

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2025 and 2024

Address: 1F., No. 57, Yuanqu 2nd Road, Hsinchu Science Park, Hsinchu City
Telephone: (03)577-3351

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail

Consolidated Financial Statements

Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Statement	3
IV. Independent Auditors' Report	4-9
V. Consolidated Balance Sheets	10-11
VI. Consolidated Statements of Comprehensive Income	12
VII. Consolidated Statements of Changes in Equity	13
VIII. Consolidated Statements of Cash Flows	14
IX. Notes of the Consolidated Financial Statements	
1. Company History	15
2. Date and Procedures of Approval of the Financial Statements	15
3. Application of New and Amended Standards and Interpretations	15-20
4. Summary of Significant Accounting Policies	20-45
5. Key Sources of Significant Accounting Judgments, Assumptions, and Estimation Uncertainty	45-46
6. Details of Significant Accounts	47-83
7. Related Party Transactions	84-87
8. Assets Pledged as Security	87
9. Significant Contingent Liabilities and Unrecognized Contractual Commitments	87
10. Significant Disaster Loss	87
11. Significant Events After the Balance Sheet Date	87
12. Others	88-98
13. Supplemental Disclosures	
(1) Information on Significant Transactions	99, 101-106
(2) Information on Investees	99, 107
(3) Information on Investments in Mainland China	99, 108-109
14. Department Information	99-100

STATEMENT

For the year 2025 (from January 1 to December 31, 2025), the companies that should be included in the preparation of the consolidated financial statements of the Company in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those that should be included in the preparation of the parent-subsiidiary consolidated financial statements in accordance with IFRS 10. Furthermore, all relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the aforementioned parent-subsiidiary consolidated financial statements. Therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

Sincerely,

Company Name: United Orthopedic Corporation

Company Head: Lin, Yan-Shen

March 13, 2026

INDEPENDENT AUDITORS' REPORT

To United Orthopedic Corporation:

Audit Opinion

We have audited the consolidated balance sheets of United Orthopedic Corporation and its subsidiaries as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes of the consolidated financial statements (including summary of significant accounting policies) for these years.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Orthopedic Corporation and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for these years, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of United Orthopedic Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China ("the Code"), and we have fulfilled our other responsibilities under the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of United Orthopedic Corporation for 2025 based on our professional judgment. 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.

Key Audit Matters (cont.)

Inventory Valuation

The net inventories of United Orthopedic Corporation and its subsidiaries as of December 31, 2025 were NT\$2,074,011 thousand, which accounted for 27% of the consolidated total assets. It was considered significant to the consolidated financial statements. With the continuous innovation of orthopedic supplies and equipment production technology, the inventory may become outdated or the selling price may drop. The estimated net realizable value and obsolescence loss involve significant management judgment. We believed that inventory valuation was of significance to the audit of consolidated financial statements; hence, we determined inventory valuation to be a key audit item. Our audit procedures include, but are not limited to, the following: evaluating the appropriateness of management's accounting policies for slow-moving and obsolete inventory, including the identification of slow-moving and obsolete inventory; understanding and assessing the appropriateness of internal controls established by management for inventory devaluation and slow-moving losses, and testing their effectiveness; conducting physical inventory counts to confirm the condition and safekeeping of inventory; selecting inventory samples and tracing them to purchase and sales documents; and performing recalculations of inventory valuation. We also considered the appropriateness of inventory disclosures in Note 5 and Note 6 of the consolidated financial statements.

Revenue Recognition

The primary products of United Orthopedic Corporation and its subsidiaries are orthopedic implants – artificial hip joints, artificial knee joints, and trauma-treatment products. In 2025, they recognized revenue of NT\$5,655,418 thousand, which is significant to the consolidated financial statements. Due to the nature of the industry, the performance obligation is not satisfied until the customer obtains control over the goods. We believed that the recognition of revenue from contracts with customers was of significance to the audit of consolidated financial statements; hence, we determined revenue recognition to be a key audit item. Our audit procedures include, but are not limited to, the following: evaluating the appropriateness of the accounting policy for revenue recognition; learning and testing the effectiveness of internal control established by management for sales cycles; ensuring that revenue is recognized when control over the product was transferred, including the selection of important customers as samples to verify transaction terms and relevant documents; conducting analytical procedures on product types, regions, and monthly gross margins; conducting analytical procedures on significant sales returns and allowance to understand the reasons for those transactions; and running sales cut-off tests before and after the balance sheet date. We also considered the appropriateness of operating revenue disclosures in Note 6 of the consolidated financial statements.

Key Audit Matters (cont.)

Recognition of Intangible Assets Arising from Internal Development

The net carrying amount of intangible assets of United Orthopedic Corporation and its subsidiaries was NT\$52,548 thousand on December 31, 2025, which is significant for the consolidated financial statements. United Orthopedic Corporation and its subsidiaries invested a significant amount of development costs on orthopedics equipment, including hip/knee replacements and surgical instruments, due to their corporate structure; in addition, the expenditures of capital have been transformed into intangible assets generated by internal developments. In order to meet the six capitalization requirements for the development stage stated in IAS 38, United Orthopedic Corporation and its subsidiaries needed to provide technical feasibility assessments by project types to identify that a particular technology had reached technical feasibility. Moreover, the finance department shall conducted capitalization project assessments by development project. The management executed the aforementioned assessments on individual project based on internal and external information. As management's judgment and assumptions were involved, we determined this to be a key audit item. Our audit procedures include, but are not limited to, the following: reviewing the appropriateness of accounting policies for capitalization of internally developed intangible assets; understanding and assessing the appropriateness of internal controls established by management for internally developed intangible assets and testing their effectiveness; sampling project reports to review management's assessment of the technical feasibility and future economic benefits of intangible assets; selecting various expenditures attributed to the development phase; and verifying related documents to confirm the appropriateness of project cost attribution. We also considered the appropriateness of intangible assets disclosures in Note 5 and Note 6 of the consolidated financial statements.

Responsibilities of the Management and Governance Bodies for the Consolidated Financial Statements

The responsibilities of management are to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and issued into effect by the Financial Supervisory Commission, and to maintain necessary internal controls relevant to the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement due to fraud or error.

Responsibilities of the Management and Governance Bodies for the Consolidated Financial Statements (cont.)

In preparing the consolidated financial statements, the management is responsible for assessing the ability of United Orthopedic Corporation and its subsidiaries to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the United Orthopedic Corporation and its subsidiaries or cease operations, or has no realistic alternative but to do so.

The governance bodies of United Orthopedic Corporation and its subsidiaries (including the Audit Committee or Supervisors) are responsible for supervising the financial reporting process.

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements may result from fraud or error. Misstatements 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 the consolidated financial statements.

We have exercised our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. The accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain necessary knowledge concerning internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of United Orthopedic Corporation and its subsidiaries.

Auditors' responsibilities for the audit of the consolidated financial statements (cont.)

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Based on the audit evidence obtained, draw a conclusion on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on the ability of United Orthopedic Corporation and its subsidiaries 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 auditors' report. However, future events or conditions may result in United Orthopedic Corporation and its subsidiaries ceasing to continue as a going concern.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within United Orthopedic Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on United Orthopedic Corporation.

We communicate with governance bodies 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 governance bodies with a statement that we have complied with relevant ethical requirements regarding independence, and 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 governance bodies, we determine the key audit matters within the audit of consolidated financial statements for the year ended December 31, 2025 for United Orthopedic Corporation and its subsidiaries. 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.

Others

We have also audited the Consolidated Financial Statements of United Orthopedic Corporation for 2025 and 2024, of which unqualified opinions were issued for further reference.

Ernst & Young

Approval Number from Competent Authority for the Auditing and Attestation of Public Companies' Financial Statements by Certified Public Accountants:

Financial Supervisory Commission Securities Examination No. 1120349153

Financial Supervisory Securities Official Letter No. VI-0930133943

Lin, Shih-Huan

CPA:

Hsu, Jung-Huang

March 13, 2026

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Assets		December 31, 2025		December 31, 2024	
	Accounting Items	Note	Amount	%	Amount	%
	Current Assets					
1100	Cash and Cash Equivalents	4 and 6(1)	\$662,809	8	\$610,682	9
1110	Financial assets measured at fair value through profit or loss - current	4 and 6(2)	-	-	9,005	-
1150	Net Notes Receivable	4, 6(5), and 6(20)	2,081	-	3,552	-
1170	Net Accounts Receivable	4, 6(6), and 6(20)	1,185,838	15	1,031,651	15
1180	Accounts Receivable - Related Parties	4, 6(6), 6(20), and 7	116,574	2	146,574	2
1197	Net Receivables Under Finance Leases	4, 6(7), 6(20), and 6(21)	27,186	-	18,319	-
1200	Other Receivables	4	43,687	1	22,828	-
1210	Other Receivables – Related Parties	4 and 7	12,199	-	7,644	-
1220	Current Income Tax Assets	4 and 6(25)	31,395	-	11,982	-
130x	Inventories	4 and 6(8)	2,074,011	27	1,873,378	27
1410	Prepayments		127,685	2	82,224	1
1470	Other Current Assets		6,199	-	4,565	-
11xx	Total Current Assets		4,289,664	55	3,822,404	54
	Non-current Assets					
1510	Financial assets measured at fair value through profit or loss – non-current	4 and 6(2)	8,772	-	8,184	-
1517	Financial assets measured at fair value through other comprehensive income – non-current	4 and 6(3)	61,260	1	56,808	1
1535	Financial assets measured at amortized cost – non-current	4, 6(4), 6(20), and 8	10,917	-	10,916	-
1550	Investments accounted for using the equity method	4 and 6(9)	272,916	3	330,603	5
1600	Property, plants, and equipment	4, 6(10), and 8	1,955,193	25	1,790,732	26
1755	Right-of-use Assets	4 and 6(21)	217,770	3	178,876	3
1780	Intangible Assets	4, 6(11), 6(12), 6(27), and 7	598,578	8	577,624	8
1840	Deferred Income Tax Assets	4 and 6(25)	169,591	2	159,697	2
1900	Other Non-current Assets	7	182,150	2	63,492	1
194D	Long-term net receivables under finance leases	4, 6(7), 6(20), and 6(21)	41,616	1	26,306	-
1975	Net Defined Benefit Assets - Non-current	4 and 6(17)	13,634	-	13,845	-
15xx	Total Non-current Assets		3,532,397	45	3,217,083	46
1xxx	Total Assets		\$7,822,061	100	\$7,039,487	100

(Please refer to the notes of the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT.)

December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Liabilities and Equity		December 31, 2025		December 31, 2024	
	Accounting Items	Note	Amount	%	Amount	%
	Current Liabilities				\$1,167,533	
2100	Short-term Loans	4 and 6(13)	\$917,031	12		17
2130	Contract Liabilities - Current	4 and 6(19)	11,713	-	861	-
2150	Notes Payable	4	1,821	-	1,733	-
2170	Accounts Payable	4	187,184	2	103,269	2
2180	Accounts Payable – Related Parties	4 and 7	26,327	-	27,857	-
2200	Other Payables	4	1,014,094	13	850,600	12
2220	Other Payables - Related Parties	4 and 7	-	-	5,486	-
2230	Current Income Tax Liabilities	4 and 6(25)	151,772	2	90,988	1
2280	Lease Liabilities - Current	4 and 6(21)	37,184	1	28,900	-
2300	Other Current Liabilities	7	51,034	1	43,327	1
2322	Long-term loans due within one year or one operating cycle	4, 6(16), and 8	101,779	1	150,244	2
21xx	Total Current Liabilities		<u>2,499,939</u>	<u>32</u>	<u>2,470,798</u>	<u>35</u>
	Non-current Liabilities					
2500	Financial Liabilities Measured at Fair Value through Profit or Loss - Non-current	4 and 6(14)	5,249	-	-	-
2530	Corporate Bonds Payable	4 and 6(15)	642,159	8	-	-
2540	Long-term Loans	4, 6(16), and 8	170,467	2	357,003	5
2570	Deferred Income Tax Liabilities	4 and 6(25)	58,595	1	47,779	1
2580	Lease Liabilities – Non-current	4 and 6(21)	189,464	2	157,540	2
2600	Other Non-current Liabilities		8,219	-	5,369	-
2630	Long-term Deferred Revenue	6(9)	43,702	1	51,037	1
25xx	Total Non-current Liabilities		<u>1,117,855</u>	<u>14</u>	<u>618,728</u>	<u>9</u>
2xxx	Total Liabilities		<u>3,617,794</u>	<u>46</u>	<u>3,089,526</u>	<u>44</u>
31xx	Equity attributable to owners of the parent company	4 and 6(18)				
3100	Capital Stock					
3110	Capital Stock - Common Stock		964,367	12	964,367	14
3130	Bonds Conversion Rights Certificates		9	-	-	-
	Total Capital Stock		<u>964,376</u>	<u>12</u>	<u>964,367</u>	<u>14</u>
3200	Capital Surplus		<u>2,281,472</u>	<u>29</u>	<u>2,223,879</u>	<u>32</u>
3300	Retained Earnings					
3310	Legal Reserve		210,535	3	164,315	2
3320	Special Reserve		64,348	1	102,046	1
3350	Undistributed Earnings		629,954	8	462,279	7
	Total Retained Earnings		<u>904,837</u>	<u>12</u>	<u>728,640</u>	<u>10</u>
3400	Other Equity Interest					
3410	Exchange differences on conversion of financial statements of foreign operations		(52,881)	(1)	(63,602)	(1)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		1,734	-	(745)	-
	Total Other Equity Interest		<u>(51,147)</u>	<u>(1)</u>	<u>(64,347)</u>	<u>(1)</u>
31xx	Total equity attributable to owners of the parent company		<u>4,099,538</u>	<u>52</u>	<u>3,852,539</u>	<u>55</u>
36xx	Non-controlling Interests		<u>104,729</u>	<u>2</u>	<u>97,422</u>	<u>1</u>
3xxx	Total Equity		<u>4,204,267</u>	<u>54</u>	<u>3,949,961</u>	<u>56</u>
	Total Liabilities and Equity		<u>\$7,822,061</u>	<u>100</u>	<u>\$7,039,487</u>	<u>100</u>

(Please refer to the notes of the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Accounting Items	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating Revenue	4, 6(19), and 7	\$5,655,418	100	\$4,653,130	100
5000	Operating Costs	4, 6(8), 6(21), 6(22), and 7	1,255,883	22	1,030,809	22
5900	Operating Gross Profit		4,399,535	78	3,622,321	78
5910	Realized Sales Profit		7,274	-	204	-
5950	Net Operating Gross Profit		4,406,809	78	3,622,525	78
6000	Operating Expenses	4, 6(17), 6(20), 6(21), 6(22), and 7				
6100	Selling Expenses		3,042,482	54	2,474,801	53
6200	Administrative Expenses		357,812	6	303,016	7
6300	R&D Expenses		262,542	5	220,493	5
6450	Expected Credit Impairment Losses		3,254	-	15,227	-
	Total Operating Expenses		3,666,090	65	3,013,537	65
6900	Operating Profit		740,719	13	608,988	13
7000	Non-operating Revenue and Expenses	4, 9(6), 6(23), and 7				
7100	Interest Revenue		15,515	-	10,817	-
7010	Other Revenue		54,675	1	43,396	1
7020	Other Gains and Losses		57,669	1	26,388	1
7050	Finance Costs		(45,949)	(1)	(43,190)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method		(66,229)	(1)	(71,295)	(2)
	Total Non-operating Revenue and Expenses		15,681	-	(33,884)	(1)
7900	Net Profit Before Tax		756,400	13	575,104	12
7950	Income Tax Expenses	4 and 6(25)	(184,929)	(3)	(114,723)	(2)
8200	Net Profit for the Period		571,471	10	460,381	10
8300	Other Comprehensive Income	4 and 6(24)				
8310	Items not reclassified to profit or loss:					
8311	Re-measurements of Defined Benefit Plans		(434)	-	5,771	-
8316	Equity investments measured at fair value through other comprehensive income					
	Unrealized Valuation Gain		2,982	-	1,955	-
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences on conversion of financial statements of foreign operations		10,664	-	23,544	1
8370	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method					
	– Items that may be reclassified to profit or loss		1,268	-	12,649	-
	Other comprehensive income (net amount after tax) for current period		14,480	-	43,919	1
8500	Total Amount of Comprehensive Income for Current Period		\$585,951	10	\$504,300	11
8600	Net income is attributable to:					
8610	Owners of the parent company		\$562,497		\$456,428	
8620	Non-controlling Interests		8,974		3,953	
	Total		\$571,471		\$460,381	
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company		\$575,263		\$499,897	
8720	Non-controlling Interests		10,688		4,403	
	Total		\$585,951		\$504,300	
	Earnings per Share (NT\$)	4 and 6(26)				
9750	Basic Earnings per Share		\$5.83		\$4.74	
9850	Diluted Earnings per Share		\$5.67		\$4.74	

(Please refer to the notes of the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Item	Equity attributable to owners of the parent company									Equity attributable to owners of the parent company	Non-controlling Interests	Total Equity
		Capital Stock			Retained Earnings				Other Equity Items				
		Capital Stock - Common Stock	Capital Stock - Preferred Stock	Bonds Conversion Rights Certificates	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange differences on conversion of financial statements of foreign operations	Unrealized valuation gains (losses) from financial assets measured at fair value through other comprehensive income			
3100	3120	3130	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX		
A1	Balance as of January 1, 2024	\$877,379	\$3,737	\$44,171	\$2,023,236	\$125,958	\$98,377	\$426,860	\$(99,811)	\$(2,234)	\$3,497,673	\$96,400	\$3,594,073
	Earnings Distribution in 2023												
B1	Provision of Legal Reserve	-	-	-	-	38,357	-	(38,357)	-	-	-	-	-
B3	Provision of Special Reserve	-	-	-	-	-	3,669	(3,669)	-	-	-	-	-
B5	Cash Dividends of Common Stock	-	-	-	-	-	-	(384,281)	-	-	(384,281)	-	(384,281)
B7	Cash Dividends of Preferred Stock	-	-	-	-	-	-	(473)	-	-	(473)	-	(473)
C7	Changes in equity of associates and joint ventures accounted for using the equity method	-	-	-	16,791	-	-	-	-	-	16,791	-	16,791
C15	Distribution of cash dividends from capital reserves	-	-	-	(1,113)	-	-	-	-	-	(1,113)	-	(1,113)
D1	Net Profit for 2024	-	-	-	-	-	-	456,428	-	-	456,428	3,953	460,381
D3	Other Comprehensive Income in 2024	-	-	-	-	-	-	5,771	36,209	1,489	43,469	450	43,919
D5	Total Amount of Comprehensive Income for Current Period	-	-	-	-	-	-	462,199	36,209	1,489	499,897	4,403	504,300
I1	Convertible Corporate Bonds Conversion	83,752	-	(44,171)	187,067	-	-	-	-	-	226,648	-	226,648
J1	Convertible preferred stock conversion	3,236	(3,236)	-	-	-	-	-	-	-	-	-	-
J5	Redemption of Preferred Stock	-	(501)	-	(2,102)	-	-	-	-	-	(2,603)	-	(2,603)
O1	Increase and Decrease in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(3,381)	(3,381)
Z1	Balance as of December 31, 2024	\$964,367	\$-	\$-	\$2,223,879	\$164,315	\$102,046	\$462,279	\$(63,602)	\$(745)	\$3,852,539	\$97,422	\$3,949,961
A1	Balance as of January 1, 2025	\$964,367	\$-	\$-	\$2,223,879	\$164,315	\$102,046	\$462,279	\$(63,602)	\$(745)	\$3,852,539	\$97,422	\$3,949,961
	Earnings Distribution for 2024												
B1	Provision of Legal Reserve	-	-	-	-	46,220	-	(46,220)	-	-	-	-	-
B5	Cash Dividends of Common Stock	-	-	-	-	-	-	(385,747)	-	-	(385,747)	-	(385,747)
B7	Cash Dividends of Preferred Stock	-	-	-	-	-	-	(119)	-	-	(119)	-	(119)
B17	Special Reserve Reversal	-	-	-	-	-	(37,698)	37,698	-	-	-	-	-
C5	Recognition of equity component for issuance of convertible corporate bonds-Arising from employee stock options	-	-	-	57,510	-	-	-	-	-	57,510	-	57,510
D1	Net Profit for 2025	-	-	-	-	-	-	562,497	-	-	562,497	8,974	571,471
D3	Other Comprehensive Income for 2025	-	-	-	-	-	-	(434)	10,721	2,479	12,766	1,714	14,480
D5	Total Amount of Comprehensive Income for Current Period	-	-	-	-	-	-	562,063	10,721	2,479	575,263	10,688	585,951
I1	Convertible Corporate Bonds Conversion	-	-	9	83	-	-	-	-	-	92	-	92
O1	Increase and Decrease in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(3,381)	(3,381)
Z1	Balance as of December 31, 2025	\$964,367	\$-	\$9	\$2,281,472	\$210,535	\$64,348	\$629,954	\$(52,881)	\$1,734	\$4,099,538	\$104,729	\$4,204,267

(Please refer to the notes of the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2025 and 2024

