0	"	"	2,400	77,921	- %	77,921	2,400	- %	"
"	US Treasury Notes-912797L Y1	"	"	2,050	66,457	- %	66,457	2,050	- %	"
					305,790					

Note1: 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	-	-
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	-	-

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated 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-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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated 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

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions, 2024			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	ASTP	1	Sales revenues	(5,709)	Note 3	(0.66)%
"	"	ASTVC-US	1	Sales revenues	207,580	Note 3	24.14%
"	"	"	1	Accounts receivable	95,291	60 days	3.17%
"	"	"	1	Other receivables	133,052	Note 6	4.42%
"	"	MAXUS	1	Sales revenues	30,802	Note 3	3.58%
"	"	"	1	Accounts receivable	16,008	30 days	0.53%
1	ASTP	The Company	2	Sales revenues	26,208	Note 3	3.05%
"	"	"	2	Accounts receivable	10,229	30 days	0.34%
"	"	ASTVC-US	3	Other receivables	157,368	Note 6	5.23%
"	"	MAXUS	3	Sales revenues	3,199	Note 3	0.37%
"	"	MAXUS	3	Accounts receivable	3,387	30 days	0.11%
"	"	MBI	3	Other receivables	45,899	Note 6	1.53%
2	ASTVC-US	The Company	2	Sales revenues	16,827	Note 3	1.96%
"	"	ASTVC-DE	3	Sales revenues	5,303	Note 3	0.62%
"	"	"	3	Accounts receivable	5,718	30 days	0.19%
3	ACME	The Company	2	Sales revenues	5,390	Note 3	0.63%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: Research and development expenses are calculated and conditionally paid according to the agreed methods of the two parties, there are no other similar transactions can be compared.

Note 4: Transaction amounted above 300 billion should be disclosed.

Note 5: Related transactions have been eliminated when preparing consolidated financial statement.

Note 6: The receivables arising from the intercompany loan between the parent and subsidiary companies..

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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)	Highest balance during the year		Note
				December 31, 2024	December 31, 2023	Shares (thousand)	Percentage of ownership (%)	Carrying value			Shares (thousand)	Percentage of ownership (%)	
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	2,329	100.00%	Note1&3
The Company	ASTVC-US	U.S. A	Distribution of ophthalmic medical equipment	833,725	130,978	2,075	100.00%	631,783	(37,521)	(37,521)	2,075	100.00%	Note1&3
The Company	ICARES HK	Hong Kong	Equity investments	384,648	337,607	-	100.00%	155,431	(94,210)	(94,210)	-	100.00%	Note1&3
The Company	ACME	Taiwan	Molding manufacturing	90,000	40,000	2,400	60.00%	89,295	14,354	8,991	2,400	60.00%	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	250	5.00%	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)	20	80.00%	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	3	48.00%	Note2
ASTVC-US	ASTVC-FR	France	Distribution of ophthalmic medical equipment	4,434	-	-	46.50%	4,219	(140)	(65)	-	46.50%	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	4,750	95.00%	Note1&3

Note1: The subsidiary.

Note2: The associate.

Note3: The above investments have been eliminated during the preparation of the consolidated 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	Highest balance during the year		Accumulated remittance of earnings in current period
					Out-flow	Inflow						Shares/Units (thousands)	Percentage of ownership	
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%	(94,211)	154,462	-	258,305	63.47%

Note: The above investments have been eliminated during the preparation of the consolidated financial statements.

(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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

(a) Information about reportable segments

The Group's operating segment information and reconciliation were as follows:

	2024				
	R.O.C	China	U.S.A	Reconciliation and elimination	Total
Operating revenues					
Sales to external customers	\$ 172,537	15,742	671,514	-	859,793
Sales among segments	<u>239,274</u>	<u>270</u>	<u>51,971</u>	<u>(291,515)</u>	<u>-</u>
Total	<u>\$ 411,811</u>	<u>16,012</u>	<u>723,485</u>	<u>(291,515)</u>	<u>859,793</u>
Reportable segment profit or loss	<u>\$ 61,043</u>	<u>(149,485)</u>	<u>142,955</u>	<u>-</u>	<u>54,513</u>
	2023				
	R.O.C	China	U.S.A	Reconciliation and elimination	Total
Operating revenues					
Sales to external customers	\$ 36,543	22,839	546,070	-	605,452
Sales among segments	<u>184,047</u>	<u>11</u>	<u>33,260</u>	<u>(217,318)</u>	<u>-</u>
Total	<u>\$ 220,590</u>	<u>22,850</u>	<u>579,330</u>	<u>(217,318)</u>	<u>605,452</u>
Reportable segment profit or loss	<u>\$ 45,004</u>	<u>(85,552)</u>	<u>104,979</u>	<u>-</u>	<u>64,431</u>

(b) Product and service information

The Group's revenue comes from sales income of intraocular lenses products, medical materials, and injection molding, as well as service income from providing coating patent technology services and royalty income. Please refer to note 6(v) for details.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ICARES MEDICUS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Geographic information

For the years ended December 31, 2024 and 2023, information on the basis of geography were as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	\$ 331,933	899,987	315,519	76,770
England	41,115	-	57,154	-
Japan	34,669	-	30,314	-
Spain	75,419	-	51,684	-
Taiwan	130,726	273,129	13,526	112,464
China	25,984	328,997	32,021	274,639
Other countries	219,947	-	105,234	-
	\$ 859,793	1,502,113	605,452	463,873

Non-current assets include property, plant and equipment, right-for use assets, intangible assets, and other assets, not including financial instruments and deferred tax assets (non-current)

(d) Major customers information

For the years ended December 31, 2024 and 2023, the Group's revenues from a single customer exceed 10% of operating sales in the consolidated statements of comprehensive income were as follows:

	2024		2023	
	Amount	%	Amount	%
Company A	\$ 233,373	27	250,247	41