Unit: NT\$ thousands

Code	Item	2025	2024	Code	Item	2025	2024
		Amount	Amount			Amount	Amount
AAAA	Cash Flow from Operating Activities:			BBBB	Cash Flow from Investing Activities:		
A10000	Current Net Income Before Tax	\$756,400	\$575,104	B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(1,470)	-
A20000	Adjustment items:			B00040	Acquisition of financial assets measured at amortized cost	(4,328)	(1,579)
A20010	Income and expense items:			B00050	Disposal of financial assets measured at amortized cost	4,327	516
A20100	Depreciation Expenses	479,297	399,328	B00100	Acquisition of financial assets measured at fair value through profit or loss	(462)	-
A20200	Amortization Expenses	59,562	60,592	B00200	Disposal of financial assets measured at fair value through profit or loss	8,982	-
A20300	Expected Credit Impairment Losses	3,254	15,227	B02700	Acquisition of Property, Plants, and Equipment	(569,022)	(502,425)
A20400	Net losses (profits) on financial assets and liabilities measured at fair value through profit or loss	(2,135)	(2,054)	B02800	Disposal of Property, Plants, and Equipment	33,440	12,429
A20900	Interest Expenses	45,949	43,190	B03700	Increase in Refundable Deposits	(22,981)	(4,029)
A21200	Interest Revenue	(15,515)	(10,817)	B04500	Acquisition of Intangible Assets	(74,084)	(64,997)
A22300	Share of profit or loss of associates and joint ventures accounted for using the equity method	66,229	71,295	B06100	Decrease in Lease Payments Receivable	28,801	18,396
A22500	Profit on disposal and retirement of property, plants, and equipment	(17,527)	(1,655)	B07100	Increase in Prepayments for Business Facilities	(118,125)	(21,911)
A23100	Loss on Disposal of Investments	-	449	BBBB	Net Cash Outflows from Investing Activities	(714,922)	(563,600)
A24000	Realized Sales Profit	(7,274)	(204)				
A29900	Other Items	(7,427)	(6,843)	CCCC	Cash flows from financing activities:		
A30000	Changes in assets/liabilities related to operating activities:			C00100	Increase in Short-term Loans	4,115,264	4,105,924
A31130	Decrease (Increase) in Notes Payable	1,471	(173)	C00200	Decrease in Short-term Loans	(4,358,359)	(3,617,063)
A31150	Increase in Accounts Receivable	(157,441)	(91,798)	C01200	Issuance of Corporate Bonds	703,500	-
A31160	Decrease (Increase) in Accounts Receivable – Related Parties	30,000	(22,324)	C01600	Proceeds from Long-term Loans	4,966	44,469
A31180	Decrease (Increase) in Other Receivables	(21,012)	2,575	C01700	Repayments of Long-term Loans	(244,026)	(79,042)
A31190	Increase in Other Receivables - Related Parties	(4,555)	(3,234)	C03000	Increase in Refundable Deposits	2,850	-
A31200	Increase in Inventories	(251,111)	(212,415)	C03100	Decrease in Refundable Deposits	-	(22)
A31230	Decrease (Increase) in Prepayments	(45,461)	24,714	C04020	Lease Principal Repayments	(39,878)	(36,489)
A31240	Decrease (Increase) in Other Current Assets	(1,634)	236	C04500	Cash Dividends Paid	(385,866)	(385,867)
A32125	Increase (Decrease) in Contractual Liabilities	10,852	(1,132)	C04700	Cash Capital Decrease	-	(2,603)
A32130	Increase (Decrease) in Notes Payable	88	(1,109)	C05600	Interest Paid	(33,301)	(40,265)
A32150	Increase (Decrease) in Accounts Payable	83,915	(92,977)	C05800	Changes in Non-controlling Interests	(3,381)	(3,381)
A32160	Increase (decrease) in other payables – related parties	(1,530)	14,167	CCCC	Net cash outflows from financing activities	(238,231)	(14,339)
A32180	Increase in Other Payables	157,935	80,870				
A32190	Increase (decrease) in other payables – related parties	(5,486)	5,486				
A32230	Increase (Decrease) in Other Current Liabilities	7,707	(6,503)				
A32240	Decrease in net defined benefit liabilities	(223)	(97)				
A33000	Cash Inflow Generated from Operations	1,164,328	839,898	DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(20,547)	22,312
A33100	Interest Received	5,089	4,070	EEEE	Increase in cash and cash equivalents for the current period	52,127	161,662
A33500	Income Tax Paid	(143,590)	(126,679)	E00100	Beginning balance of cash and cash equivalents	610,682	449,020
AAAA	Net cash flows generated from operating activities	1,025,827	717,289	E00200	Cash and cash equivalents at end of period	\$662,809	\$610,682

(Please refer to the notes of the consolidated financial statements)

Chairman: Lin, Yan-Sheng

Managerial officer: LIN Deqiong

Accounting Manager: Teng, Yuan-Chang

UNITED ORTHOPEDIC CORPORATION AND ITS SUBSIDIARIES

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

1. Company History

United Orthopedic Corporation (hereinafter referred to as "the Company") was established on March 5, 1993. Its primary operations include research, development, production, manufacturing, and sales of orthopedic implants, orthopedic surgical instruments and manufacturing equipment, special metal and plastics materials, as well as the import and export of the aforementioned products.

The Company's common shares were publicly listed in Taipei Exchange (TPEX) on July 5, 2004, and began transactions on September 29, 2004. Its registered office and the main operations base are located at No. 57, Yuanqu 2nd Rd., Hsinchu Science Park, Hsinchu City.

2. Date and Procedures of Approval of the Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the Group) for 2025 and 2024 were authorized for issue by the board of directors on March 13, 2026.

3. Application of New and Amended Standards and Interpretations

- (1) Changes in accounting policies due to the first-time adoption of the International Financial Reporting Standards (IFRSs):

The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by IFRIC or SIC that have been approved by Financial Supervisory Commission (FSC) and applicable since January 1, 2025. First-time application of new amendments has no significant impact on the Group.

- (2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised, and amended standards or interpretations issued by IASB and but not yet endorsed by FSC:

No.	New, Revised, and Amended Standards or Interpretations	Effective Date Announced by IASB
1	IFRS 17 "Insurance Contracts"	January 1, 2023
2	Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
3	Annual Improvements to IFRS Standards - Volume 11	January 1, 2026
4	Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

1. IFRS 17 "Insurance Contracts"

This Standard provides a model for the comprehensiveness of insurance contracts, including all accounting-related components (recognition, measurement, expression, and disclosure principles), with the general model at the core of the Standard, under which the insurance contract group is originally recognized by the sum of the cash flows from performance and the margin of contractual services; the carrying amount at the end of each reporting period is the sum of the residual safeguard liability and the incurred physiological liability.

In addition to the general model, it also provides specific applicable methods for contracts with direct participation characteristics (variable fee approach) and simplified methods for short-term contracts (premium allocation approach).

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to the fiscal year beginning on or after January 1, 2023 (from the original effective date of January 1, 2021) and additional transition reliefs are provided. Some requirements are simplified to reduce the costs of applying IFRS 17 and some requirements are revised to make certain conditions easier to explain. The effective date of IFRS 17 will replace the interim standard (i.e., IFRS 4 "Insurance Contracts").

2. Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

These amendments include:

- (1) Clarifying that financial liabilities are derecognized on the settlement date, and for financial liabilities settled electronically before the settlement date, explaining the accounting treatment.
- (2) Clarifying how to assess the cash flow characteristics of financial assets with environment, social, and governance (ESG) linked features or other similar contingent features.
- (3) Clarifying the treatment of non-recourse assets and contractually linked instruments.

- (4) Requiring additional disclosures in IFRS 7 for financial assets or liabilities with terms related to contingent features (including ESG-linked), and for equity instruments classified as measured at fair value through other comprehensive income.

3. Annual Improvements to IFRS Standards - Volume 11

- (1) Amendment to IFRS 1

This amendment primarily amends the application of hedge accounting for first-time adopters to align with IFRS 9.

- (2) Amendment to IFRS 7

This amendment updates outdated cross-references for derecognition gains or losses.

- (3) Amendment to the Implementation Guidance in IFRS 7

This amendment improves the wording in the implementation guidance, including the introduction, disclosure of deferred fair value and transaction price differences, and credit risk disclosures.

- (4) Amendment to IFRS 9

This amendment adds cross-references to address concerns about derecognition of lease liabilities by lessees and clarifies the transaction price.

- (5) Amendment to IFRS 10

This amendment eliminates the inconsistency between paragraphs B74 and B73 in the standard.

- (6) Amendment to IAS 7

This amendment removes the reference to the cost method in paragraph 37 of the standard.

4. Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 9 and IFRS 7)

These amendments include:

- (1) Clarification of the application of "own use" requirements.
- (2) Allowing the application of hedge accounting when contracts are used as hedging instruments.
- (3) Adding disclosure requirements in the notes to help investors understand the impact of these contracts on the entity's financial performance and cash flows.

The above new and amended standards are applicable for accounting periods beginning on or after January 1, 2026. The Company has assessed that there is no significant impact.

- (3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised, and amended standards or interpretations issued by IASB and but not yet endorsed by FSC:

No.	New, Revised, and Amended Standards or Interpretations	Effective Date Announced by IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by the IASB
2	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
3	Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

(Note) The Financial Supervisory Commission (FSC) issued a press release on September 25, 2025, announcing that Taiwan will adopt IFRS 18 in 2028.

1. Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in relation to the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control of a subsidiary. The amendments place restrictions on the above-mentioned rules of

IAS 28 so that gains or losses shall be recognized in full for sale or contribution of assets that constitute a business as defined in IFRS 3.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary, that does not constitute a business as defined in IFRS 3, between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

2. IFRS 18 "Presentation and Disclosure in Financial Statements"

This standard will replace IAS 1 "Presentation of Financial Statements", with the following main changes:

(1) Enhancing comparability of the income statement

Classifying income and expenses in the income statement into five categories: operating, investing, financing, income tax, or discontinued operations, with the first three being new classifications to improve the structure of the income statement, and requiring all entities to provide newly defined subtotals (including operating profit or loss). By enhancing the structure of the income statement and introducing newly defined subtotals, investors will have a consistent starting point when analyzing financial performance across companies, making it easier to compare enterprises.

(2) Enhancing transparency of management performance measures

Requiring entities to disclose explanations of entity-specific metrics related to the income statement (referred to as management performance measures).

(3) Useful aggregation of financial statement information

Establishing application guidance for determining whether financial information should be placed in the primary financial statements or in the notes, which is expected to provide more detailed and useful information. Requiring entities to provide more transparent operating expense information to help investors find and understand the information they use.

3. Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments simplify disclosures for subsidiaries without public accountability and allow subsidiaries that meet the definition to voluntarily adopt this standard.

4. Translation to A Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

These amendments include:

- (1) The amendment clarifies that when a reporting entity's functional currency is not that of a hyperinflationary economy but is being converted into a presentation currency of a hyperinflationary economy, the results of operations and financial position shall be converted using the closing exchange rate on the most recent reporting date of the statement of financial position.
- (2) In circumstances where the presentation currency subsequently ceases to be that of a hyperinflationary economy, the reporting entity shall not restate prior period amounts.
- (3) When both the functional currency and the presentation currency are those of a hyperinflationary economy, the reporting entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The above standards or interpretations issued by the International Accounting Standards Board but not yet endorsed by the Financial Supervisory Commission (FSC) will take effect on a date to be determined by the FSC. Apart from currently assessing the potential impact of the newly published or amended standards or interpretations in item (2), which cannot be reasonably estimated at this time, the remaining new or amended standards or interpretations do not have a significant impact on the Group.

4. Summary of Significant Accounting Policies

(1) Compliance Declaration

The consolidated financial statements of the Group for 2025 and 2024 were prepared in accordance with the Standards for the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS), Interpretation, and Standing Interpretations, approved and ratified by the Financial Supervisory Commission (FSC).

(2) Preparation Basis

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars unless stated otherwise.

(3) Consolidation Overview

Principles of Preparation of Consolidated Financial Statements

When the Company is exposed to or entitled to variable returns from participation in an investee and has the ability to influence such returns through its power over such an investee, the Company controls that individual. In particular, the Company controls an investee only when the following three control elements exist:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities),
2. The exposure or rights to variable returns from its involvement with the investee, and
3. The ability to use its power over the investee to influence the amount of the investor's returns.

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

1. Contractual arrangements with other vote holders of the investee
2. Rights arising from other contractual arrangements
3. Voting rights and potential voting rights

When facts and circumstances indicate that there are changes to one or more of the three elements of control, the Company reassesses whether it still controls the investee.

Subsidiaries are included in the consolidated financial statements from the date of acquisition (i.e. the date the Group gains control), and the consolidation shall be terminated on the date of loss of control. The accounting periods and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intercompany account balances, transactions, unrealized internal profits and losses arising from intercompany transactions, and dividends are fully eliminated.

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

The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

1. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
2. Derecognizes the carrying amount of any non-controlling interests;
3. Recognizes the fair value of the consideration received;
4. Recognizes the fair value of any investment retained;
5. Reclassifies to profit or loss, or transfers directly to retained earnings, the amounts recognized in other comprehensive income by the parent in relation to the subsidiary;
6. Recognizes any resulting difference as profit or loss.

The entities consolidated in the financial statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Equity Holdings		Notes
			2025.12.31	2024.12.31	
The Company	UOC Europe Holding SA	Sales and investment	96%	96%	
The Company	United Orthopedic Japan Inc.	Sales	96%	96%	
The Company	A-SPINE Asia Co., Ltd.	Sales, investment, and manufacturing	75%	75%	
The Company	UOC USA, Inc.	Sales	100%	100%	Note 1
The Company	United Orthopedic (Australia) Pty Ltd	Sales	100%	100%	Note 2
The Company	Xi'an Lianhao Technology Co., Ltd.	Sales and services	100%	-	Note 4
UOC Europe Holding SA	UOC (Suisse) SA	Sales	100%	100%	
UOC Europe Holding SA	UOC (France)	Sales	100%	100%	
UOC Europe Holding SA	UOC Belgium	Sales	100%	100%	
UOC Europe Holding SA	United Orthopedics Limited	Sales	100%	100%	
UOC (Suisse) SA	U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ	Sales	100%	100%	Note 3

Note 1: In the second quarter of 2023, the Group made a capital increase in cash to UOC USA, Inc., acquiring 1,500 thousand shares, with an outward investment of US\$1,500 thousand (equivalent to NT\$48,628 thousand). As of December 31, 2025, the accumulated remittance amounted to US\$10,860 thousand (equivalent to NT\$332,533 thousand).

Note 2: In the fourth quarter of 2024, the Group made cash capital increases in United Orthopedic (Australia) Pty Ltd., remitting investment funds of AUD 500 thousand (equivalent to NT\$10,649 thousand), respectively. As of December 31, 2025, the Company has cumulatively remitted investment funds of AUD 1,300 thousand (equivalent to NT\$27,143 thousand).

Note 3: The Group invested in U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ in the second quarter of 2025, with the accumulated remittance of investment amounting to TRY 880 thousand (equivalent to NT\$641 thousand). As of December 31, 2025, the accumulated remittance amounted to TRY 930 thousand (equivalent to NT\$700 thousand).

Note 4: The Group invested in Xi'an Lianhao Technology Co., Ltd. during the fourth quarter of 2025. As of December 31, 2025, cumulative remittances of investment funds amounted to RMB 5,000 thousand (equivalent to NT\$22,025 thousand).

(4) Foreign Currency Transactions

The consolidated financial statements of the Group are expressed in New Taiwan Dollars, which is the Company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements using that functional currency.

Foreign currency transactions of individual entities within the group are recorded in their functional currency at the exchange rates prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are converted at the closing rates of that date; non-monetary items measured at fair value that are denominated in foreign currencies are converted at the rates prevailing at the date when the fair value is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are converted using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement or conversion of monetary items are recognized in profit or loss in the period in which they arise, except for the following:

1. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
2. Foreign currency projects subject to the provisions of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
3. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Conversion of Foreign-Currency Financial Statements

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations are converted into New Taiwan Dollars using the closing rates on the reporting date and income and expense items are converted using the average exchange rates for the period. The exchange differences arising upon conversion are recognized in other comprehensive income. Upon disposal of the foreign operations, the cumulative exchange differences recognized in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss when recognizing the gain or loss on disposal. For a partial disposal of a subsidiary that includes a foreign operation and involves a loss of control, and for a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation in which the retained interest becomes a financial asset, the disposal is accounted for accordingly.

When a partial disposal of a subsidiary containing a foreign operation without loss of control occurs, the cumulative amount of foreign currency conversion differences recognized in other comprehensive income is reattributed to non-controlling interests in proportion to their interests in the foreign operation, rather than being recognized in profit or loss. In the case of a partial disposal of an associate or joint arrangement that includes a foreign operation without loss of significant influence or joint control, the proportionate share of the cumulative amount of foreign currency conversion differences is reclassified to profit or loss.

The goodwill generated by the Group from the acquisition of a foreign operation and fair value adjustments on the carrying amounts of assets and liabilities of such an acquisition are deemed as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when it meets the following conditions, and all other assets are classified as non-current:

1. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
2. The Company holds the asset primarily for the purpose of trading.
3. The Company expects to realize the asset within twelve months after the reporting period.
4. The asset is cash or 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.

A liability is classified as current when it meets the following conditions, and all other liabilities are classified as non-current:

1. The Company expects to settle the liability in its normal operating cycle.
2. The Company holds the liability primarily for the purpose of trading.
3. The liability is due to be settled within twelve months after the reporting period.
4. At the end of the reporting period, does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

For financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments," they are measured at fair value at the time of initial recognition, and the transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for the financial assets and financial liabilities at fair value through profit or loss) are added or subtracted from the fair value of the financial assets and financial liabilities.

1. Recognition and Measurement of Financial Assets

The Group accounts for regular recognition or derecognition of financial assets on the trade date basis.

The Group classifies financial assets as subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the following two conditions:

- (1) Business model for managing the financial assets
- (2) Contractual cash flow characteristics of the financial assets

Financial Assets Measured at Amortized Cost

Financial assets that meet both of the following conditions are measured at amortized cost and reported as notes receivable, accounts receivable, receivables under finance leases, financial assets at amortized cost, and other receivables in the balance sheet:

- (1) Business model for managing the financial assets: The financial asset is held to collect its contractual cash flows.
- (2) Contractual cash flow characteristics of financial assets: Cash flows are solely payments of principal and interest on the outstanding principal.

These financial assets (excluding ones involved in a hedging relationship) are subsequently measured (The amount initially recognized less principal repayments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount, which is calculated using the effective interest method, and adjusted for loss allowance) at amortized cost. A gain or loss is recognized in profit or loss when the financial asset is derecognized, going through the amortization process, or recognizing the impairment gains or losses.

Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the follow situations is recognized in profit or loss:

- (1) For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- (2) For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

A financial asset satisfying both conditions below is measured at fair value through other comprehensive income and presented as financial assets measured at fair value through other comprehensive income on the balance sheet:

- (1) Business model for managing the financial assets: The financial asset is held to collect its contractual cash flows and for sale.
- (2) Contractual cash flow characteristics of financial assets: Cash flows are solely payments of principal and interest on the outstanding principal.

Recognition of gain or loss on such a financial asset is described below:

- (1) Prior to its derecognition or reclassification, the gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses, which are recognized in profit or loss.
- (2) Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (3) Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the follow situations is recognized in profit or loss:
 - A. For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
 - B. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

In addition, for an equity instrument within the scope of IFRS 9 that is not held for trading and where the contingent consideration recognized by an acquirer in a business combination under IFRS 3 does not apply, the Company makes an (irrevocable) election at initial recognition to present its subsequent changes in the fair value in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently transferred to profit or loss (upon disposal of such an equity instrument, its cumulative amount in other equity is transferred directly to retained earnings) and shall be recognized as a financial asset measured at fair value through other comprehensive income on the balance sheet. Dividends from the investment are recognized in profit or loss unless they clearly represent the recovery of a part of the investment cost.

Financial Assets Measured at Fair Value Through Profit or Loss

Except for financial assets measured at amortized cost or at fair value through other comprehensive income due to the satisfaction of certain conditions, all other financial assets measured at fair value through profit or loss are presented as financial assets measured at fair value through profit or loss on the balance sheet.

Those financial assets are measured at fair value and the gains or losses resulting from their re-measurement are recognized in profit or loss, which include dividends or

interests received on such financial assets.

2. Impairment of Financial Assets

The Group recognizes and measures allowance losses based on expected credit losses for financial assets measured at amortized cost.

The Group measures expected credit loss in a way that reflects:

- (1) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (2) Time value of money
- (3) Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (that is available without undue cost or effort at the balance sheet date).

Loss allowance is measured as follows:

- (1) At an amount equal to 12-month expected credit losses: including financial assets whose credit risk has not increased significantly since initial recognition or ones that are determined to have low credit risk at the balance sheet date. In addition, financial assets whose loss allowance is measured at an amount equal to lifetime expected credit losses in the previous reporting period, but the condition of a significant increase in credit risk since initial recognition is no longer met at the current balance sheet date shall also be included.
- (2) Measurement of the amount of lifetime expected credit losses: including financial assets whose credit risk has increased significantly since initial recognition, or credit-impaired financial assets that are purchased or originated.
- (3) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (4) For lease receivables from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default at the reporting date and initial recognition. Please refer to Note 12 for further details on credit risk.

3. Derecognition of Financial Assets

Financial assets held by the Group are derecognized when one of the following conditions applies:

- (1) The contractual rights to the cash flows from the financial assets have expired.
- (2) The Company has transferred the financial assets and transferred substantially all risks and rewards of ownership of the assets to others.
- (3) The Company has neither transferred nor retained substantially all risks and rewards of ownership of the assets, but has transferred control of the assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

4. Financial Liabilities and Equity Instruments

Classification of Liabilities or Equity

The Group classifies the liabilities and equity instruments issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity Instruments

An equity instrument is any contract of the Group that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issuance costs.

Compound Instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the host contract before separating the equity element.

For a liability component, excluding derivative instruments, its fair value is determined based on the market interest rate of an equivalent non-convertible bond. This component is classified as a financial liability measured at amortized cost before

the instrument is converted or settled. For the embedded derivative instrument that is not closely related to the economic characteristics and risks of the host contract (e.g., if the exercise price of the embedded call or put option is not approximately equal to the amortized cost of the debt instrument on each exercise date), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is determined as the residual amount after deducting from the fair value of the convertible bond the amount of the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the issued conversion corporate bonds from the Company do include an equity element, they are handled in accordance with IFRS 9 concerning hybrid instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instrument is initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of its liability component is adjusted to the carrying amount as of the conversion date to be the recognition basis for the issuance of common stocks.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or at amortized cost upon initial recognition.

Financial Liabilities Measured at Fair Value Through Profit or Loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (1) It is acquired principally for the purpose of selling it in the short term;
- (2) It is part of a portfolio of identifiable financial instruments that are managed together on initial recognition and for which there is evidence of a pattern of short-term profit-taking recently; or
- (3) It is a derivative instrument (except for a derivative instrument that is a financial guarantee contract or a designated and effective hedging instrument).

For a contract containing one or more embedded derivative instruments, the entire hybrid (combined) contract may be designated as a financial liability measured at fair value through profit or loss; or it may be designated as fair value through profit or loss at initial recognition when one of the following factors is met:

- (1) The designation eliminates or significantly reduces a measurement or recognition inconsistency; or
- (2) A group of financial liabilities or a group of financial assets and financial liabilities that are managed and evaluated for performance on a fair value basis, in accordance with a documented risk management or investment strategy, and for which portfolio information is provided internally on that basis to the entity's key management personnel.

Gains or losses arising from the re-measurement of such financial liabilities are recognized in profit or loss, including any interest paid on the financial liabilities.

Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost include payables, borrowings, and corporate bonds payable that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction costs.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

When the Group exchanges debt instruments with creditors that have substantially different terms, or makes substantial modifications to all or part of the terms of an existing financial liability (whether or not due to financial difficulties), it treats the derecognition of the original liability and recognition of a new liability as an exchange. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5. Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative Instruments

The derivative instruments held or issued by the Group are used to hedge against foreign exchange risk and interest rate risk. Those that are designated and effective hedges are reported as hedging financial assets or liabilities on the balance sheet; the remaining non-designated and ineffective hedges are reported as financial assets or liabilities measured at fair value through profit or loss on the balance sheet.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivative instruments are recognized directly in profit or loss, except for those related to hedging and qualifying as effective hedges, in which case the treatment depends on the type of hedge.

If the host contract is a non-financial asset or financial liability, and the embedded derivative instrument's economic characteristics and risks are not closely related to the host contract, and the host contract is not measured at fair value through profit or loss, then the embedded derivative instrument should be treated as a separate derivative instrument.

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transactions of asset selling and liability transferring occur in one of the following markets:

1. The primary market for the asset or liability, or
2. If there is no primary market, the most advantageous market for the asset or liability

The principal or most advantageous markets shall be the ones that the Company has access to and can transact in.

Assumptions that market participants would use when pricing the asset or liability are used in the fair value measurement. Market participants are assumed to act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value, maximize the use of observable inputs, and minimize the use of unobservable inputs.

(11) Inventories

Inventories are valued at the lower of cost or net realizable value item by item.

Costs refer to costs incurred in bringing each inventory to its available-for-sale or available-for-production status and location. They are accounted for as follows:

Supplies	—	Actual purchase cost, adopting the weighted average method.
Finished goods and work in progress	—	Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The provision of labor services is accounted for in accordance with IFRS 15 and is not within the scope of inventory.

(12) Investments Accounted for Using the Equity Method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as assets held for sale. An associate is an entity over which the Group has significant influence. A joint venture refers to an arrangement where the Group has rights to the net assets of the joint arrangement (with joint control).

Under the equity method, the investment in associates or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. After the carrying amount of investments in associates or joint ventures and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associates. Unrealized gains and losses arising from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in those associates or joint ventures.

When changes in the ownership interest of associates or joint ventures are not caused by profit or loss and other comprehensive income items and do not affect the Group's

ownership percentages in those entities, the Group recognizes all changes in ownership interest based on its ownership percentage. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associates or joint ventures on a pro rata basis.

When the associates or joint ventures issue new shares and the Group's shares in the net assets of those entities has changed as a result of failing to acquire shares newly issued in proportion to its original ownership interest, the changes are adjusted through "capital surplus" and "investments accounted for using the equity method." When the interest in the associates or joint ventures is reduced, relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts by the reduced percentage. The aforementioned capital surplus recognized shall be reclassified to profit or loss upon the disposal of the associates or joint ventures on a pro rata basis.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates or joint ventures is impaired in accordance with IAS 28 "Investment in Related Companies and Joint Ventures." If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and their carrying value and recognizes the amount in the "share of profit or loss of associates or joint ventures" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets." If the investment's value in use is adopted as the recoverable amount, the Group determines the value in use based on the following estimates:

1. The Group's share of the present value of the estimated future cash flows expected to be generated by the associates or joint ventures, including the cash flows from the operations of the associates or joint ventures and the proceeds on the ultimate disposal of the investment.
2. The present value of the estimated future cash flows that the Group expects to generate from the dividends and the proceeds on the ultimate disposal of the investment.

Because goodwill that forms part of the carrying amount of the investment in associates or joint ventures is not separately recognized, the impairment test on goodwill of IAS 36 "Impairment of Assets" does not apply.

When the Group loses significant influence over an associate or joint control over a joint venture, it measures and recognizes the retained investment at its fair value. When significant influence or joint control is lost, the difference between the carrying amount of the investment in the associate or joint venture and the sum of the fair value of the retained

investment and the proceeds from disposal is recognized in profit or loss. Furthermore, when an investment in an associate becomes an investment in a joint venture, or vice versa, the Group continues to apply the equity method without remeasuring the retained interest.

(13) Property, Plants, and Equipment

Property, plants, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located, as well as necessary borrowing costs for construction in progress. Each part of property, plants, and equipment that is significant is depreciated separately. When significant parts of property, plants, and equipment are required to be replaced in intervals, the Group recognizes such parts separately as parent company only assets with specific useful lives and depreciation methods. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, Plant and Equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plants and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Housing and buildings	3 to 50 years
Machinery and equipment	3 to 16 years
Tooling equipment (except for forging die)	2 to 5 years
Transportation equipment	5 to 6 years
IT equipment	3 to 5 years
Other equipment	3 to 11 years
Leasehold improvements	Over the shorter of the lease terms or useful lives

An item of property, plants, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values, useful lives, and depreciation methods of property, plants, and equipment are reviewed at the end of each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(14) Leases

For all contracts, the Group evaluates whether the contracts are (or include) leases on the date they are formed. A contract is (or includes) a lease if it transfers control of the use of

an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Group will evaluate whether the following two factors occurred during the entire duration of use:

1. Rights to nearly all economic benefits of the identified asset have been received; and
2. The control over the right to use the identified asset.

For contracts that are (or include) leases, the Group will treat each lease component in the contract individually, as well as separating them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Group will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Group will maximize the use of observable information to estimate their respective single unit prices.

The Group as a Lessee

Except for leases that meet the criteria and are selected to be treated as short-term leases or low-value assets, when the Group is the lessee of a lease contract, the Group will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Group measures the lease liability at the present value of the unpaid lease payments on that date. If the implicit interest rate of the lease is easy to determine, the interest rate is used to discount the lease payment. If such an interest rate is difficult to determine, the lessee's incremental borrowing rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

1. Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
2. Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
3. The amount expected to be paid by the lessee under the residual value guarantee;
4. Exercise price for purchase options if the Group can be reasonably assured that the right will be exercised; and

5. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the start date, the Group will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect the interest of the lease liability; the lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Group will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

1. The amount of the initial measurement of the lease liability;
2. Any lease payment paid on the start date or before, minus any lease incentives taken;
3. Any initial direct costs incurred by the lessee; and
4. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost less accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured using the cost model.

If the ownership of the target asset will be transferred to the Group when the lease period expires, or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Group will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Group uses IAS 36 "Asset Impairment" to determine whether an asset has been impaired and treats any identified impairment loss.

Except for leases of assets that meet the criteria and were selected to be short-term leases or low-value assets, the Group will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expenses and interest expenses related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Group chooses to use the straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

The Group as a Lessor

On the date of establishment the contract, the Group will classify each lease as either an operating lease or a financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Group will recognize assets held under financing leases on the balance sheet on the start date, and express them as receivables under finance leases based on the net lease investment.

For contracts that include lease components and non-lease components, the Group will distribute the considerations in the contract using regulations from IFRS 15.

The Group uses the straight-line basis or another systematic basis to recognize lease payments from operating leases as rental revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Group will recognize them as rental revenue when they occur.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Following initial recognition, the carrying amount of intangible assets is the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, which fail to meet the recognition criteria, are not capitalized. They are recognized in profit or loss as incurred.

The useful lives of intangible assets are categorized as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. Intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether there are events and circumstances continuing to support the asset's useful life remaining indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Intangible Assets Under Development – Research and Development Costs

Research costs are recognized as expenses as incurred. Development expenditures on an individual project are recognized as an intangible asset when they meet the following conditions:

1. The technical feasibility of completing the intangible asset has been achieved, and said intangible asset will be thus available for use or sale.
2. The Company intends to complete said intangible asset to use or sell it.
3. There is an ability to use or sell said intangible asset.
4. The intangible asset will generate highly likely economic benefits in the future. In addition, the Company can prove that the output of the intangible asset or the intangible asset itself already exists in the market, or if the intangible asset is for internal use, the Company can prove the usefulness of the asset.
5. The Company has sufficient technological, financial, and other resources to complete this development, and is able to use or sell the intangible asset.
6. Expenditures during the development stage of the intangible asset can be reliably measured.

Following initial recognition, the capitalized development expenditure is measured using the cost model, i.e. the carrying amount is the cost less accumulated amortization and accumulated impairment losses. During the development period, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Specialized Technology

Specialized technology obtained externally is granted 15 years of right-of-use and amortized on a straight-line basis. Specialized technology developed internally is amortized on a straight-line basis during the expected future sales period of relevant projects.

Brand

A brand is used to represent a set of complementary assets, such as a trademark (or service mark) and its related trade names, formulas, secret recipes, and technical expertise, which are amortized over fifteen years.

Computer Software

Computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years)

Customer Relationships

Customer relationships acquired through business combinations are amortized on a straight-line basis over their estimated useful lives of 15 to 16 years.

The Group's accounting information policies for intangible assets are summarized as follows:

	Intangible Assets Under Development	Brand	Specialized Technology	Computer Software	Customer Relationships
Useful Lives	Finite	Finite	Finite	Finite	Finite
Amortization Method Used	Amortized on a straight-line basis during the period when the relevant project generates expected future sales	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internal Production or External Acquisition	Internal production	Arising from consolidation	External acquisition and internal production	External acquisition	External acquisition

(16) Impairment of Non-financial Assets

The Group assesses whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired at the end of each reporting period. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or its CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made by the Group at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the carrying amount after reversal shall not exceed the carrying amount of the asset after deducting depreciation or amortization if no impairment loss is recognized.

A CGU, or groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of goodwill, then to the other assets pro rata based on the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment losses or reversals of continuing operations are recognized in profit or loss.

(17) Revenue Recognition

The Group's revenue from contracts with customers mostly involves the sale of goods. The accounting treatment is detailed as follows:

Sales of Goods

The Group manufactures and sells goods. Revenues are recognized when goods have been delivered to the customers and customers have obtained control (i.e. the customers can direct the use of goods and substantially obtain all remaining benefits from the goods). The main products of the Group are orthopedic implants, etc. Revenues are recognized based on the prices stated on the contracts.

The credit term for merchandise sales transactions of the Group is 30 days to 180 days. Most contracts are recognized as accounts receivable when the control of products is transferred and the right to receive the consideration unconditionally is obtained. These accounts receivable are usually short-term and do not contain significant financing components. For a small number of contracts, the products are transferred to customers but the right to receive the consideration unconditionally has not yet been obtained; thus, said contracts are recognized as contract assets. The contract assets shall be additionally measured for their loss allowance based on the amount of the lifetime expected credit losses in accordance with IFRS 9. As for contracts where some of the considerations are collected upon signing the contracts, the Group is obligated to provide products subsequently. Thus, they are recognized as contract liabilities.

As it usually takes less than one year for the said contract liabilities to be reclassified to revenue, no significant financing component has arisen.

(18) Government Grants

The Group recognizes government grant income when there is reasonable assurance that the conditions attached to the government grants will be complied with and the economic benefits will be received. When the government grant is related to an asset, the grant is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant is related to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs

that it is intended to compensate.

(19) Post-Retirement Benefit Plan

The post-employment regulations of the Company and its subsidiaries are applicable to all regular employees hired through official procedures. The retirement fund is managed by the Supervisory Committee of Labor Retirement Reserve and deposited in the specific account for the retirement fund. As the aforementioned pension is deposited in the name of the Supervisory Committee of Labor Retirement Reserve, it is not associated with the Company and its subsidiaries. Therefore, it is not included in the parent company only financial statements. The retirement procedures for employees of overseas subsidiaries are handled in accordance with local laws and regulations.

For the post-employment benefit plan regarding the defined contribution plan, the Company and its subsidiaries' monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The contribution amount is recognized in the expense of the current period.

Post-employment benefit plans that are classified as defined benefit plans are accrued based on actuarial reports using the projected unit credit method at the end of the annual reporting period. The re-measurements of net defined benefit liabilities (assets) include return on plan assets and any changes in the effect of the asset ceiling, and exclude amounts included in the net interest on the net defined benefit liabilities (assets) and actuarial gains and losses. The re-measurements of net defined benefit liabilities (assets) are recognized in other comprehensive income in the periods they occur and immediately recognized in the retained earnings. Past service cost is the change in the present value of a defined benefit obligation due to plan amendments or curtailments. It is recognized as an expense at the earlier of the following two dates:

1. When a plan amendment or curtailment occurs; and
2. The date when the Group recognizes any related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate. Both the net defined benefit liability (asset) and the discount rate are determined at the beginning of the annual reporting period. Changes in the net defined benefit liability (asset) due to actual contributions and benefits paid during the period shall be taken into consideration.

(20) Income Tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period with respect to current income tax and deferred income tax.

Current Income Tax

Current income tax liabilities (assets) for the current and prior periods are measured based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity respectively, instead of in profit or loss.

The portion of unappropriated retained earnings subject to income tax is recognized as income tax expense in the year when the distribution proposal is approved by the shareholders' meeting.

Deferred Income Tax

Deferred income tax is the temporary difference between the tax bases of assets and liabilities and their carrying amounts in the balance sheets at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the following two cases:

1. The initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect accounting profit or taxable income (loss) at the time of the transaction, and does not generate equal taxable and deductible temporary differences at the time of the transaction.
2. Where the taxable temporary difference is associated with investments in subsidiaries, associates, and joint ventures and the timing of its reversal can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets arising from deductible temporary differences, unused tax losses, and unused tax credits are recognized to the extent that it is probable that future taxable profits will be available, except for the following two cases:

1. Deductible temporary differences associated with initial recognition of assets or liabilities in a transaction not related to a business combination, which at the time of the transaction affects neither accounting profit nor taxable income (tax loss), and no equal taxable and deductible temporary differences arise at the time of the transaction.
2. Deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that there will be sufficient taxable income against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss cannot be recognized as profit or loss. Instead, it is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are reassessed and recognized at each reporting date.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception provisions in "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)," therefore, deferred tax assets and liabilities related to Pillar Two income tax must not be recognized, and their relevant information must not be disclosed.

(21) Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. In a business combination, the consideration transferred, identifiable assets acquired, and liabilities assumed are measured at their fair values as of the acquisition date. For each business combination, the acquirer measures the non-controlling interests at either fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification and designation of assets and liabilities acquired based on the contractual terms, economic circumstances, and other relevant conditions existing on the acquisition date. This includes the consideration of separating embedded derivative financial instruments from the host contracts held by the acquiree.

In the case of a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value, and the resulting gain or loss is recognized in profit or loss for the period.

The acquirer is expected to recognize the contingent consideration to be transferred at fair value on the acquisition date. If the contingent consideration is regarded as an asset or liability, its subsequent fair value changes will be recognized as changes in profit or loss or other comprehensive income in accordance with IFRS 9. However, if the contingent consideration is classified as equity, it will not be remeasured until it is ultimately settled

within equity.

Goodwill is initially measured as the excess of the total consideration transferred plus the amount of any non-controlling interests over the fair value of the identifiable assets acquired and liabilities assumed by the Group. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized as a gain in profit or loss for the period.

After initial recognition, goodwill is measured at cost less accumulated impairment. Goodwill arising from a business combination is allocated from the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those cash-generating units. Each cash-generating unit or group of units represents the lowest level at which goodwill is monitored for internal management purposes, and is not greater than the operating segment before aggregation.

When disposing of a cash-generating unit that includes goodwill, the carrying amount of the portion disposed of includes the goodwill associated with the operation disposed of. The goodwill disposed of is measured based on the relative recoverable amount of the disposed operation and the portion retained.

5. Key Sources of Significant Accounting Judgments, Assumptions, and Estimation Uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgment

In the process of adopting the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Judgment on whether development expenditures are eligible for capitalization

The Group determines whether the intangible assets developed and produced internally have achieved technical feasibility and will be available for use or sale mainly due to the Group's judgments, which are made based on the facts that the Group has controlled the sophisticated technology as well as resources required for the research and development projects, and the development schedule along with product specifications are confirmed. In

addition, the Group evaluates whether the asset is expected to generate future economic benefits and whether the benefits will be greater than the cost of the relevant investments.

Only when the research and development project meet the aforementioned conditions would the Group reclassify development expenditures attributable to the project to intangible assets under development.

(2) Estimates and Assumptions

The key sources of information at the end of the reporting period about estimates and assumptions made concerning the future have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The explanations are as follows:

1. Inventory Valuation

The estimates of net realizable value for inventory take into account inventory spoilage, total or partial obsolescence, or selling price declines, and are based on the most reliable evidence available at the time the estimates are made of the expected realizable amount of inventories. Please refer to Note 6 for details.

2. Income Tax

Uncertainties of the income taxes exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences between the actual results and the assumptions made or future changes to such assumptions could necessitate future adjustments to tax benefit and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the taxation authority. Such differences of interpretation may cause a wide variety of issues due to conditions prevailing at the location of the Group's respective entities.

Deferred income tax assets are recognized for all carryforwards of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred income tax assets to be recognized is based upon the likely timing and the level of future taxable income and taxable temporary differences together with future tax planning strategies.

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

	<u>2025.12.31</u>	<u>2024.12.31</u>
Cash in Treasury	\$294	\$293
Checks and Demand Deposits	508,337	422,985
Time Deposits (Note)	154,178	187,404
Total	<u>\$662,809</u>	<u>\$610,682</u>

Note: Refers to amounts due within 12 months of the contract period, as well as those that are convertible into a fixed amount of cash at any time with insignificant risk of changes in value.

(2) Financial Assets Measured at Fair Value Through Profit or Loss

	<u>2025.12.31</u>	<u>2024.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Funds	\$-	\$9,005
Simple Agreement for Future Equity (SAFE)	7,512	8,184
Convertible corporate bonds with embedded derivative financial instruments	1,260	-
Total	<u>\$8,772</u>	<u>\$17,189</u>
Current	\$-	\$9,005
Non-current	8,772	8,184
Total	<u>\$8,772</u>	<u>\$17,189</u>

1. The Group's financial assets measured at fair value through profit or loss are not pledged.
2. On September 28, 2023, the Group invested in Redefine Surgery Inc., a U.S. company, through a Simple Agreement for Future Equity (SAFE) in the amount of NT\$8,010 thousand. As of December 31, 2025 and 2024, the Group's investment in Redefine Surgery Inc. amounted to NT\$7,512 thousand (US\$239 thousand) and NT\$8,184 thousand (US\$250 thousand), respectively.

(3) Financial assets measured at fair value through other comprehensive income

	<u>2025.12.31</u>	<u>2024.12.31</u>
Investments in equity instruments measured at fair value through other comprehensive income – non-current:		
<u>Domestic Investments</u>		
Listed Stocks		
Chailease Finance Co., Ltd.	\$50,500	\$49,050
Unlisted Stocks		
Changgu Biotech Corporation	5,133	4,131
Subtotal	<u>55,633</u>	<u>53,181</u>
<u>Foreign Investments</u>		
Unlisted Stocks		
SURGLASSES Inc.	5,627	3,627
Total	<u>\$61,260</u>	<u>\$56,808</u>

1. The Group's financial assets measured at fair value through profit or loss are not pledged.
2. On September 10, 2020, the Group invested in Chailease Finance Co., Ltd. in the amount of NT\$50,000 thousand and acquired 500,000 shares. As of December 31, 2025 and 2024, 500,000 shares were held, with a shareholding ratio of 0.03%. On December 31, 2025 and 2024, the fair values of the stock investments were NT\$50,500 thousand and NT\$49,050 thousand, respectively, and the differences between the initial investment amount and the fair value were NT\$500 thousand and (NT\$950) thousand, respectively, which were recognized as unrealized valuation gain (loss) of investments in equity instruments measured at fair value through other comprehensive income.
3. Changgu Biotech Corporation carried out a capital reduction to offset accumulated losses in January 2025. The number of shares reduced was 1,000,000 shares, with a reduction amount of NT\$10,000 thousand. Subsequently, new shares were issued, and the Company subscribed for 147,000 shares at an amount of NT\$1,470 thousand. As of December 31, 2025 and 2024, the amounts that the Company invested in Changgu Biotech Corporation were NT\$6,246 and NT\$4,776 respectively, with 463,716 and 477,568 shares acquired respectively, and with a shareholding ratio of 19.00% and 16.09% respectively. On December 31, 2025 and 2024, the fair values of the stock investments were NT\$5,133 thousand and NT\$4,131 thousand, respectively, and the differences between the initial investment amount and the fair value were NT\$1,113 thousand and NT\$645 thousand, respectively, which were recognized as unrealized valuation loss of investments in equity instruments measured at fair value through other comprehensive income.
4. The shareholders of Taiwan Main Orthopaedic Biotechnology Co., Ltd. established a holding company SURGLASSES Inc., and after equity adjustment, the holding

company 100% held Taiwan Main Orthopaedic Biotechnology Co., Ltd., and the original shares held in Taiwan Main Orthopaedic Biotechnology Co., Ltd. were exchanged for an equivalent number of shares in SURGLASSES Inc. in the first quarter of 2023. As of December 31, 2025 and 2024, the subsidiary A-SPINE Asia Co., Ltd. invested NT\$2,350 thousand in both SURGLASSES Inc. and Taiwan Main Orthopaedic Biotechnology Co., Ltd., both with 235,040 shares acquired, and both with a shareholding ratio of 2.99%. On December 31, 2025 and 2024, the fair values of the stock investments were NT\$5,627 thousand and NT\$3,627 thousand, respectively, and the differences between the initial investment amount and the fair value were NT\$3,277 thousand and NT\$1,277 thousand, respectively, which were recognized as unrealized valuation gain of investments in equity instruments measured at fair value through other comprehensive income.

(4) Financial assets measured at amortized cost

	<u>2025.12.31</u>	<u>2024.12.31</u>
Time Deposits	\$10,917	\$10,916
Less: Loss Allowance	-	-
Total	<u>\$10,917</u>	<u>\$10,916</u>
Non-current	<u>\$10,917</u>	<u>\$10,916</u>

The Group has classified a part of financial assets as financial assets measured at amortized cost; for the information about loss allowance, please refer to Note 6(20).

Please refer to Note 8 for details of the guarantees provided and to Note 12 for information on credit risk.

(5) Notes receivable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Notes Receivable – Arising from Operation	\$2,081	\$3,552
Less: Loss Allowance	-	-
Total	<u>\$2,081</u>	<u>\$3,552</u>

The Group's notes receivable were not pledged.

The Group assesses impairment in accordance with IFRS 9. For information on loss allowance, please refer to Note 6(20); for information on credit risk, please refer to Note 12.

(6) Accounts receivable and accounts receivable – related parties

	2025.12.31	2024.12.31
Accounts Receivable	\$1,223,368	\$1,065,000
Less: Loss Allowance	(37,530)	(33,349)
Subtotal	<u>1,185,838</u>	<u>1,031,651</u>
Accounts Receivable – Related Parties	116,574	146,574
Less: Loss Allowance	-	-
Subtotal	<u>116,574</u>	<u>146,574</u>
Total	<u><u>\$1,302,412</u></u>	<u><u>\$1,178,225</u></u>

The Group's accounts receivable were not pledged.

The Group's credit period for clients is generally from 30 to 180 days. The total carrying amounts as of December 31, 2025 and 2024 were NT\$1,339,942 thousand and NT\$1,211,574 thousand, respectively. For information related to the provision for losses in 2025 and 2024, please refer to Note 6(20). For information related to credit risk, please refer to Note 12.

(7) Net receivables under finance leases

As of December 31, 2025 and 2024, the Group leased out other equipment – surgical instruments under finance leases. A reconciliation of the future gross investment in leases and the present value for finance leases is as follows:

	2025.12.31		2024.12.31	
	Lease Investment Total	Minimum Lease Payments Receivable Present Value of Payments	Lease Investment Total	Minimum Lease Payments Receivable Present Value of Payments
Less than 1 year	\$36,962	\$27,186	\$26,323	\$18,319
2 to 3 years	35,874	29,099	31,272	26,306
4 to 5 years	13,914	12,517	-	-
Total Minimum Lease Payments	<u>86,750</u>	<u>\$68,802</u>	<u>57,595</u>	<u>\$44,625</u>
Less: Unearned Finance Income	<u>(17,948)</u>		<u>(12,970)</u>	
Present Value of Minimum Lease Payments	<u>\$68,802</u>		<u>\$44,625</u>	
Current	<u>\$27,186</u>		<u>\$18,319</u>	
Non-current	<u>41,616</u>		<u>26,306</u>	
Total	<u><u>\$68,802</u></u>		<u><u>\$44,625</u></u>	

The Group has not provided any collateral for its receivables under finance leases.

As of December 31, 2025 and 2024, there were no overdue or impaired accounts receivable under finance leases. For information regarding the loss allowance as of December 31, 2025 and 2024, please refer to Note 6(20).

(8) Inventories

	2025.12.31	2024.12.31
Merchandise	\$87,181	\$79,639
Finished Goods	1,504,294	1,293,955
Work in Progress	331,120	305,690
Raw Materials	151,416	193,918
Materials and Supplies in Transit	-	176
Total	<u>\$2,074,011</u>	<u>\$1,873,378</u>

1. The cost of inventories recognized as expenses by the Group is listed below:

Item	2025	2024
Cost of Goods Sold	\$1,233,662	\$1,024,136
Inventory Write-down and Obsolescence Loss	22,221	6,673
Total	<u>\$1,255,883</u>	<u>\$1,030,809</u>

2. No inventories aforementioned were pledged.

(9) Investments Accounted for Using the Equity Method

The following table lists the Group's investments accounted for using the equity method:

Name of Investee	2025.12.31		2024.12.31	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
Shinva United Orthopedic Corporation	<u>\$272,916</u>	43%	<u>\$330,603</u>	43%

Investments in Associates

Information of the Group's significant associates is as follows:

Company Name: Shinva United Orthopedic Corporation

Relation: This company engages in the manufacturing or sales of products associated with the Group's industry chain. For integration of upstream and downstream businesses, we decided to invest in this company.

Principal Place of Business (Registration Country): Mainland China

Fair value with public quoted market prices: Shinva United Orthopedic Corporation is not a listed company, and is not listed in any securities exchange.

Summarized financial information and reconciliation of the investments' carrying amount:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Current Assets	\$572,058	\$379,416
Non-current Assets	783,669	837,318
Current Liabilities	(642,862)	(338,292)
Non-current Liabilities	(53,404)	(67,910)
Equity	659,461	810,532
Percentage of Ownership of the Group	43%	43%
Subtotal	283,568	348,529
Eliminations and adjustments due to inter-company transactions	(10,652)	(17,926)
Carrying Amount of Investments	<u>\$272,916</u>	<u>\$330,603</u>
	<u>2025</u>	<u>2024</u>
Operating Revenue	\$493,612	\$280,437
Net loss of continuing operations for this period	(154,021)	(165,284)
Comprehensive income for this period	(154,021)	(165,284)

On April 18, 2023, Shinva United Orthopedics Corporation (hereinafter referred to as "Shinva United"), Yiyuan Health Industry Investment (Jinan) Partnership (Limited Partnership) (hereinafter referred to as "Yiyuan Health"), Shinva Health Industry Co., Ltd., Shinva Medical Equipment Co., Ltd., and the Company signed a capital increase agreement for Shinva United. The total capital increase plan amounted to RMB 45,000 thousand, of which Shinva Health Industry Co., Ltd., Shinva Medical Equipment Co., Ltd., and the Company agreed to waive their preemptive rights for this capital increase, and Yiyuan Health agreed to subscribe for the capital increase plan in three installments. At the shareholders' meeting on April 20, 2023, Shinva United resolved to amend its articles of incorporation and increase its registered capital to RMB 345,000 thousand. On May 6, 2023, Yiyuan Health subscribed to the newly increased registered capital of RMB 18,000 thousand at a subscription price of RMB 1 per share. After this capital increase, Yiyuan Health held 6% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 49% to 46%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NT\$10,316 thousand. On September 19, 2023, Yiyuan Health subscribed to the newly increased registered capital of RMB 13,500 thousand at a subscription price of RMB 1 per share. After this capital increase, Yiyuan Health held 10% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 46% to 44%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NT\$8,537

thousand. On March 14, 2024, Yiyuan Health subscribed to the newly increased registered capital of RMB 13,500 thousand at a subscription price of RMB 1 per share. After this capital increase, Yiyuan Health held 13% equity interest in Shinva United, and the Group's shareholding ratio in Shinva United decreased from 44% to 43%. As the Group did not subscribe to the new shares issued by the associate in proportion to its shareholding, it recognized additional paid-in capital of NT\$16,791 thousand.

The Group invests in affiliated enterprises on a technical basis of RMB 30,000 thousand, equivalent to NT\$149,844 thousand in long-term deferred income. For deferred income, the Group amortizes on an average of three years from the date of commencement of the provision of services. The remaining amount is amortized on a 10-year average basis after the product registration is obtained from Shinva United Orthopedic Corporation. Shinva United Orthopedic Corporation obtained the product registration certificate in September 2021, and the deferred income was amortized from September 2021. As of December 31, 2025 and 2024, the accumulated amortization was NT\$106,142 thousand and NT\$98,807 thousand, respectively.

The aforementioned investments in associates did not have major contingent liabilities or capital commitments as of December 31, 2025 and 2024, nor was there any guarantee provided.

(10) Property, Plants, and Equipment

	<u>2025.12.31</u>	<u>2024.12.31</u>
Property, plants, and equipment for own use	\$1,372,939	\$1,330,692
Property, plants, and equipment for operating leases	582,254	460,040
Total	<u>\$1,955,193</u>	<u>\$1,790,732</u>

1. Property, plants, and equipment for own use

	<u>Land</u>	<u>Housing and buildings</u>	<u>Machinery and equipment</u>	<u>Tooling equipment</u>	<u>IT equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Cost:								
2025.1.1	\$174,589	\$491,641	\$614,828	\$92,486	\$36,099	\$20,474	\$1,217,883	\$2,648,000
Addition	-	6,358	19,641	13,444	10,332	400	247,570	297,745
Disposal	-	-	(187)	(10,961)	(4,155)	-	(62,583)	(77,886)
Reclassification	-	-	8,541	-	-	-	16,911	25,452
The Effects of Changes in Foreign Exchange Rates	-	-	-	-	167	(193)	(18,623)	(18,649)
2025.12.31	<u>\$174,589</u>	<u>\$497,999</u>	<u>\$642,823</u>	<u>\$94,969</u>	<u>\$42,443</u>	<u>\$20,681</u>	<u>\$1,401,158</u>	<u>\$2,874,662</u>
2024.1.1	\$174,589	\$486,711	\$536,597	\$82,127	\$31,943	\$18,711	\$951,615	\$2,282,293
Addition	-	1,057	20,379	17,046	4,662	1,460	234,288	278,892
Disposal	-	-	(1,420)	(6,687)	(361)	-	(49,854)	(58,322)
Reclassification	-	3,873	59,260	-	(191)	-	40,174	103,116
The Effects of Changes in Foreign Exchange Rates	-	-	12	-	46	303	41,660	42,021
2024.12.31	<u>\$174,589</u>	<u>\$491,641</u>	<u>\$614,828</u>	<u>\$92,486</u>	<u>\$36,099</u>	<u>\$20,474</u>	<u>\$1,217,883</u>	<u>\$2,648,000</u>

Notes of the Consolidated Financial Statements of United Orthopedic Corporation and its Subsidiaries (cont.)
(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

	Land	Housing and buildings	Machinery and equipment	Tooling equipment	IT equipment	Leasehold improvements	Other equipment	Total
Depreciation and impairment:								
2025.1.1	\$-	\$140,608	\$377,387	\$68,988	\$25,897	\$16,359	\$688,069	\$1,317,308
Depreciation	-	16,434	47,540	13,808	4,408	2,347	183,775	268,312
Disposal	-	-	(161)	(10,034)	(4,093)	-	(58,123)	(72,411)
Reclassification	-	-	-	-	-	-	(25)	(25)
The Effects of Changes in Foreign Exchange Rates	-	-	-	-	50	(195)	(11,316)	(11,461)
2025.12.31	\$-	\$157,042	\$424,766	\$72,762	\$26,262	\$18,511	\$802,380	\$1,501,723
2024.1.1	\$-	\$124,214	\$333,504	\$61,069	\$21,206	\$14,093	\$535,341	\$1,089,427
Depreciation	-	16,394	46,243	14,007	5,216	1,977	148,788	232,625
Disposal	-	-	(1,387)	(6,088)	(352)	-	(44,427)	(52,254)
Reclassification	-	-	(975)	-	(205)	-	23,650	22,470
The Effects of Changes in Foreign Exchange Rates	-	-	2	-	32	289	24,717	25,040
2024.12.31	\$-	\$140,608	\$377,387	\$68,988	\$25,897	\$16,359	\$688,069	\$1,317,308
Net carrying amount:								
2025.12.31	\$174,589	\$340,957	\$218,057	\$22,207	\$16,181	\$2,170	\$598,778	\$1,372,939
2024.12.31	\$174,589	\$351,033	\$237,441	\$23,498	\$10,202	\$4,115	\$529,814	\$1,330,692

2. Property, plants, and equipment for operating leases

	Other equipment
Cost:	
2025.1.1	\$1,036,695
Addition	271,277
Disposal	(57,488)
The Effects of Changes in Foreign Exchange Rates	82,666
2025.12.31	\$1,333,150
2024.1.1	\$850,193
Addition	223,533
Disposal	(13,472)
Reclassification	(14,149)
The Effects of Changes in Foreign Exchange Rates	(9,410)
2024.12.31	\$1,036,695
Depreciation and impairment:	
2025.1.1	\$576,655
Depreciation	173,078
Disposal	(47,050)
The Effects of Changes in Foreign Exchange Rates	48,213
2025.12.31	\$750,896
2024.1.1	\$462,478
Depreciation	133,768
Disposal	(8,766)
Reclassification	(6,056)
The Effects of Changes in Foreign Exchange Rates	(4,769)
2024.12.31	\$576,655

	<u>Other equipment</u>
Net carrying amount:	
2025.12.31	\$582,254
2024.12.31	\$460,040

- The majority composition of the Group's buildings is the main building, electrical engineering, refurbishment engineering, etc., and the depreciation of these is recognized by useful lives of 50, 20, and 5 years, respectively.
- For guarantees provided based on property, plants, and equipment, please refer to Note 8.

(11) Intangible Assets

	<u>Computer Software Cost</u>	<u>Specialized Technology</u>	<u>Development Expenditure</u>	<u>Goodwill</u>	<u>Brand</u>	<u>Customer Relationships</u>	<u>Total</u>
Cost:							
2025.1.1	\$19,476	\$242,609	\$148,689	\$292,891	\$107,940	\$-	\$811,605
Additions – Internal Development	-	-	52,548	-	-	-	52,548
Additions – Separate Acquisition	1,536	-	-	-	-	-	1,536
Acquired through business combinations	-	3,556	-	4,824	-	11,620	20,000
Disposal	(1,286)	-	-	-	-	-	(1,286)
Reclassification	2,720	22,445	(22,445)	-	-	-	2,720
The Effects of Changes in Foreign Exchange Rates	20	6,184	-	-	-	-	6,204
2025.12.31	<u>\$22,466</u>	<u>\$274,794</u>	<u>\$178,792</u>	<u>\$297,715</u>	<u>\$107,940</u>	<u>\$11,620</u>	<u>\$893,327</u>
2024.1.1	<u>\$22,742</u>	<u>\$240,654</u>	<u>\$89,077</u>	<u>\$292,891</u>	<u>\$107,940</u>	<u>\$-</u>	<u>\$753,304</u>
Additions – Internal Development	-	-	61,973	-	-	-	61,973
Additions – Separate Acquisition	3,024	-	-	-	-	-	3,024
Disposal	(8,246)	-	-	-	-	-	(8,246)
Reclassification	1,976	2,361	(2,361)	-	-	-	1,976
The Effects of Changes in Foreign Exchange Rates	(20)	(406)	-	-	-	-	(426)
2024.12.31	<u>\$19,476</u>	<u>\$242,609</u>	<u>\$148,689</u>	<u>\$292,891</u>	<u>\$107,940</u>	<u>\$-</u>	<u>\$811,605</u>
Amortization and impairment:							
2025.1.1	\$10,551	\$134,474	\$33,187	\$-	\$55,769	\$-	\$233,981
Amortization	4,919	44,558	2,339	-	7,196	550	59,562
Disposal	(1,286)	-	-	-	-	-	(1,286)
The Effects of Changes in Foreign Exchange Rates	17	2,475	-	-	-	-	2,492
2025.12.31	<u>\$14,201</u>	<u>\$181,507</u>	<u>\$35,526</u>	<u>\$-</u>	<u>\$62,965</u>	<u>\$550</u>	<u>\$294,749</u>
2024.1.1	<u>\$15,206</u>	<u>\$87,600</u>	<u>\$30,460</u>	<u>\$-</u>	<u>\$48,573</u>	<u>\$-</u>	<u>\$181,839</u>
Amortization	3,714	46,955	2,727	-	7,196	-	60,592
Disposal	(8,246)	-	-	-	-	-	(8,246)
Reclassification	(103)	-	-	-	-	-	(103)
The Effects of Changes in Foreign Exchange Rates	(20)	(81)	-	-	-	-	(101)
2024.12.31	<u>\$10,551</u>	<u>\$134,474</u>	<u>\$33,187</u>	<u>\$-</u>	<u>\$55,769</u>	<u>\$-</u>	<u>\$233,981</u>

	Computer Software Cost	Specialized Technology	Development Expenditure	Goodwill	Brand	Customer Relationships	Total
Net carrying amount:							
2025.12.31	\$8,265	\$93,287	\$143,266	\$297,715	\$44,975	\$11,070	\$598,578
2024.12.31	\$8,925	\$108,135	\$115,502	\$292,891	\$52,171	\$-	\$577,624

Amortization amount of recognized intangible assets is as follows:

	2025	2024
Operating Costs	\$29,663	\$32,925
Operating Expenses	29,899	27,667
Total	\$59,562	\$60,592

(12) Impairment Test of Goodwill

For the purpose of impairment testing, the goodwill acquired through a business combination is allocated to two cash-generating units (which are each also an operating and reportable segment) as follows:

1. A-SPINE Asia Co., Ltd.
2. All Business Operations of Cryorth Co., Ltd.

The carrying amount of goodwill allocated to each cash-generating unit:

	2025.12.31	2024.12.31
A-SPINE Asia Co., Ltd.	\$292,891	\$292,891
All Business Operations of Cryorth Co., Ltd.	4,824	-
Total	\$297,715	\$292,891

Cash-generating Unit of A-SPINE Asia Co., Ltd.

The recoverable amount of the cash-generating unit of A-SPINE Asia Co., Ltd. as of December 31, 2025 and 2024 has been determined based on fair value less costs of disposal. Fair value is assessed using the market approach. Based on the results of this analysis, management has evaluated that there are no indications of impairment of goodwill as of December 31, 2025 and 2024.

Cash-Generating Units (CGU) of All Business Operations of Cryorth Co., Ltd.

The recoverable amount of the CGU comprising all business operations of Cryorth Co., Ltd. is determined based on value in use, which is calculated using cash flow projections derived from a 15-year financial budget approved by management. The cash flow projections have been updated to reflect changes in product demand. The discount rate

applied to the cash flow projections as of December 31, 2025 was 11.88%. Management has determined that the goodwill attributable to this CGU is not impaired.

The following assumptions are the most sensitive in calculating the value in use of the CGU:

1. Gross Profit Margin
2. Discount Rate
3. Revenue Growth Rate

Gross Profit Margin — Assessed based on the gross profit margin of the most recent year within the financial budget period, with reference to future market trends.

Discount Rate — Represents the current market assessment of the risks specific to the CGU, taking into account the time value of money and the risks specific to the assets not yet incorporated into the cash flow estimates. The discount rate is calculated based on the specific circumstances of the Group and its operating divisions, derived from the Weighted Average Cost of Capital (WACC) plus a risk premium. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors, while the cost of debt is based on the interest-bearing borrowings that the Group is obligated to repay.

Revenue Growth Rate — Assessed based on historical revenue growth rates, taking into account the achievable growth rates projected during the financial budget period.

Sensitivity of Changes in Assumptions

With respect to the assessment of the value in use of the CGU, management believes that no reasonably possible change in the aforementioned key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

(13) Short-term Loans

	<u>2025.12.31</u>	<u>2024.12.31</u>
Bank Overdraft	\$1,251	\$-
Bank Credit Loans	915,780	1,167,533
Total	<u>\$917,031</u>	<u>\$1,167,533</u>
Interest Rate Range (%)	<u>1.1100-5.9312</u>	<u>1.8672-5.3500</u>

As of December 31, 2025 and 2024, the Group's unused short-term borrowing facilities amounted to NT\$1,999,340 thousand and US\$2,000 thousand, NT\$727,763 thousand and

US\$3,500 thousand, respectively, and the unused long-term borrowing facilities amounted to NT\$0 thousand in both cases.

(14) Financial Liabilities Measured at Fair Value Through Profit or Loss

	<u>2025.12.31</u>	<u>2024.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bonds with embedded derivative financial instruments	\$5,249	\$-
Non-current	<u>\$5,249</u>	<u>\$-</u>

(15) Corporate Bonds Payable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Domestic Unsecured Bonds Payable	\$642,159	\$-
Less: Liabilities due within one year	-	-
Net Amount	<u>\$642,159</u>	<u>\$-</u>

Domestic Convertible Bonds Payable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Liability elements:		
Nominal amount of domestic convertible bonds payable	\$700,000	\$-
Amount Converted	(100)	-
Discount on domestic convertible bonds payable	(57,741)	-
Subtotal	642,159	-
Less: Liabilities due within one year	-	-
Net Amount	<u>\$642,159</u>	<u>\$-</u>
Embedded Derivatives – Assets	<u>\$1,260</u>	<u>\$-</u>
Embedded Derivatives – Liabilities	<u>\$5,249</u>	<u>\$-</u>
Equity Elements	<u>\$57,502</u>	<u>\$-</u>

On May 29, 2025, the Group issued the 5th domestic non-pledge convertible bonds with the face interest rate of 0%. The convertible bonds are analyzed based on the contract clauses, and the composition elements include primary debts, embedded derivatives (option of redemption for the issuer, and an option of requesting the issuer's redemption), and equity elements (bondholders have the option of requesting to convert into issuer's ordinary shares). Primary issuance clauses are as follows:

Issuance Amount: NT\$700,000 thousand, with a par value of NT\$100 thousand each, issued at 100.5% of par value

Issuance Period: May 29, 2025 to May 29, 2030

Critical Clauses for Redemption:

1. On the next day after the convertible bonds have been issued for three full months (August 30, 2025) until 40 days prior to the due date (April 29, 2030), if the closing price of the Company's common stock at the securities firm exceeds the conversion price by more than 30 percent for 30 consecutive business days, the Company may be notified to repay the outstanding amount of cash by the denomination of the bond in cash.
2. On the next day after the convertible bonds issued for have been issued for three full months (August 30, 2025) until 40 days prior to the due date (April 29, 2030), if the Company's convertible bonds circulating externally are lower than NT\$70,000 thousand (10% of the original issue amount), the Company shall announce to reclaim all bonds circulating externally in cash by the bond carry amount.
3. If a bond holder fails to respond to the Company's share registrar in writing before the final bond recall date set out in the "Bond Recall Notice," the Company will recall the bonds by cash on the due date.

Critical Clauses for Redemption:

The put date, on which the bondholders may require the Company to redeem the bonds at par value plus interest compensation, is three years after the issuance date (May 29, 2028).

Conversion Methods:

1. Converted Target: Ordinary shares of the Company.
2. Conversion Period: From August 30, 2025 to May 29, 2030, the bondholders may request to convert the bonds into the Company's common stock.
3. Converted Price and Adjustment: the converted price upon issuance was set as NT\$109.8 per share. When it comes to the converted price adjustment in accordance with the issuance clauses for the Company's common stock, the converted price is subject to change in accordance to the formula stipulated in the issuance clauses. On December 31, 2025, each share carried the converted price value of NT\$105.6.
4. Redemption on Maturity: When the corporate bonds are due and not settled yet, the repayment should be made in cash by the nominal amount in full.

In addition, as of December 31, 2025, the total amount of the above-mentioned bonds converted was NT\$100 thousand, with a remaining face value of NT\$699,900thousand.

(16) Long-term Loans

Details of long-term loans for 2025 and 2024 are as follows:

Creditors	2025.12.31	Interest Rate (%)	Repayment Period and Method
Bank of Taiwan	\$81,326	1.9926	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT\$2,085 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
"	87,500	1.9100	From September 13, 2022 to September 13, 2027; the first repayment was due on September 13, 2024; repayments of NT\$12,500 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
CTBC Bank Co., Ltd.	29,750	2.1780	From September 12, 2022 to September 10, 2027; the first repayment was due on December 12, 2022; repayments of NT\$4,250 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
Mega International Commercial Bank – Neihu	38,184	2.1050	1. From December 7, 2017 to December 7, 2032, starting from January 7, 2018, the first installment will be repaid over 180 installments. 2. In September 2021, an application was made to extend the principal repayment period for one year. From October 2021 to September 2022 (periods 46 to 57), no principal repayment will be made. For periods 58 to 180, the remaining principal will be evenly distributed and repaid, with interest paid monthly.
CIC AGENCE ENTREPRISE NANCY	3,251	0.7000	From April 20, 2021 to April 20, 2026, starting from May 20, 2021, the first installment will be repaid over 60 installments.
"	185	1.2000	From December 16, 2021 to December 15, 2026, starting from January 15, 2022, the first installment will be repaid over 60 installments.
"	1,977	2.8000	From October 15, 2022 to October 15, 2027, starting from November 15, 2022, the first installment will be repaid over 60 installments.
"	576	3.9000	From June 19, 2023 to June 15, 2027, starting from July 15, 2023, the first installment will be repaid over 48 installments.
"	675	4.1500	From July 5, 2023 to July 5, 2027, starting from August 5, 2023, the first installment will be repaid over 48 installments.
"	907	4.9500	From January 5, 2024 to January 5, 2029, starting from February 5, 2024, the first installment will be repaid over 60 installments.
"	1,353	4.9500	From January 5, 2024 to January 5, 2029, starting from February 5, 2024, the first installment will be repaid over 60 installments.
"	703	4.2500	From February 12, 2024 to January 15, 2029, starting from February 15, 2024, the first installment will be repaid over 60 installments.
"	717	4.2500	From February 12, 2024 to January 15, 2029, starting from February 15, 2024, the first installment will be repaid over 60 installments.
"	688	4.3500	From February 23, 2024 to February 15, 2029, starting from March 15, 2024, the first installment will be repaid over 60 installments.
"	756	4.2500	From May 6, 2024 to April 25, 2029, starting from May 25, 2024, the first installment will be repaid in 60 installments.
"	832	3.9500	From November 22, 2024 to November 15, 2028, starting from December 15, 2024, the first installment will be repaid over 48 installments.
"	991	3.7500	From July 16, 2025 to May 25, 2029, starting from July 25, 2025, the first installment will be repaid over 48 installments.

Notes of the Consolidated Financial Statements of United Orthopedic Corporation and its Subsidiaries (cont.)
(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Creditors	2025.12.31	Interest Rate (%)	Repayment Period and Method
"	1,012	3.7500	From July 16, 2025 to May 25, 2029, starting from July 25, 2025, the first installment will be repaid in 48 installments.
"	1,215	4.2000	From July 16, 2025 to July 5, 2029, starting from August 5, 2025, the first installment will be repaid over 48 installments.
CIC AGENCE ENTREPRISE NANCY	1,395	3.9800	From July 16, 2025 to July 15, 2029, starting from August 15, 2025, the first installment will be repaid over 48 installments.
INFIMED SASU	3,621	3.3441	From December 14, 2021 to November 14, 2026, starting from December 14, 2021, the first installment will be repaid over 60 installments.
"	4,964	3.4123	From April 28, 2022 to April 27, 2027, starting from April 30, 2022, the first installment will be repaid over 61 installments.
"	2,905	4.1317	From August 1, 2022 to August 5, 2027, starting from August 5, 2022, the first installment will be repaid over 61 installments.
"	6,763	6.2789	From November 17, 2022 to November 30, 2027, starting from November 23, 2022, the first installment will be repaid over 61 installments.
Total	\$272,246		
Less: Long-term loans due within one year	(101,779)		
Net Amount	<u>\$170,467</u>		
Creditors	2024.12.31	Interest Rate (%)	Repayment Period and Method
Bank of Taiwan	\$89,668	1.9926	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT\$2,085 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
"	137,500	1.9100	From September 13, 2022 to September 13, 2027; the first repayment was due on September 13, 2024; repayments of NT\$12,500 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
CTBC Bank Co., Ltd.	46,750	2.1900	From September 12, 2022 to September 10, 2027; the first repayment was due on December 12, 2022; repayments of NT\$4,250 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
E.SUN Bank	91,667	2.0100	From September 13, 2022 to September 13, 2027; the first repayment was due on October 13, 2024; repayments of NT\$2,778 thousand are to be made every three months; the remaining principal will be repaid in a lump sum when due.
Mega International Commercial Bank – Neihu	43,639	2.1050	1. From December 7, 2017 to December 7, 2032, starting from January 7, 2018, the first installment will be repaid over 180 installments. 2. In September 2021, an application was made to extend the principal repayment period for one year. From October 2021 to September 2022 (periods 46 to 57), no principal repayment will be made. For periods 58 to 180, the remaining principal will be evenly distributed and repaid, with interest paid monthly.
Far Eastern International Bank	35,000	2.2200	From June 24, 2024 to June 24, 2027, starting from July 24, 2025, the first installment will be repaid over 24 installments.
UBS Switzerland AG	9,059	1.5000	Originally due for repayment from April 2020 to March 2025. The repayment period has been changed to April 17, 2020 to September 30, 2027, with the first installment payment starting from March 31, 2022, to be paid in 12 installments.
CIC AGENCE ENTREPRISE NANCY	11,987	0.7000	From April 20, 2021 to April 20, 2026, starting from May 20, 2021, the first installment will be repaid over 60 installments.
"	341	1.2000	From December 15, 2021 to December 15, 2026, starting from January 15, 2022, the first installment will be repaid over 60 installments.

Notes of the Consolidated Financial Statements of United Orthopedic Corporation and its Subsidiaries (cont.)
(Amounts expressed in thousands of New Taiwan Dollars, unless stated otherwise)

Creditors	2024.12.31	Interest Rate (%)	Repayment Period and Method
"	2,788	2.8000	From October 15, 2022 to October 15, 2027, starting from November 15, 2022, the first installment will be repaid over 60 installments.
"	1,528	3.9000	From June 19, 2023 to June 15, 2027, starting from July 15, 2023, the first installment will be repaid over 48 installments.
"	998	4.1500	From July 5, 2023 to July 5, 2027, starting from August 5, 2023, the first installment will be repaid over 48 installments.
"	825	4.1900	From July 5, 2023 to July 5, 2027, starting from August 5, 2023, the first installment will be repaid over 48 installments.
"	1,085	4.9500	From January 5, 2024 to January 5, 2029, starting from February 5, 2024, the first installment will be repaid over 60 installments.
"	1,619	4.9500	From January 5, 2024 to January 5, 2029, starting from February 5, 2024, the first installment will be repaid over 60 installments.
"	843	4.2500	From February 12, 2024 to January 15, 2029, starting from February 15, 2024, the first installment will be repaid over 60 installments.
"	861	4.2500	From February 12, 2024 to January 15, 2029, starting from February 15, 2024, the first installment will be repaid over 60 installments.
"	820	4.3500	From February 23, 2024 to February 15, 2029, starting from March 15, 2024, the first installment will be repaid over 60 installments.
"	891	4.2500	From May 6, 2024 to April 25, 2029, starting from May 25, 2024, the first installment will be repaid over 60 installments.
"	1,014	3.9500	From November 22, 2024 to November 15, 2028, starting from December 15, 2024, the first installment will be repaid over 48 installments.
INFIMED SASU	6,889	3.3441	From December 14, 2021 to November 14, 2026, starting from December 14, 2021, the first installment will be repaid over 60 installments.
"	7,923	3.4123	From April 28, 2022 to April 27, 2027, starting from April 30, 2022, the first installment will be repaid over 61 installments.
"	4,285	4.1317	From August 1, 2022 to August 5, 2027, starting from August 5, 2022, the first installment will be repaid over 61 installments.
"	9,267	6.2789	From November 17, 2022 to November 30, 2027, starting from November 23, 2022, the first installment will be repaid over 61 installments.
Total	\$507,247		
Less: Long-term loans due within one year	(150,244)		
Net Amount	\$357,003		

The secured loans with Bank of Taiwan, Mega International Commercial Bank and CTBC Bank Co., Ltd. have land, buildings, machinery and equipment, etc. pledged with first priority entitlement. For more details, please refer to Note 8.

The Group signed a financing loan with INFIMED SASU for the sale and leaseback of other equipment, with the other equipment pledged as collateral. The lease term is 5 years, after which the relevant other equipment will belong to the Group. As of December 31, 2025 and 2024, the outstanding loan balances were EUR 495 thousand and EUR 831 thousand, respectively. Please refer to Note 8 for details on the collateral.

(17) Post-Retirement Benefit Plan

Defined Contribution Plans

The post-employment regulations in accordance with the "Labor Pension Act" of the Company belong to the defined contribution plan. According to the Act, the Company and its domestic subsidiaries' monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The Company and its domestic subsidiaries have complied with the post-employment regulations stipulated in accordance with the Act, and on a monthly basis contributed 6% of employees' monthly salary to the individual pension accounts under the supervision of the Bureau of Labor Insurance.

The Group's other foreign subsidiaries contribute retirement funds to relevant retirement fund management companies in accordance with local laws and regulations.

The Group's expenses under the defined contribution plan for 2025 and 2024 were NT\$90,683 thousand and NT\$71,647 thousand, respectively.

Defined Benefits Plan

The Company's post-employment regulations stipulated in accordance with the "Labor Standards Act" belong to the defined benefits plan. The payout of employees' pension is calculated based on the years of service and approved monthly average wage upon retirement. For a service duration of 15 years or less, two basis points shall be assigned for every year. Once the duration exceeds 15 years, one basis point shall be assigned for each year thereafter. The maximum number of basis points is 45. In accordance with the "Labor Standards Act," the Company contributes 2% of total salaries as the pension fund on a monthly basis, which is deposited in the special account of Bank of Taiwan, in the name of the Supervisory Committee of Labor Pension Reserve. Also, the Company would assess the balance in the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

The Ministry of Labor manages assets allocation in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund." The investment of funds is conducted through the self-operation and commissioned operation, as well as the adoption of the mid and long-term investment strategy under active and passive management models. In considerations of risks such as market, credit, and liquidity, the Ministry of Labor defines the cap for fund risks and control plans to ensure sufficient flexibility without excessive risks in achieving the targeted returns. The minimum return from the utilization of funds shall not be less than the interest rate of a two-year fixed time deposit of local banks. If there is any shortage, upon approvals from the competent authority, supplementation can be made from the national treasury. Since the Company is

not entitled to participate in the operation and management of the fund, it is unable to disclose the classification of the plan assets' fair value as per Paragraph 142 of IAS 19. As of December 31, 2025, the Company's defined benefits plan has been estimated to contribute NT\$0 thousand in the following year.

For both 2025 and 2024, the Company's defined benefits plans are expected to be due in 2032.

The table below summarizes the defined benefits plan recognized in costs of profit or loss:

	<u>2025</u>	<u>2024</u>
Service costs for the current period	\$-	\$64
Net interest of net defined benefit liability	(223)	(97)
Total	<u>\$(223)</u>	<u>\$(33)</u>

The reconciliation of the present value of defined benefit obligations and the fair value of the plan assets are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>	<u>2024.1.1</u>
Present value of defined benefit obligation	\$36,876	\$33,411	\$41,232
Fair Value of Plan Assets	(50,510)	(47,256)	(49,209)
Net defined benefit (assets) liabilities on the book	<u>\$(13,634)</u>	<u>\$(13,845)</u>	<u>\$(7,977)</u>

Reconciliation of net defined benefit (assets) liabilities:

	<u>Present value of defined benefit obligation</u>	<u>Fair Value of Plan Assets</u>	<u>Net defined benefit liabilities (assets)</u>
2024.1.1	\$41,232	\$(49,209)	\$(7,977)
Service costs for the current period	64	-	64
Interest Expenses (Income)	498	(595)	(97)
Previous service cost and settlement gains or losses	-	-	-
Subtotal	<u>41,794</u>	<u>(49,804)</u>	<u>(8,010)</u>
Re-measurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	(1,151)	-	(1,151)
Experience Adjustment	(263)	-	(263)
Re-measurements of defined benefit assets	-	(4,357)	(4,357)
Subtotal	<u>40,380</u>	<u>(54,161)</u>	<u>(13,781)</u>
Benefits Paid	(6,969)	6,969	-
Employer Contributions	-	(64)	(64)

	Present value of defined benefit obligation	Fair Value of Plan Assets	Net defined benefit liabilities (assets)
2024.12.31	33,411	(47,256)	(13,845)
Service costs for the current period	-	-	-
Interest Expenses (Income)	538	(761)	(223)
Previous service cost and settlement gains or losses	-	-	-
Subtotal	33,949	(48,017)	(14,068)
Re-measurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	680	-	680
Experience Adjustment	3,209	-	3,209
Re-measurements of defined benefit assets	-	(3,455)	(3,455)
Subtotal	37,838	(51,472)	(13,634)
Benefits Paid	(962)	962	-
Employer Contributions	-	-	-
2025.12.31	\$36,876	\$(50,510)	\$(13,634)

The following assumptions are used to determine the Company's defined benefit plan:

	2025.12.31	2024.12.31
Discount Rate	1.39%	1.61%
Expected Salary Increase Rate	3.00%	3.00%

Sensitivity analysis of each significant actuarial assumption:

	2025		2024	
	Increase of defined benefit obligation	Decrease of defined benefit obligation	Increase of defined benefit obligation	Decrease of defined benefit obligation
Discount rate increases by 0.5%	\$-	\$1,517	\$-	\$1,365
Discount rate decreases by 0.5%	1,625	-	1,448	-
Expected salary increases by 0.5%	1,591	-	1,420	-
Expected salary decreases by 0.5%	-	1,501	-	1,354

The aforementioned sensitivity analysis is conducted to analyze the possible impact on defined benefit obligations under the assumption that there are reasonable changes to a single actuarial assumption (e.g., discount rate or expected salary) while all other assumptions remain constant. Since some actuarial assumptions are connected to each other, it is rare to see changes in just a single actuarial assumption in practice. Hence, this

analysis has its own limitations.

The method and assumptions of the sensitivity analysis in the current period are the same as the previous period.

(18) Equity

1. Capital Stock

As of January 1, 2025 and 2024, the Group's authorized share capital was NT\$1,500,000 thousand in both cases, and had issued share capital of common stock in the amount of NT\$964,367 thousand and NT\$877,379 thousand, respectively. The share capital of preferred stocks issued were NT\$0 thousand and NT\$3,737 thousand, respectively. The par value of the common stock is NT\$10 per share, and 96,437 thousand shares and 87,738 thousand shares have been issued, respectively. Preferred stocks were issued at a par value of NT\$10, dividing into 0 thousand shares and 374 thousand shares, respectively.

As of December 31, 2025, the Company's convertible bonds had applied for conversion in the amount of NT\$100 thousand, and applied for the issuance of common stock capital of NT\$9 thousand, with a par value of NT\$10 per share, divided into 946 thousand shares. However, as of December 31, 2025, the change registration had not been completed, and therefore the amount was recorded under the bonds conversion rights certificate account.

Preferred Stocks

On September 17, 2019, the board of directors resolved that the Company launch a capital increase to issue type A preferred stocks in a total amount of NT\$520,000 thousand, with a par value of NT\$10 per share and a total of 10,000 thousand shares, and the issue price per share was NT\$52. This cash capital increase case was reported and registered with FSC, which issued Financial Supervisory Commission Official Letter No.1080325924 on August 26, 2019 as a confirmation, and the base date of capital increase was set at October 18, 2019. The relevant legal registration procedures have been completed and classified under equity. An excerpt of relevant rights and obligations is as follows:

- (1) The annual rate of preferred stocks is 4.5% (5-year interest rate swap (IRS) rate of 0.7162% + fixed rate of 3.7838%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day after the fifth year from the issue date and every five years thereafter. The pricing base date of interest rate reset is two business days of Taipei Exchange prior to the date of interest rate reset, and the five-year IRS rate is the arithmetic mean of the prices of Reuter's "PYTWDFIX" and "COSMOS3" of the five-year IRS at 11:00 a.m.

on the pricing base date of interest rate reset (also a business day of Taipei Exchange). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.

- (2) If the Company's annual settlement of accounts shows a surplus, it shall, after paying taxes in accordance with the law, make up for the losses of previous years and set aside legal reserve funds in accordance with the laws and regulations. After setting aside or reversing the special reserve in accordance with the provisions of the Articles of Incorporation, if there is still a balance after adding the accumulated undistributed earnings, the dividends that can be distributed for preference shares for the current year may be distributed first.
- (3) The Company has discretion over the distribution of preferred stock dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preference share dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. The preferred stocks issued are non-cumulative; that is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- (4) The preferred stock dividends are fully distributed in cash every year. After the financial statements are adopted in an annual shareholders' meeting, the board of directors shall set the record date for paying the preferred stock dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year. Distributed dividends will be recognized in the dividend statement.
- (5) Shareholders of preferred stocks shall not participate in the distribution of surplus and capital surplus in cash or for capitalization related to common stock, except for receiving dividends as specified above.
- (6) Shareholders of preferred stocks have no right to request that the Company redeem their preferred stocks; however, preferred stocks may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company, provided the "Notice of Redemption of Preferred Stocks" with a period of 30 days has been announced or sent to the shareholders of preferred stocks. Preferred stocks not yet redeemed shall continue to be subject to the rights and obligations of issuance terms prescribed above. In the year of redeeming preferred stocks, if the Company's shareholders' meeting makes the resolution to distribute dividends, the distributable dividends up to the date of redemption shall be calculated according to the actual issuance days of the current year.

- (7) Preferred stockholders have a higher claim to the Company's residual properties than common stockholders. Different types of preferred stocks issued by the Company grant holders the same rights to claims, and preferred stockholders stay subordinate to general creditors. The amount preferred stockholders are entitled to is capped at the product of number of outstanding preferred stocks at the time of distribution and issuance price.
- (8) The shareholders of preferred stocks have neither voting nor election rights. However, they may be elected as directors, and they have voting rights in extraordinary shareholders' meetings or with respect to agendas associated with the rights and obligations of shareholders of preferred stocks in shareholders' meetings.
- (9) The preferred stocks cannot be converted within one year from the date of issuance (October 18, 2019). From the day after the expiration of one year (October 19, 2020), the shareholders of the preferred stocks may apply for conversion of part or all of the preferred stocks held by them to common stocks with one preferred stock in exchange for one common stock (the conversion ratio is 1:1) during the conversion period. After conversion of the preferred stocks into common stocks, their rights and obligations are the same with the latter. The payment of the annual dividends for the convertible preferred stocks shall be calculated based on the actual issuing days in proportion to the days of that total year. Should any shares be converted into the common stocks before the record date of distribution of dividends, the holders shall not have the right to the distribution of the dividends of preferred stocks in the current year but may participate in the distribution of common stocks surplus and capital surplus.
- (10) For cash offering of new shares, the preferred stockholders have the same preemptive rights as the common stockholders.

The aforesaid preferred stocks were converted into 0 thousand common stocks and 324 thousand common stocks for 2025 and 2024, respectively. The above-mentioned preferred stocks can be redeemed early on the day following the expiration of five years from issuance. After considering the issuance conditions, the Company redeemed the preferred stocks. As of December 31, 2025, all of the Company's preferred stocks have been fully converted or redeemed.

As of December 31, 2025 and 2024, the Company's authorized share capital was NT\$1,500,000 thousand in both cases. The stock capital of preferred stocks issued were NT\$0 thousand and NT\$3,737 thousand, respectively. The par value of the common stock is NT\$10 per share, and 96,437 thousand shares have been issued. The par value of the preferred stock is NT\$10 per share, and 0 thousand shares have been issued.

2. Capital Surplus

	<u>2025.12.31</u>	<u>2024.12.31</u>
Share Premium	\$1,979,753	\$1,979,662
Share Options – Convertible Corporate Bonds	57,502	-
Difference between the actual acquisition or disposal price of a subsidiary's equity and its book value	164,332	164,332
Others	79,885	79,885
Total	<u>\$2,281,472</u>	<u>\$2,223,879</u>

According to the laws, the capital reserve shall not be used except to offset the deficit of the Company. When the Company incurs no loss, the capital surplus generated from the excess obtained from issuing shares above par value and from receiving donations may be capitalized each year up to a certain ratio of the paid-in capital. The aforementioned capital surplus may also be distributed in cash to shareholders in proportion to their original shareholdings.

Please refer to Note 6(9) for more information about the difference between the proceeds received from acquisition or disposal of a subsidiary and its carrying amount.

3. Earnings Distribution and Dividend Policy

According to the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- (1) Payment of all taxes and dues.
- (2) Deficit compensation.
- (3) Appropriate 10% to be the legal reserve.
- (4) Other provisions or reversed special reserve in accordance with laws and regulations or regulatory authorities.
- (5) The Board of Directors shall draft an earning distribution proposal according to the dividend policy, and report it to the shareholders' meeting.

The Company's dividend policy shall consider the Company's current and future investment environment, capital demands, domestic and foreign competition situations, and capital budgets, in order to safeguard the shareholders' interests and find a balance between dividends and the Company's long-term financial plan. On an annual basis, the board of directors will formulate a distribution plan, and report it to the shareholders' meeting. Dividends distributable to shareholders shall be 50%~100% of current year's distributable earnings, among which at least 50% shall be in the form

of cash.

According to the Company Act, the legal surplus reserve should be appropriated until the total amount reaches the paid-in capital. The legal reserve may be used to offset deficit. When the Company has no deficit, legal reserve in excess of 25% of paid-in capital may be distributed in the form of stock or cash dividends to its shareholders in proportion to the number of shares being held by each of them.

When distributing distributable earnings, the Company shall appropriate a special reserve in the amount equal to the difference between the balance of special reserves appropriated at the first-time adoption of IFRSs and the net debit balance of other equity items. Subsequently, when the net deduction to other equity interests is reversed, the Company must revert the special surplus and distribute the earnings based on the reversal of the net deduction to other equity interests.

The Company complies with the FSC's Financial Supervisory Commission Official Letter No. 1090150022 issued on March 31, 2021: upon the first-time adoption of IFRS, for any unrealized revaluation surplus and cumulative conversion adjustment gains that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, "First-time Adoption of IFRS", the Company shall set aside special reserves. Where the Company's relevant assets are subsequently used, disposed of, or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings.

However, as the Company's retained earnings from the first-time adoption of IFRS was a negative number, the special reserve did not have to be appropriated. In addition, as the Company did not use, dispose, or reclassify relevant assets for 2025 and 2024, there is no reversal of special reserve to unappropriated earnings.

Details of the 2025 and 2024 earnings appropriation and distribution and dividends per share approved by the Board of Directors meeting and the annual general meeting of shareholders on March 13, 2026 and June 17, 2025, respectively, are as follows:

	Earnings Distribution Proposal and Capital Surplus Cash Distribution Proposal		Dividends per share (NT\$)	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<u>Distribution of Earnings</u>				
Legal Reserve	\$56,206	\$46,220		
Special Reserve Reversal	(13,201)	(37,698)		
Cash Dividends of Common Stock	433,969	385,747	\$4.50	\$4.00
Cash Dividends of Preferred Stock	-	119	-	2.38

Please refer to Note 6(22) for further details on the estimation and recognition foundation of employees' compensation and remuneration to directors and supervisors.

4. Non-Controlling Interests

	2025	2024
Beginning Balance	\$97,422	\$96,400
Net profit for the period attributable to non-controlling interests	8,974	3,953
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on conversion of financial statements of foreign operations	1,212	(15)
Unrealized valuation losses from financial assets measured at fair value through other comprehensive income	502	465
Cash dividends paid by subsidiaries	(3,381)	(3,381)
Ending Balance	<u>\$104,729</u>	<u>\$97,422</u>

(19) Operating Revenue

	2025	2024
Income from Sales of Goods	<u>\$5,655,418</u>	<u>\$4,653,130</u>

Revenue from the sale of goods was generated by a single segment and recognized at a point of time.

Contract Balance

Contract Liabilities - Current

	2025.12.31	2024.12.31
Sales of Goods	<u>\$11,713</u>	<u>\$861</u>

The significant changes in the balance of contract liabilities of the Group from January 1 to December 31, 2025 and 2024 are as follows:

	2025	2024
Beginning balance recognized as revenue in the current period	\$(679)	\$(1,411)
Increase in advance payments received in the current period (after deduction of revenue generated and recognized in the current period)	11,531	279

(20) Expected Credit Impairment Losses

	<u>2025</u>	<u>2024</u>
Operating expenses – expected credit impairment losses (reversal of gains)		
Notes Receivable	\$-	\$-
Accounts Receivable	3,254	15,227
Receivables Under Finance Leases	-	-
Total	<u>\$3,254</u>	<u>\$15,227</u>

For information on credit risk, please refer to Note 12.

The Group's financial assets and long-term receivables (accounted for in other non-current assets) measured at amortization cost were assessed on December 31, 2025 and 2024 as those with low credit risk, so the loss allowance is measured based on 12-month expected credit losses (loss rate of 0%).

For the Group's receivables (including notes receivable, accounts receivable, and receivables under finance leases), the loss allowance is measured at the lifetime expected credit loss amount. The explanation of the assessment of the loss allowance as of December 31, 2025 and 2024 is as follows:

Accounts receivable are grouped based on factors such as counterparty credit ratings, regions, and industries, and the loss allowance is measured using a provision matrix. Relevant information is as follows:

2025.12.31

Group One	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$1,123,430	\$173,283	\$6,952	\$8,360	\$49,066	\$1,361,091
Loss ratio	0% ~ 2%	2% ~ 24%	13% ~ 27%	17% ~ 30%	17% ~ 35%	
Lifetime expected credit losses	2,703	13,201	1,170	1,695	10,643	29,412
Subtotal	<u>1,120,727</u>	<u>160,082</u>	<u>5,782</u>	<u>6,665</u>	<u>38,423</u>	<u>1,331,679</u>

Group Two	Not past due (Note)	Number of days overdue				Total
		Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$-	\$-	\$-	\$-	\$8,118	\$8,118
Loss ratio	100%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	8,118	8,118
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying Amount						<u>\$1,331,679</u>

2024.12.31

Group One	Number of days overdue					Total
	Not past due (Note)	Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$1,063,889	\$107,163	\$15,131	\$4,686	\$34,108	\$1,224,977
Loss ratio	0% ~ 3%	1% ~ 28%	14% ~ 40%	19% ~ 46%	19% ~ 53%	
Lifetime expected credit losses	2,976	7,023	2,819	1,192	10,871	24,881
Subtotal	1,060,913	100,140	12,312	3,494	23,237	1,200,096

Group Two	Number of days overdue					Total
	Not past due (Note)	Within 120 days	121 to 150 days	151 to 180 days	181 days or above	
Total carrying amount	\$-	\$964	\$-	\$-	\$7,504	\$8,468
Loss ratio	100%	100%	100%	100%	100%	
Lifetime expected credit losses	-	964	-	-	7,504	8,468
Subtotal	-	-	-	-	-	-
Carrying Amount						\$1,200,096

Note: None of the Group's notes receivable are past due.

The changes in the loss allowance for the Group's notes receivable, accounts receivable, and receivables under finance leases in 2025 and 2024 are as follows:

	Notes Receivable	Accounts Receivable	Receivables Under Finance Leases
2025.1.1	\$-	\$33,349	\$-
Amount increase in the current period	-	3,254	-
Effect of exchange rate changes	-	927	-
2025.12.31	\$-	\$37,530	\$-
2024.1.1	\$-	\$17,581	\$-
Amount increase in the current period	-	15,227	-
Write offs due to inability to recover	-	(37)	-
Effect of exchange rate changes	-	578	-
2024.12.31	\$-	\$33,349	\$-

(21) Leases

1. The Group as a lessee

The Group leases a number of different assets, including real estate (land, housing, and buildings) and transportation equipment. The lease period of each contract ranges from 2 years to 49 years.

The following is a description of the leases' impacts on the Group's financial position, financial performance, and cash flow:

(1) Amount recognized in the balance sheet

A. Right-of-use assets

Carrying amount of right-of-use assets

	2025.12.31	2024.12.31
Land	\$120,275	\$128,687
Housing and buildings	75,980	39,244
Transportation equipment	20,367	7,678
Office equipment	1,148	3,267
Total	<u>\$217,770</u>	<u>\$178,876</u>

In 2025 and 2024, the Group added NT\$75,392 thousand and NT\$29,289 thousand respectively, to the category of right-of-use assets.

B. Lease liabilities

	2025.12.31	2024.12.31
Lease Liabilities	<u>\$226,648</u>	<u>\$186,440</u>
Current	<u>\$37,184</u>	<u>\$28,900</u>
Non-current	<u>\$189,464</u>	<u>\$157,540</u>

Please refer to Note 6(23)(4) for the interest expenses of the Group's 2025 and 2024 lease liabilities; please refer to Note 12(5) "Liquidity Risk Management" for detailed information on finance costs and analysis of the maturity of lease liabilities as of December 31, 2025 and 2024.

(2) Amount recognized in the statement of comprehensive income

Depreciation of right-of -use assets

	2025	2024
Land	\$8,411	\$8,411
Housing and buildings	21,134	17,197
Transportation equipment	6,302	4,255
Office equipment	2,060	3,072
Total	<u>\$37,907</u>	<u>\$32,935</u>

(3) Revenue and expenses related to the lessee and lease activities

	<u>2025</u>	<u>2024</u>
Short-term lease expenses	\$4,748	\$4,221
Lease expenses on low-value assets (excluding short-term lease expenses of low-value assets)	17,996	8,618
Revenue from sublease of right-of-use assets	1,360	1,263

As of December 31, 2025 and 2024, the Group had no committed short-term lease arrangements.

(4) Cash outflows related to the lessee and lease activities

The Group's total cash outflow amounts of leases in 2025 and 2024 were NT\$62,622 thousand and NT\$49,328 thousand, respectively.

2. The Group as a lessor

For the relevant disclosures of the Group's own property, plants, and equipment, please refer to Note 6(10). Properties, plants, and equipment owned are classified as operating leases since substantially all the risks and rewards incidental to ownership of the underlying assets are not transferred.

The Group has entered into lease agreements for some other equipment - surgical instruments with lease terms ranging from 1.5 to 5 years. Since substantially all the risks and rewards incidental to ownership of the underlying assets have been transferred, these leases are classified as finance leases.

	<u>2025</u>	<u>2024</u>
Operating lease rental income		
Income relating to fixed lease payments and variable lease payments that depend on an index or rate	\$20,445	\$17,172
Subtotal	<u>20,445</u>	<u>17,172</u>
Lease income recognized from finance leases		
Net financing income from net investment in leases	10,579	6,597
Subtotal	<u>10,579</u>	<u>6,597</u>
Total	<u>\$31,024</u>	<u>\$23,769</u>

(22) Summary statement of employee benefits, depreciation, and amortization expense by function:

Property \ Function	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses						
Salary Expenses	\$383,118	\$808,718	\$1,191,836	\$336,077	\$644,181	\$980,258
Labor and Health Insurance Premiums	35,819	40,655	76,474	33,366	34,602	67,968
Pension Expenses	14,804	75,656	90,460	14,154	57,460	71,614
Other Employee Benefit Expenses	15,717	10,491	26,208	13,005	9,048	22,053
Depreciation Expenses	80,439	398,858	479,297	79,387	319,941	399,328
Amortization Expenses	29,663	29,899	59,562	32,925	27,667	60,592

The Company's Articles of Incorporation provide that if there is profit in the year, 12% of profit shall be allocated for employee compensation, and no more than 3% shall be allocated for remuneration of the directors and members of the supervisory board. However, the Company's accumulated losses shall first be offset. The aforementioned employee compensation shall be paid only in cash, and shall be carried out by a resolution of the Board of Directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and reported to the shareholders' meeting. Information on employee compensation and directors' and supervisors' remuneration approved by the board of directors of the Company is available at the Market Observation Post System (MOPS).

In 2025, the Company estimated employee compensation and directors' and supervisors' remuneration at 12% and 3%, respectively, based on the profit for the year, and recognized employee compensation and directors' and supervisors' remuneration of NT\$94,803 thousand and NT\$23,701 thousand, respectively, which were recorded under salary expenses.

On March 13, 2026, the board of directors of the Company resolved to cash out the remuneration of employees and the remuneration of directors and supervisors for 2025 in the amount of NT\$94,803 thousand and NT\$23,701 thousand, respectively, which is not significantly different from the amount of expenses recorded in the financial statements of the Company in 2025.

On March 7, 2025, the board of directors of the Company resolved to cash out the remuneration of employees and the remuneration of directors and supervisors for the year 2024 in the amount of NT\$77,105 thousand and NT\$19,276 thousand, respectively, which

is not significantly different from the amount of expenses recorded in the financial report of the Company in 2024.

In 2024, the actual employee compensation and directors' and supervisors' remuneration distributed were NT\$77,105 thousand and NT\$19,276 thousand, respectively, which did not differ materially from the amounts expensed in the 2024 financial statements.

(23) Non-operating Revenue and Expenses

1. Interest Revenue

	<u>2025</u>	<u>2024</u>
Interest on Bank Deposits	\$4,917	\$4,203
Other Interest Income	10,598	6,614
Total	<u>\$15,515</u>	<u>\$10,817</u>

2. Other Revenue

	<u>2025</u>	<u>2024</u>
Rental Revenue	\$1,360	\$1,263
Subsidy Income	949	4,132
Dividend of Preferred Stocks	1,900	1,900
Royalty Income	11,760	7,605
Other Income – Others	38,706	28,496
Total	<u>\$54,675</u>	<u>\$43,396</u>

3. Other Gains and Losses

	<u>2025</u>	<u>2024</u>
Gains from Disposal of Property, Plants, and Equipment	\$17,527	\$1,655
Net foreign exchange gains	37,840	32,367
Profits (losses) on financial assets and financial liabilities measured at fair value through profit or loss (Note)	2,210	2,054
Other Gains (Losses)	92	(491)
Expenditure	-	(9,197)
Total	<u>\$57,669</u>	<u>\$26,388</u>

Note: It was generated because financial assets and financial liabilities were mandatorily measured at fair value through profit or loss.

4. Finance Costs

	2025	2024
Interest on Bank Loans	\$(33,908)	\$(39,969)
Interest on Bonds Payable	(8,540)	-
Interest on Lease Liabilities	(3,501)	(3,221)
Total	<u>\$(45,949)</u>	<u>\$(43,190)</u>

(24) Components of Other Comprehensive Income

Components of other comprehensive income for 2025 are as follows:

	Arising During the Period	Current Reclassification Adjustments	Other Comprehensive Income	Income Tax Benefits (Expenses)	After-tax Amount
Items not reclassified to profit or loss:					
Re-measurements of Defined Benefit Plans	\$(434)	\$-	\$(434)	\$-	\$(434)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,982	-	2,982	-	2,982
Items that may be reclassified to profit or loss:					
Exchange differences on conversion of financial statements of foreign operations	10,664	-	10,664	-	10,664
Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	1,268	-	1,268	-	1,268
Total	<u>\$14,480</u>	<u>\$-</u>	<u>\$14,480</u>	<u>\$-</u>	<u>\$14,480</u>

Components of other comprehensive income for 2024 are as follows:

	Arising During the Period	Current Reclassification Adjustments	Other Comprehensive Income	Income Tax Benefits (Expenses)	After-tax Amount
Items not reclassified to profit or loss:					
Re-measurements of Defined Benefit Plans	\$5,771	\$-	\$5,771	\$-	\$5,771
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,955	-	1,955	-	1,955
Items that may be reclassified to profit or loss:					
Exchange differences on conversion of financial statements of foreign operations	23,544	-	23,544	-	23,544
Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	12,649	-	12,649	-	12,649
Total	<u>\$43,919</u>	<u>\$-</u>	<u>\$43,919</u>	<u>\$-</u>	<u>\$43,919</u>

(25) Income Tax

The major components of income tax expense for 2025 and 2024 are as follows:

Income Tax Recognized in Profit or Loss

	<u>2025</u>	<u>2024</u>
Current income tax expenses:		
Current Income Tax Payable	\$189,380	\$125,551
Adjustments on current income tax of prior periods	(5,659)	(491)
Deferred income tax benefits:		
Deferred tax expenses (benefits) related to its original generation and reversal of temporary differences	1,208	(10,337)
Income Tax Expenses	<u>\$184,929</u>	<u>\$114,723</u>

Income Tax Recognized in Other Comprehensive Income

	<u>2025</u>	<u>2024</u>
Deferred income tax expenses:		
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$-	\$-
Exchange differences on conversion of financial statements of foreign operations	-	-
Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	-	-
Income tax related to other components of comprehensive income	<u>\$-</u>	<u>\$-</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by applicable income tax rates is as follows:

	<u>2025</u>	<u>2024</u>
Profit before tax from continuing operations	<u>\$756,400</u>	<u>\$575,104</u>
Tax at the domestic tax rates applicable of profits in the country of main operation	\$212,990	\$156,727
Tax effect of revenues exempt from taxation	(1,380)	(455)
Income tax impact arising from non-deductible expenses for tax purposes	205	-
Income tax effect of deferred income tax assets/liabilities	(21,227)	(41,058)
Adjustments on current income tax of prior periods	(5,659)	(491)
Total income tax expenses (benefits) recognized in profit or loss	<u>\$184,929</u>	<u>\$114,723</u>

Balance of deferred income tax assets (liabilities) related to the following items:

2025

	Beginning Balance	Recognized in Profit or Loss	Recognized in other comprehensive income	Exchange Difference	Ending Balance
Temporary Differences					
Unrealized transactions between entities of the Group	\$96,047	\$21,373	\$-	\$-	\$117,420
Unrealized exchange gains (losses) - parent company	242	(12,356)	-	-	(12,114)
Unrealized exchange gains – subsidiary	(66)	(82)	-	-	(148)
Long-term Deferred Revenue	10,208	(1,467)	-	-	8,741
Losses on valuation of financial assets measured at fair value through profit or loss	199	(199)	-	-	-
Gains on valuation of financial assets measured at fair value through profit or loss	(243)	(370)	-	-	(613)
Allowance loss for market price decline and obsolete and slow-moving inventories	16,655	2,069	-	(197)	18,527
Unrealized unpaid vacation bonus	1,177	1,212	-	(65)	2,324
Fair value adjustments arising from business combinations	(8,869)	1,223	-	-	(7,646)
Re-measurements of the net defined benefit plan	(89)	(25)	-	-	(114)
Depreciation expense of right-of-use assets corresponding to decommissioning liabilities	126	22	-	-	148
Unrealized Commission Expense	4,315	(4,225)	-	(90)	-
Temporary difference on leases for tax purposes	(68)	(274)	-	9	(333)
Expected Credit Impairment Losses	3,311	613	-	(149)	3,775
Unrealized Taxable Losses	23,860	(8,017)	-	(677)	15,166
Temporary difference on depreciation for tax purposes	(38,444)	(787)	-	1,604	(37,627)
Others	3,557	82	-	(149)	3,490
Deferred income tax benefits/(expenses)		<u>\$(1,208)</u>	<u>\$-</u>	<u>\$286</u>	
Net deferred income tax assets/(liabilities)	<u>\$111,918</u>				<u>\$110,996</u>
Information on the balance sheet is expressed as follows:					
Deferred Income Tax Assets	<u>\$159,697</u>				<u>\$169,591</u>
Deferred Income Tax Liabilities	<u>\$(47,779)</u>				<u>\$(58,595)</u>

2024

	Beginning Balance	Recognized in Profit or Loss	Recognized in other comprehensive income	Exchange Difference	Ending Balance
Temporary Differences					
Unrealized transactions between entities of the Group	\$87,996	\$8,051	\$-	\$-	\$96,047
Unrealized exchange gains (losses) - parent company	(20)	262	-	-	242
Unrealized exchange gains – subsidiary	133	(199)	-	-	(66)
Unrealized exchange losses – subsidiary	(434)	434	-	-	-
Long-term Deferred Revenue	11,674	(1,466)	-	-	10,208
Losses on valuation of financial assets measured at fair value through profit or loss	222	(23)	-	-	199
Gains on valuation of financial assets measured at fair value through profit or loss	(217)	(26)	-	-	(243)
Allowance loss for market price decline and obsolete and slow-moving inventories	12,062	4,463	-	130	16,655
Unrealized unpaid vacation bonus	172	974	-	31	1,177
Fair value adjustments arising from business combinations	(10,093)	1,224	-	-	(8,869)
Re-measurements of the net defined benefit plan	(69)	(20)	-	-	(89)
Depreciation expense of right-of-use assets corresponding to decommissioning liabilities	104	22	-	-	126
Unrealized Commission Expense	-	4,178	-	137	4,315
Temporary difference on leases for tax purposes	-	(66)	-	(2)	(68)
Expected Credit Impairment Losses	-	3,206	-	105	3,311
Unrealized Taxable Losses	-	23,102	-	758	23,860
Temporary difference on depreciation for tax purposes	-	(37,224)	-	(1,220)	(38,444)
Others	-	3,445	-	112	3,557
Deferred income tax benefits/(expenses)		<u>\$10,337</u>	<u>\$-</u>	<u>\$51</u>	
Net deferred income tax assets/(liabilities)	<u>\$101,530</u>				<u>\$111,918</u>
Information on the balance sheet is expressed as follows:					
Deferred Income Tax Assets	<u>\$112,363</u>				<u>\$159,697</u>
Deferred Income Tax Liabilities	<u>\$(10,833)</u>				<u>\$(47,779)</u>

Unrecognized Deferred Income Tax Assets

As of December 31, 2025 and 2024, the unrecognized deferred income tax assets of the Group amounted to NT\$34,259 thousand and NT\$56,992 thousand, respectively.

The profit-seeking enterprise income tax assessment of the Group is as follows:

	2025.12.31	
	Income tax return and assessment status for profit-seeking enterprises	Notes
The Company: United Orthopedic Corporation	Approved until the year 2023	-
Subsidiary: A-SPINE Asia Co., Ltd.	Approved until the year 2023	-

(26) Earnings per Share

Basic earnings per share is calculated by dividing the net profit of parent company common stockholders by the weighted average number of common stock outstanding during the period.

Diluted earnings per share is calculated by dividing the net income attributable to common stockholders of the parent company (after adjusting for interests on convertible bonds) by the weighted average number of common stocks outstanding of the period, plus the weighted average number of common stocks to be issued when all dilutive potential common stocks are converted into common stocks.

	2025	2024
(1) Basic earnings per share		
Net profit attributable to common stockholders of the parent company (NT\$ thousand)	\$562,497	\$456,428
Preference dividends (NT\$ thousand) (Note)	(119)	(473)
Net income used in calculating basic earnings per share (NT\$ thousand)	<u>\$562,378</u>	<u>\$455,955</u>
Weighted average number of common stocks for basic earnings per share (thousand shares)	<u>96,437</u>	<u>96,097</u>
Basic earnings per share (NT\$)	<u>\$5.83</u>	<u>\$4.74</u>
(2) Diluted earnings per share		
Net income used in calculating basic earnings per share (NT\$ thousand)	\$562,378	\$455,955
Converted preference dividends (NT\$ thousand) (Note 2)	-	-
Converted interest on corporate bonds (NT\$ thousand)	6,832	-
Net income attributable to common stockholders of the parent company after adjusting for dilution effects (NT\$ thousand)	<u>\$569,210</u>	<u>\$455,955</u>
Weighted average number of common stocks for basic earnings per share (thousand shares)	96,437	96,097
Dilution effect:		
Convertible preferred stocks (thousand shares) (Note 2)	-	-
Convertible corporate bonds (thousand shares)	3,898	-
Weighted average number of ordinary shares after dilution effect adjustment (thousand shares)	<u>100,335</u>	<u>96,097</u>
Diluted earnings per share (NT\$)	<u>\$5.67</u>	<u>\$4.74</u>

Note 1: The preference share dividends for the period for 2025 were calculated based on the number of preference shares outstanding on the ex-dividend date.

Note 2: The convertible preferred shares were anti-dilutive for the period from January 1 to December 31, 2025, and therefore have been excluded from the calculation of diluted earnings per share.

There are no significant transactions involving ordinary shares or potential ordinary shares after the reporting period and before the financial statements are approved for issuance.

(27) Business Combinations

Acquisition of All Business Operations of Cryorth Co., Ltd.

On April 1, 2025, the Group acquired all business-related assets of Cryorth Co., Ltd. for NT\$20,000 thousand. Cryorth Co., Ltd. is a non-listed company incorporated in the Republic of China, specializing in the development of cryotherapy technology for bone tumors and related medical devices. The rationale for the acquisition is that Cryorth Co., Ltd.'s cryotherapy medical devices are compatible with the Group's artificial joint products, thereby enabling comprehensive treatment of bone cancer patients and facilitating limb reconstruction.

Cryorth Co., Ltd.'s identifiable assets acquired at fair value on the acquisition date are as follows:

	Fair value on the acquisition date
Intangible Assets - Customer Relationships	\$11,620
Intangible Assets - Specialized Technology	3,556
Identifiable assets	<u>\$15,176</u>

Cryorth Co., Ltd.'s goodwill amounts are as follows:

Consideration for Acquisition	\$20,000
Less: Fair value of identifiable assets	<u>(15,176)</u>
Goodwill	<u>\$4,824</u>

The Group engaged an independent valuation of the assets comprising all business operations of Cryorth Co., Ltd. The valuation has been completed, and the results indicate that the fair value of the assets as of the acquisition date was NT\$15,176 thousand, representing a decrease of NT\$76 thousand from the provisional fair value assessment.

7. Related Party Transactions

The related parties who have had transactions with the Group during the financial reporting period are as follows:

Name of Related Party and Relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
Shinva United Orthopedic Corporation	Associates of the Group
United Medical Co., Ltd.	Associates of the Group
United Medical Instrument (Shanghai) Co., Ltd.	Associates of the Group
Shanghai Lianyi Biotechnology Co., Ltd.	Associates of the Group
Sin Lian Medical Supplies Inc.	Associates of the Group
Changgu Biotech Corporation	The Group is a shareholder of this company

Major Transactions with Related Parties

(1) Sales (Sales Returns and Allowances)

	<u>2025</u>	<u>2024</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$3,150	\$1,824
United Medical Co., Ltd.	3,125	904
United Medical Instrument (Shanghai) Co., Ltd.	101,601	136,516
Shanghai Lianyi Biotechnology Co., Ltd.	(1,438)	(1,562)
Sin Lian Medical Supplies Inc.	579	1,051
The Group is a shareholder of this company		
Changgu Biotech Corporation	5,347	1,615
Total	<u>\$112,364</u>	<u>\$140,348</u>

The sales price offered by the Group to related parties is marked up at the cost, and the collection term in principle has no significant differences from the ones offered to general exporting customers. However, the Group may offer a longer credit period in consideration of the related parties' funding conditions.

(2) Purchase of Goods

	<u>2025</u>	<u>2024</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$228,484	\$30,899
United Medical Co., Ltd.	7,563	190,851
United Medical Instrument (Shanghai) Co., Ltd.	-	2,381
Shanghai Lianyi Biotechnology Co., Ltd.	-	5,930
Total	<u>\$236,047</u>	<u>\$230,061</u>

The purchase price offered by the Group to related parties is marked up at the cost, and the payment term is paid on a monthly basis.

(3) Accounts Receivable – Related Parties

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$3,306	\$1,833
United Medical Co., Ltd.	10	532
United Medical Instrument (Shanghai) Co., Ltd.	111,625	139,902
Shanghai Lianyi Biotechnology Co., Ltd.	-	1,309
Sin Lian Medical Supplies Inc.	292	326
The Group is a shareholder of this company		
Changgu Biotech Corporation	1,341	2,672
Total	<u>\$116,574</u>	<u>\$146,574</u>

(4) Other Receivables – Related Parties

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	<u>\$12,199</u>	<u>\$7,644</u>

(5) Property transactions – acquisition of intangible assets

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
United Medical Instrument (Shanghai) Co., Ltd.	<u>\$-</u>	<u>\$2,239</u>

(6) Accounts Payable – Related Parties

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$23,510	\$26,618
United Medical Co., Ltd.	2,817	1,239
Total	<u>\$26,327</u>	<u>\$27,857</u>

(7) Other Payables - Related Parties

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$-	\$7
United Medical Instrument (Shanghai) Co., Ltd.	-	2,385
Shanghai Lianyi Biotechnology Co., Ltd.	-	3,094
Total	<u>\$-</u>	<u>\$5,486</u>

(8) Other Current Liabilities

	<u>2025.12.31</u>	<u>2024.12.31</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$1,566	\$1,566

The Company expects to collect the registration fee and notarization fee on behalf of the affiliated enterprise Shinva United Orthopedic Corporation by applying for the sales license. As of December 31, 2025 and 2024, the Company has collected NT\$1,566 thousand (RMB 360 thousand), which is recorded as other current liabilities.

(9) Remuneration for the Group's key management

	<u>2025</u>	<u>2024</u>
Short-term Employee Benefits	\$76,394	\$65,526

(10) Manufacturing Overheads

	<u>2025</u>	<u>2024</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$2,068	\$2,098
United Medical Co., Ltd.	11	-
Total	\$2,079	\$2,098

(11) Operating Expenses

	<u>2025</u>	<u>2024</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$1,317	\$3,343
United Medical Co., Ltd.	151	432
United Medical Instrument (Shanghai) Co., Ltd.	685	716
Shanghai Lianyi Biotechnology Co., Ltd.	-	179
Sin Lian Medical Supplies Inc.	520	182
Total	\$2,673	\$4,852

(12) Other Revenue

	<u>2025</u>	<u>2024</u>
Associates of the Group		
Shinva United Orthopedic Corporation	\$19,252	\$15,094

The Group invests the long-term deferred income of related enterprises in a technology-based manner, except for the deferred income previously attributable to non-controlling interests, which is amortized on an average basis for three years from the start of the

provision of labor services, with the remaining amortized on an average basis for ten years after the completion of the establishment of Shinva United Orthopedic Corporation in September 2021 and the successive acquisition of product registration certificates for each product, and is transferred to other income from the deferred income.

According to the joint venture agreement signed between the Company and the other investors of the associate, Shinva United Orthopedics Corporation, the associate agreed to pay the Company a technology usage fee equal to 5% of the net sales revenue from the self-produced joint products for five consecutive years starting from the year when the self-produced joint products commence sales (recorded as other income - royalty income).

8. Assets Pledged as Security

The following table lists assets of the Group pledged as collaterals:

Item	Carrying Amount		Secured Liabilities
	2025.12.31	2024.12.31	
Financial assets measured at amortized cost – non-current	\$10,917	\$10,916	Performance bond and import tariff guarantee
Property, plants, and equipment – land and building	495,718	507,056	Comprehensive Credit Line
Property, plants, and equipment – machinery	3,700	3,901	Comprehensive Credit Line
Property, plants, and equipment – other equipment	15,030	21,548	Asset-backed Loans
Total	\$525,365	\$543,421	

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events After the Balance Sheet Date

None.

12. Others

(1) Types of Financial Instruments

Financial Assets

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$8,772	\$17,189
Financial Assets Measured at Fair Value Through Other Comprehensive Income	61,260	56,808
Financial assets measured at amortized cost:		
Cash and Cash Equivalents (Excluding cash on hand)	662,515	610,389
Financial Assets Measured at Amortized Cost	10,917	10,916
Notes Receivable	2,081	3,552
Accounts Receivable (Including Related Parties)	1,302,412	1,178,225
Net Receivables Under Finance Leases	27,186	18,319
Other Receivables (Including Related Parties)	55,886	30,472
Refundable Deposits	77,645	54,664
Long-term net receivables under finance leases	41,616	26,306
Subtotal	<u>2,180,258</u>	<u>1,932,843</u>
Total	<u>\$2,250,290</u>	<u>\$2,006,840</u>

Financial Liabilities

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial liabilities measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$5,249	\$-
Financial liabilities measured at amortized cost:		
Short-term Loans	917,031	1,167,533
Receivables (Including Related Parties)	1,229,426	988,945
Bonds Payable (Including bonds due within one year)	642,159	-
Long-term Loans (Including loans due within one year)	272,246	507,247
Lease Liabilities	226,648	186,440
Guarantee Deposits Received	7,444	4,594
Subtotal	<u>3,294,954</u>	<u>2,854,759</u>
Total	<u>\$3,300,203</u>	<u>\$2,854,759</u>

(2) Financial Risk Management Objectives and Policies

The Group's principal financial risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for the aforementioned financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management policies while managing its financial activities.

(3) Market Risk

The market risk of the Group is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk, and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, and there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign Exchange Risk

The Group's foreign exchange risk mainly relates to operating activities (when the currency used for revenue or expenses differs from the Group's functional currency) and net investments in foreign operations.

Certain foreign currency receivables and payables of the Group are denominated in the same currency, resulting in a natural hedging effect for a portion of the positions. For the remaining foreign currency exposures, forward exchange contracts are used to manage exchange rate risk. As neither the natural hedging arrangements nor the use of forward exchange contracts qualifies for hedge accounting under the applicable requirements, hedge accounting has not been applied. Furthermore, as the net investment in foreign operations represents a strategic investment, the Group has not hedged this exposure.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rate of the US dollar. The information on sensitivity analysis is as follows:

When the New Taiwan Dollar appreciates/depreciates against the US dollar, EUR, or RMB by 1%, the Group's profit or loss for 2025 and 2024 will increase/decrease by NT\$2,009 thousand and NT\$5,257 thousand, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument

will fluctuate due to changes in market interest rates. The Group's interest rate risk arises primarily from fixed-rate borrowings and floating-rate borrowings.

The Group manages its interest rate risk by applying a balanced portfolio of fixed and variable interest rates and entering into interest rate swaps. As those transactions do not qualify for hedge accounting, hedge accounting is not adopted.

The sensitivity analysis of interest rate risk is primarily for the exposed items at the end of the reporting period, including floating rate investments, floating rate borrowings, and interest rate swap contracts. It is assumed that they are held for one accounting year. When the interest rate rises/falls by 10 basis points, the Group's profit or loss for 2025 and 2024 would decrease/increase by NT\$527 thousand and NT\$1,064 thousand, respectively.

Equity Price Risk

The Group holds unlisted equity securities whose fair values would be influenced by the uncertainties of the future values of those investments. The unlisted equity securities held by the Group are included in the category of financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolios are submitted to the Group's senior management on a regular basis. The board of directors shall review all equity investment decisions and approve where appropriate.

For listed stocks in equity instrument investment measured at fair value through other comprehensive income, when the prices of these equity securities increased/decreased by 1%, there was no significant impact on the Group's interests for the 2025 and 2024.

(4) Credit Risk Management

Credit risk refers to the risk of financial loss arising from a counterparty's failure to meet the obligations specified in a contract. The Group's credit risk arises from operating activities (primarily contract assets, accounts and notes receivable, and lease receivables) and financing activities (primarily bank deposits and various financial instruments).

The Group manages its credit risk in accordance with its credit risk policies, procedures, and controls. Credit risk of all counterparties is assessed by considering their financial position, rating from credit rating agencies, past experience, current economic environment and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by the Group by using credit enhancement tools, such as prepayments or insurances, to reduce their credit risk.

As of December 31, 2025 and 2024, the contract assets and receivables from the Group's top ten customers accounted for 19% and 26% of the Group's total contract assets and

receivables, respectively. The remaining contract assets and receivables are not subject to significant credit concentration risk.

Credit risk from balances with banks, fixed income securities, and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. Since the Group's counterparties are determined through internal control procedures and are credit-worthy banks and financial institutions with investment grades, corporate organizations, and government agencies, there is no significant credit risk.

(5) Liquidity Risk Management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid securities, bank borrowings, convertible bonds, and lease contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest amounts of cash flows from interest paid at floating rates are derived from the yield curve at the end of the reporting period.

Non-derivative Financial Liabilities

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>5 years or above</u>	<u>Total</u>
2025.12.31					
Loans	\$1,021,474	\$93,438	\$29,144	\$51,549	\$1,195,605
Accounts Payable	1,229,426	-	-	-	1,229,426
Convertible Bonds	-	-	699,900	-	699,900
Lease Liabilities	40,901	56,292	39,379	130,149	266,721
2024.12.31					
Loans	\$1,321,923	\$268,909	\$30,250	\$65,626	\$1,686,708
Accounts Payable	988,945	-	-	-	988,945
Lease Liabilities	31,728	37,367	18,028	138,741	225,864

(6) Reconciliation of Liabilities From Financing Activities

Reconciliation of liabilities for 2025:

	Short-term Loans	Long-term Loans	Corporate Bonds Payable	Guarantee Deposits Received	Lease Liabilities	Total liabilities from financing activities
2025.1.1	\$1,167,533	\$507,247	\$-	\$4,594	\$186,440	\$1,865,814
Cash Flows	(243,095)	(239,060)	703,500	2,850	(39,878)	184,317
Non-cash Changes	-	-	(61,341)	-	78,800	17,459
Changes in Exchange Rates	(7,407)	4,059	-	-	1,286	(2,062)
2025.12.31	<u>\$917,031</u>	<u>\$272,246</u>	<u>\$642,159</u>	<u>\$7,444</u>	<u>\$226,648</u>	<u>\$2,065,528</u>

Reconciliation of liabilities for 2024:

	Short-term Loans	Long-term Loans	Corporate Bonds Payable	Guarantee Deposits Received	Lease Liabilities	Total liabilities from financing activities
2024.1.1	\$667,742	\$541,763	\$226,264	\$4,616	\$193,461	\$1,633,846
Cash Flows	488,861	(34,573)	-	(22)	(36,489)	417,777
Non-cash Changes	-	-	(226,264)	-	28,755	(197,509)
Changes in Exchange Rates	10,930	57	-	-	713	11,700
2024.12.31	<u>\$1,167,533</u>	<u>\$507,247</u>	<u>\$-</u>	<u>\$4,594</u>	<u>\$186,440</u>	<u>\$1,865,814</u>

(7) Fair Values of Financial Instruments

1. The valuation techniques and assumptions applied in determining the fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used by the Group in measuring or disclosing the fair values of financial assets and liabilities:

- (1) The carrying amount of cash and cash equivalents, receivables, payables, and other current liabilities approximate their fair value due to short maturity terms.
- (2) For financial assets and liabilities traded in an active market with standard terms

and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures).

- (3) Fair value of equity instruments without market quotations (e.g. private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (e.g., factors affecting discount for lack of liquidity, the price-to-earning (P/E) ratio of similar entities, and the price-to-book (P/B) ratio of similar entities).
- (4) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses the discounted cash flow (DCF) method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (e.g., yield curves published by the Taipei Exchange and average interest rates for Commercial Paper published by Reuters and credit risk, etc.)
- (5) The fair value of derivative instruments which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices, an appropriate option pricing model (e.g., Black-Scholes model), or another valuation method (e.g., Monte Carlo Simulation).

2. Fair value of financial instruments measured at amortized cost

Except for cash and cash equivalents, accounts receivable, short-term loans, accounts payable, other current liabilities, long-term loans, and lease liabilities whose carrying amount approximate their fair value, the fair values of the Group's financial assets and financial liabilities measured at amortized cost are listed in the table below:

	Carrying Amount		Fair Value	
	2025.12.31	2024.12.31	2025.12.31	2024.12.31
Financial Assets				
Financial Assets Measured at Amortized Cost	\$10,917	\$10,916	\$10,917	\$10,916
Financial Liabilities				
Corporate Bonds Payable	642,159	-	642,159	-

3. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for the fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative Instruments

As of December 31, 2025 and 2024, the Group's derivative financial instruments (including embedded derivative financial instruments) that were not eligible for hedge accounting and were outstanding are listed as follows:

Embedded Derivative Instruments

The embedded derivative instruments that the Company has identified because of the issuance of the convertible corporate bonds were already detached from the main contract, and were measured at fair value through profit or loss. Please refer to Note 6(14) and Note 6(15) for the contract information involved in this transaction.

(9) Fair Value Hierarchy

1. Definition of Fair Value Hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date

Level 2: The observable input of the asset or liability, directly or indirectly, except for the quotation included in Level 1.

Level 3: Non-observable input of the asset or liability.

For assets and liabilities measured at a recurring basis, their categories shall be re-evaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

2. Hierarchy of Fair Value Measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured at a recurring basis is disclosed as follows:

December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value:				
Financial Assets Measured at Fair Value Through Profit or Loss				
Simple Agreement for Future Equity (SAFE)	\$-	\$-	\$7,512	\$7,512
Convertible corporate bonds with embedded derivative financial instruments	-	1,260	-	1,260
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	50,500	-	10,760	61,260
Liabilities at Fair Value:				
Convertible corporate bonds with embedded derivative financial instruments	\$-	\$5,249	\$-	\$5,249

December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value:				
Financial Assets Measured at Fair Value Through Profit or Loss				
Funds	\$9,005	\$-	\$-	\$9,005
Simple Agreement for Future Equity (SAFE)	8,184	-	-	8,184
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	49,050	-	7,758	56,808

Transfers between Level 1 and Level 2 Fair Value Hierarchy

For 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value hierarchy for the Group's assets and liabilities at fair value on a recurring basis.

Details on Changes in Repetitive Level 3 Fair Value Hierarchy

For those of the Group's assets and liabilities at fair value on a recurring basis that were categorized as Level 3, adjustments to beginning to ending balance were as follows:

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	Simple Agreement for Future Equity (SAFE)	Stocks
2025.1.1	\$-	\$7,758
Total profits recognized for 2025:		
Recognized in Profit or Loss (Listed under "Other Gains and Losses")	(325)	-
Recognized in other comprehensive income (Listed under "Unrealized valuation gains (losses) from investments in equity instruments measured at fair value through other comprehensive income")	-	1,532
Obtained in 2025	-	1,470
Transferred in 2025	7,837	-
2025.12.31	<u>\$7,512</u>	<u>\$10,760</u>

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	Simple Agreement for Future Equity (SAFE)	Stocks
2024.1.1	\$-	\$5,903
Total profits recognized for 2024:		
Recognized in other comprehensive income (Listed under "Unrealized valuation gains (losses) from investments in equity instruments measured at fair value through other comprehensive income")	-	1,855
2024.12.31	<u>-</u>	<u>\$7,758</u>

Information on Material Unobservable Input of Level 3 Fair Value Hierarchy

For the Group's assets measured at repetitive fair value and categorized as Level 3 fair value hierarchy, the material unobservable input used toward fair value measurement is as follows:

December 31, 2025:

	Valuation Technique	Significant Unobservable Input Value	Quantitative Information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
Measured at fair value through profit or loss					
Simple Agreement for Future Equity (SAFE)	Market Approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT\$1,073 thousand (increase by NT\$1,073 thousand)
Measured at fair value through other comprehensive income					
Stocks	Market Approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT\$1,537 thousand (increase by NT\$1,537 thousand)

December 31, 2024:

	Valuation Technique	Significant Unobservable Input Value	Quantitative Information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market Approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT\$1,092 thousand (increase by NT\$1,092 thousand)

3. Fair Value Hierarchy Disclosures of Items not Measured at Fair Value

December 31, 2025:

	Level 1	Level 2	Level 3	Total	
Liabilities not at fair value but for which the fair value is disclosed:					
Corporate Bonds Payable		\$-	\$642,159	\$-	\$642,159

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Liabilities not at fair value but for which the fair value is disclosed:				
Corporate Bonds Payable	\$-	\$-	\$-	\$-

(10) Information on Foreign Currency Financial Assets and Liabilities with Significant Impact

Information regarding the Group's foreign currency financial assets and liabilities with significant impact is as below:

	2025.12.31			2024.12.31		
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$
Unit: NT\$ thousands						
Financial Assets						
Monetary items:						
US\$	\$9,470	31.3800	\$297,181	\$8,945	32.7350	\$292,823
EUR	6,063	36.7000	222,514	6,254	33.9400	212,263
RMB	29,786	4.4710	133,171	38,475	4.4530	171,330
Financial Liabilities						
Monetary items:						
US\$	\$2,927	31.4800	\$92,130	\$1,635	32.8350	\$53,677
EUR	8,978	37.1000	333,074	1,841	34.3400	63,214
RMB	5,910	4.5210	26,719	7,501	4.5030	33,777

As the Group has functional currencies of various types, the foreign exchange gains and losses of monetary financial assets and liabilities cannot be disclosed by foreign currencies of significant influence. The Group's foreign currency exchange profit from January 1 to December 31, 2025 and 2024 was NT\$37,840 thousand and NT\$32,367 thousand, respectively.

The above information is disclosed based on the carrying amount of foreign currency (already converted to the functional currency).

(11) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, or issue new shares.

13. Supplemental Disclosures

(1) Information on Significant Transactions

1. Capital financing to others: Please refer to Table 1.
2. Endorsements/Guarantees for others: Please refer to Table 2.
3. Significant securities held at the end of period (excluding investments in subsidiaries, associates, and joint ventures): Please refer to Table 3.
4. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the period: Please refer to Table 4.
5. Accounts receivable from related parties of at least NT\$100 million or 20 percent of the paid-in capital at the end of the period: Please refer to Table 5.
6. Others: The business relationship and significant transactions between parent and subsidiary companies are detailed in Table 6.

(2) Information on Investees: Please refer to Table 7.

(3) Information on Investments in Mainland China: Please refer to Table 8.

14. Department Information

- (1) The Group's main revenue comes from the sale of artificial hip joints, artificial knee joints, artificial spines, trauma products, and OEM products. The management has determined that the Group belongs to a single operating department.

(2) Regional Information

Revenue from external customers:

	<u>2025</u>	<u>2024</u>
Taiwanese Region	\$1,563,742	\$1,400,941
Asian Region	775,294	579,504
The Americas	1,226,084	1,117,025
European Region	1,888,202	1,445,296
African Region	141,972	76,491
Oceanian Region	60,124	33,873
Total	<u>\$5,655,418</u>	<u>\$4,653,130</u>

Non-current assets:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Taiwanese Region	\$2,330,464	\$2,242,595
Asian Region	190,399	88,833
The Americas	323,019	345,212
European Region	686,671	538,797
Oceanian Region	1,844	1,646
Total	<u>\$3,532,397</u>	<u>\$3,217,083</u>

(3) Important Customer Information

For this period, there were no revenues from a single customer that amounted to 10% or more of the Group's total revenue.

Table 1 Capital financing to others as of December 31, 2025:

Unit: NT\$ thousands

No.	Lending Company	Borrower	Account Item	Related party or Not	Current Maximum Balance	Ending Balance (Approved amount by board of directors)	Actual Disbursement Amount	Interest Rate Range	Nature for Financing	Amount of Business Transactions	Reasons for the necessity of short-term financing	Provision for Doubtful Accounts	Collateral		Limit on loans provided to a single party	Total Limit on Loans Provided
													Name	Value		
0	United Orthopedic Corporation	UOC USA, Inc.	Long-term receivables – related parties	Yes	\$62,860	\$62,860	\$-	2.5074%	Business nature	\$317,796	None	\$-	None	\$-	\$289,310	\$289,310
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Long-term receivables – related parties	Yes	118,845	118,845	-	2.5074%	Business nature	999,998	None	-	None	-	289,310	289,310

Note 1: The Company's cap of financing and borrowings shall not exceed 30% of the Company's paid-in capital.

Note 2: Financing to an individual party shall be limited by the bilateral business transaction amount over the past fiscal year.

Table 2 Endorsements/Guarantees for others as of December 31, 2025:

Unit: NT\$ thousands

No.	Endorser/ Guarantor	Endorsee/Guarantee		Endorsement/ guarantee limit for a single entity	Current maximum endorsement/ guarantee amount	Ending Endorsement/ Guarantee Balance	Actual Disbursemen t Amount	Amount of collateral secured by property for endorsements and guarantees	Ratio of accumulated endorsements/ guarantees to net worth per latest financial statements	Endorsement Guarantee Ceiling	Endorsements/ guarantees provided by parent company for subsidiary	Endorsements/ guarantees provided by subsidiary for parent company	Endorsements/ guarantees provided for subsidiaries in mainland China
		Name of Company	Relationship										
0	United Orthopedic Corporation	UOC USA, Inc.	100% controlled subsidiary	\$289,310	\$267,155	\$267,155	\$204,295	\$-	6.63%	\$482,184	Y	N	N

Note 1: The Company's total sum of endorsements/guarantees shall not exceed 50% of the Company's paid-in capital; to an individual enterprise, the endorsement or guarantee shall not exceed 30% of the Company's paid-in capital.

Table 3 Significant marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures) as of December 31, 2025:

Unit: NT\$ thousands

Securities Holding Company	Types and names of securities (Note 1)	Relationship with issuer of securities (Note 2)	Ledger Account	At the end of the period				Remarks (Note 4)
				No. of Shares/Unit	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
United Orthopedic Corporation	Stocks Changgu Biotech Corporation	The Company is a shareholder of this company	Investments in equity instruments measured at fair value through other comprehensive income - non-current	463,716	\$5,133	19.00%	\$5,133	None
United Orthopedic Corporation	Chailease Finance Co., Ltd.	The Company is a shareholder of this company	Investments in equity instruments measured at fair value through other comprehensive income - non-current	500,000	50,500	0.03%	50,500	"
United Orthopedic Corporation	Simple Agreement for Future Equity (SAFE) Redifine Surgery Inc.	-	Financial assets measured at fair value through profit or loss – non-current	(Note 5)	7,512	(Note 5)	7,512	"
A-SPINE Asia Co., Ltd.	Stocks SURGLASSES Inc.	The subsidiary is a shareholder of the Company	Investments in equity instruments measured at fair value through other comprehensive income - non-current	235,040	5,627	2.99%	5,627	"

Note 1: The term "marketable securities" as used in this table refers to stocks, bonds, beneficiary certificates, and securities specified in IFRS 9.

Note 2: If the issuer is not a related party, this field is not required.

Note 3: For accounts measured at fair value, please fill in the carrying amount after adjustment to fair value. If the account is not measured at fair value, please fill in the carrying amount after initial acquisition cost or amortization cost deduction of accumulated impairment.

Note 4: If the securities listed are restricted by the provision of guarantees, the pledge of loans, or other regulations, the number of shares guaranteed or pledged and the usage and restrictions of the loan shall be specified in the Remark column.

Note 5: Redifine Surgery Inc. is a Simple Agreement for Future Equity (SAFE), so no shares have been issued yet.

Table 4 Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital:

Unit: NT\$ thousands

Company that Imports (Sells) Goods	Counterparties	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Notes
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Receivables (Payables) (%)	
United Orthopedic Corporation	UOC USA, Inc.	Parent/Subsidiary	Sales	<u>\$(317,796)</u>	<u>(9.30%)</u>	270 days	Note	Note	<u>\$218,782</u>	<u>9.16%</u>	
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent/Subsidiary	Sales	<u>\$(304,029)</u>	<u>(8.90%)</u>	360 days	Note	Note	<u>\$324,396</u>	<u>13.58%</u>	
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsubsidiary	Sales	<u>\$(999,998)</u>	<u>(29.26%)</u>	270 days	Note	Note	<u>\$1,294,261</u>	<u>54.17%</u>	
United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	Associates	Sales	<u>\$(101,601)</u>	<u>(2.97%)</u>	360 days	Note	Note	<u>\$111,625</u>	<u>4.67%</u>	
United Orthopedic Corporation	Shinva United Orthopedic Corporation	Associates	Purchase of Goods	<u>\$228,484</u>	<u>24.23%</u>	360 days	Note	Note	<u>\$(23,510)</u>	<u>(12.70%)</u>	
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France) (France)	Sub-sub-subsubsidiary	Sales	<u>\$(617,468)</u>	<u>(55.12%)</u>	90 days	Note	Note	<u>\$646,416</u>	<u>80.62%</u>	

Note: The payment term in principle has no significant differences from general clients; however, the Company shall offer a longer credit period in consideration of the related parties' funding conditions.

Table 5 Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital as of December 31, 2025:

Unit: NT\$ thousands

Companies recorded as accounts receivable	Name of Transacting Party	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue accounts receivable from related parties		Amounts collected from related parties after the period	Provision for Doubtful Accounts
					Amount	Handling Method		
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent/Subsidiary	\$324,396	1.12	\$-	-	\$14,162	\$-
United Orthopedic Corporation	UOC USA, Inc.	Parent/Subsidiary	218,782	1.37	-	-	18,688	-
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsubsidiary	1,294,261	0.91	-	-	45,803	-
United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	Associates	111,625	0.81	-	-	20,330	-
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Sub-sub-subsubsidiary	646,416	1.14	-	-	110,438	-

Table 6 Business Relationships and Significant Transactions between Parent and Subsidiary Companies:

No. (Note 1)	Name of Transacting Party	Counterparties	Relationship with the Transacting Party (Note 2)	Transaction Situation			Ratio of combined operating revenue or combined total assets (Note 3)
				Ledger Account	Amount	Terms of Trade	
2025							
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	4	Sales Revenue	\$999,998	Note 4	17.68%
0	United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	4	Accounts Receivable	1,294,261	-	16.55%
0	United Orthopedic Corporation	United Orthopedic Japan Inc.	1	Sales Revenue	304,029	Note 4	5.38%
0	United Orthopedic Corporation	United Orthopedic Japan Inc.	1	Accounts Receivable	324,396	-	4.15%
0	United Orthopedic Corporation	UOC USA, Inc.	1	Sales Revenue	317,796	Note 4	5.62%
0	United Orthopedic Corporation	UOC USA, Inc.	1	Accounts Receivable	218,782	-	2.80%
0	United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	1	Sales Revenue	574	Note 4	0.01%
0	United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	1	Accounts Receivable	1,323	-	0.02%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	6	Sales Revenue	617,468	Note 4	10.92%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	6	Accounts Receivable	646,416	-	8.26%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium) SA	6	Sales Revenue	10,526	Note 4	0.19%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium) SA	6	Accounts Receivable	1,815	-	0.02%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedics Limited	6	Sales Revenue	39,500	Note 4	0.70%
1	United Orthopedic Corporation (Suisse) SA	United Orthopedics Limited	6	Accounts Receivable	39,703	-	0.51%
2	United Orthopedic Corporation (France)	United Orthopedic Corporation (Suisse) SA	6	Sales Revenue	341	Note 4	0.01%
3	United Orthopedics Limited	United Orthopedic Corporation (Suisse) SA	6	Sales Revenue	20	Note 4	0.00%
3	United Orthopedics Limited	United Orthopedic Corporation (Suisse) SA	6	Accounts Receivable	126	-	0.00%
3	United Orthopedics Limited	United Orthopedic Corporation (France)	6	Sales Revenue	39	Note 4	0.00%

Note 1: Information on business dealings between the parent company and its subsidiaries should be noted separately in the number column. The method for filling in the numbers is as follows:

1. For the parent company, fill in 0.
2. Subsidiaries are numbered sequentially starting from 1 for each company.

Note 2: There are seven types of relationships with transaction parties, just indicate the type:

1. Parent company to subsidiary
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.
4. Parent company to sub-subsidiary
5. Subsidiary to sub-subsidiary
6. Sub-subsidiary to sub-subsidiary

Note 3: The ratio of transaction amount to consolidated total revenue or total assets shall be calculated as the ratio of ending balance to consolidated total assets for those belonging to balance sheet items. If it belongs to profit and loss accounts, it is calculated by the method of cumulative amount during the period divided by the consolidated total revenue.

Note 4: The terms and conditions of operating revenue and payment periods for the aforementioned related parties were not materially different from those of general export customers.

Table 7 Information on Investees:

Unit: NT\$ thousands / US\$ thousands / CHF thousands / EUR thousands / JPY thousands / GBP thousands / AUD thousands / TRY thousands

Name of Investor	Name of Investee	Locations	Main Business Activities	Initial Investment Amount		Ending Balance			Current Profit (Loss) of Investees	Current Recognized Investment Profit (Loss)	Notes
				Current Ending Balance	End of Previous Year	Shares	Ratio	Carrying Amount			
United Orthopedic Corporation	UOC Europe Holding SA	Switzerland	Holding company	\$420,142 (CHF 13,500)	\$420,142 (CHF 13,500)	13,500 (Note 2)	96%	\$282,117	\$126,476	\$121,417	Subsidiary
United Orthopedic Corporation	United Orthopedic Japan Inc.	Japan	Trading, wholesale	122,924 (JPY 419,725)	122,924 (JPY 419,725)	125,022 (Note 4)	96%	1,252	40,738	39,109	Subsidiary
United Orthopedic Corporation	A-SPINE Asia Co., Ltd.	Taiwan	Trading, wholesale, manufacturing	386,481	386,481	10,089,696 (Note 5)	75%	526,378	15,081	11,296 (Note 9)	Subsidiary
United Orthopedic Corporation	UOC USA, Inc.	United States	Trading, wholesale	332,533 (USD 10,860)	332,533 (USD 10,860)	15,361,016 (Note 1)	100%	268,500	39,533	39,533	Subsidiary
United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	Australia	Trading, wholesale	27,143 (AUD 1,300)	27,143 (AUD 1,300)	1,300,001 (Note 7)	100%	6,674	(6,934)	(6,934)	Subsidiary
UOC Europe Holding SA	United Orthopedic Corporation (Suisse) SA	Switzerland	Trading, wholesale	49,987 (CHF 1,550)	49,987 (CHF 1,550)	1,550 (Note 2)	100%	455,878	175,900	175,900	Sub-sub-subsidiary
UOC Europe Holding SA	United Orthopedic Corporation (France)	France	Trading, wholesale	310,304 (EUR 8,782)	310,304 (EUR 8,782)	8,782 (Note 3)	100%	337,085	(6,497)	(6,497)	Sub-sub-subsidiary
UOC Europe Holding SA	United Orthopedic Corporation (Belgium) SA	Belgium	Trading, wholesale	30,154 (EUR 900)	30,154 (EUR 900)	900 (Note 3)	100%	5,513	2,095	2,095	Sub-sub-subsidiary
UOC Europe Holding SA	United Orthopedics Limited	United Kingdom	Trading, wholesale	20,840 (GBP 540)	20,840 (GBP 540)	540 (Note 6)	100%	13,256	(12,819)	(12,861)	Sub-sub-subsidiary
United Orthopedic Corporation (Suisse) SA	U2 ORTHO ORTOPEDİK ÜRÜNLER TİCARETİ ANONİM ŞİRKETİ	Turkey	Trading, wholesale	700 (TRY 930)	59 (TRY 50)	930 (Note 8)	100%	227	(128)	(128)	Sub-sub-subsidiary

Note 1: The face value per share is US\$ 0.71.

Note 2: The face value per share is CHF 1,000.

Note 3: The face value per share is EUR 1,000.

Note 4: The face value per share is JPY 2,045.

Note 5: The face value per share is NT\$ 10.

Note 6: The face value per share is GBP 1,000.

Note 7: The face value per share is AUD 1.

Note 8: The face value per share is TRY 1,000.

Note 9: The amortization effect of the share of the intangible assets arising from the acquisition of A-SPINE Asia Co., Ltd. by the Company in proportion to its shareholding was not deducted from NT\$4,473 thousand.

Table 8 Information on Investments in Mainland China:

Unit: NT\$ thousands

Name of Investees in Mainland China	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated amount of investments remitted from Taiwan at beginning of period	Amount of investments remitted or repatriated for the period		Accumulated amount of investments remitted from Taiwan at end of period	Current Profit (Loss) of Investees	Shareholding ratio directly or indirectly invested by the Company	Current Profit and Loss	Carrying Value of Investments at End of Period	Accumulated investment income repatriated at end of period
					Remitted	Repatriated						
Shinva United Orthopedic Corporation	Implants, artificial joint production and sales	\$1,635,324 (RMB 345,000 thousand)	(Note 1)	\$704,464 (RMB 147,000 thousand)	\$-	\$-	\$704,464 (RMB 147,000 thousand)	\$(154,021)	43%	\$(66,229)	\$272,916	\$-
Xi'an Lianhao Technology Co., Ltd.	Medical device sales and supply chain management services	22,025 (RMB 5,000 thousand)	(Note 1)	-	22,025 (RMB 5,000 thousand)	-	22,025 (RMB 5,000 thousand)	(155)	100%	(155)	22,325	\$-

Accumulated amount of investments remitted from Taiwan to mainland China at end of period	Amount of investments authorized by Department of Investment Review, MOEA	Ceiling on amount of investments in mainland China stipulated by Department of Investment Review, MOEA
\$726,489 (RMB 152,000 thousand)	\$726,489 (RMB 152,000 thousand)	\$2,522,558

Note 1: Direct investment in mainland China.

Note 2: Including technical value of RMB 30,000 thousand.

Table 8-1 The significant transactions between the Group, either directly or indirectly through third-area businesses and investees in mainland China, are as follows:

(1) Purchase amounts and percentages, and ending balances and percentages of related payables:

Unit: NT\$ thousands

Year	Name of Transacting Party	Name of Company	Cost of Goods Purchased	Percentage (%) of the Company's Purchases	Ending Balance of Accounts Payable	Percentage (%)
2025	United Orthopedic Corporation	Shinva United Orthopedic Corporation	\$228,484	24.23%	\$23,510	12.70%
2025	United Orthopedic Corporation	United Medical Co., Ltd.	7,264	0.77%	2,817	1.52%
2025	A-SPINE Asia Co., Ltd.	United Medical Co., Ltd.	299	0.51%	-	0.00%

(2) Sale amounts and percentages, and ending balances and percentages of related receivables:

Year	Name of Transacting Party	Name of Company	Amount of Sales	Percentage (%) of the Company's Sales	Ending Balance of Accounts Receivable	Percentage (%)
2025	United Orthopedic Corporation	Shinva United Orthopedic Corporation	\$3,150	0.09%	\$3,306	0.14%
2025	United Orthopedic Corporation	United Medical Co., Ltd.	3,125	0.09%	10	0.00%
2025	United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	101,601	2.97%	111,625	4.67%
2025	United Orthopedic Corporation	Shanghai Lianyi Biotechnology Co., Ltd.	(1,438)	(0.04%)	-	0.00%
2025	A-SPINE Asia Co., Ltd.	Sin Lian Medical Supplies Inc.	579	0.13%	292	0.36%

(3) Ending balance of notes endorsement, guarantees, or collateral provided and its purposes:

None.

(4) Maximum balance, ending balance, interest rate range, and total current interest during the period for financing:

None.

(5) Other transactions that had a material effect on current profit or loss or financial position:

None.