

**CALIWAY BIOPHARMACEUTICALS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

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

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Independent Auditors' Review Report

To the Board of Directors of Caliway Biopharmaceuticals Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Caliway Biopharmaceuticals Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$9,987 thousand and \$4,622 thousand, constituting 0.10% and 0.13% of the consolidated total assets as of March 31, 2025 and 2024, respectively; and the total liabilities amounting to \$317 thousand and \$8,050 thousand, constituting 0.33% and 6.49% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively; as well as the total comprehensive income amounting to loss \$1,047 thousand and loss \$9,989 thousand, constituting 0.60% and 4.57% of the consolidated total comprehensive income for the three months ended March 31, 2025 and 2024, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Caliway Biopharmaceuticals Co., Ltd. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Fu, Hung-Wen and Horng, Shyh-Gang.

KPMG

Taipei, Taiwan (Republic of China)
May 5, 2025

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2025, December 31, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 9,297,482	96	6,901,490	71	3,259,789	89	2130	Current contract liabilities (note 6(m))	\$ 5,327	-	3,614	-	2,304	-
1136	Current financial assets at amortized cost (note 6(b))	254,162	3	2,767,400	28	289,400	8	2170	Accounts payable	2,100	-	969	-	1,909	-
1172	Accounts receivable (notes 6(c) and (m))	422	-	5,184	-	2,498	-	2280	Current lease liabilities (note 6(g))	8,920	-	8,876	-	8,705	-
130X	Inventories (note 6(d))	7,054	-	2,860	-	1,470	-	2200	Other payables	58,199	1	37,221	1	101,370	3
1470	Other current assets	36,086	-	29,119	-	22,560	1	2315	Current advance receipts of restricted shares	1,968	-	1,968	-	-	-
	Current assets	<u>9,595,206</u>	<u>99</u>	<u>9,706,053</u>	<u>99</u>	<u>3,575,717</u>	<u>98</u>	2399	Other current liabilities	116	-	96	-	39	-
	Non-current assets:								Current liabilities	<u>76,630</u>	<u>1</u>	<u>52,744</u>	<u>1</u>	<u>114,327</u>	<u>3</u>
1600	Property, plant and equipment (note 6(e))	48,736	1	50,551	1	57,096	2		Non-Current liabilities:						
1755	Right-of-use assets (note 6(f))	8,747	-	10,765	-	16,821	-	2580	Non-current lease liabilities (note 6(g))	752	-	2,998	-	9,672	-
1900	Other non-current assets	2,990	-	3,138	-	2,641	-	2640	Non-current net defined benefit liability	264	-	241	-	-	-
	Non-current assets	<u>60,473</u>	<u>1</u>	<u>64,454</u>	<u>1</u>	<u>76,558</u>	<u>2</u>	2670	Non-current advance receipts of restricted shares	17,712	-	17,712	-	-	-
									Non-Current liabilities	<u>18,728</u>	<u>-</u>	<u>20,951</u>	<u>-</u>	<u>9,672</u>	<u>-</u>
									Total liabilities	<u>95,358</u>	<u>1</u>	<u>73,695</u>	<u>1</u>	<u>123,999</u>	<u>3</u>
									Equity attributable to owners of parent:						
								3110	Ordinary shares (notes 6(j) and 11)	773,044	8	769,144	8	697,194	19
								3200	Capital surplus (notes 6(j) and 11)	9,152,928	95	9,131,275	93	3,276,230	90
								3300	Accumulated deficit (notes 6(j) and 11)	(231,703)	(3)	(56,138)	(1)	(445,784)	(12)
								3400	Other equity	(133,948)	(1)	(147,469)	(1)	696	-
								3500	Treasury shares (note 6(j))	-	-	-	-	(60)	-
									Total equity	<u>9,560,321</u>	<u>99</u>	<u>9,696,812</u>	<u>99</u>	<u>3,528,276</u>	<u>97</u>
Total assets		<u>\$ 9,655,679</u>	<u>100</u>	<u>9,770,507</u>	<u>100</u>	<u>3,652,275</u>	<u>100</u>	Total liabilities and equity		<u>\$ 9,655,679</u>	<u>100</u>	<u>9,770,507</u>	<u>100</u>	<u>3,652,275</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, except Losses Per Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (note 6(m))	\$ -	-	3,966	100
5000	Operating costs	-	-	1,314	33
5950	Gross profit	-	-	2,652	67
Operating expenses (notes 6(g), (h), (j), (k) and 12):					
6200	Administrative expenses	26,423	-	11,228	283
6300	Research and development expenses	201,058	-	232,368	5,859
6000	Total operating expenses	227,481	-	243,596	6,142
	Net operating loss	(227,481)	-	(240,944)	(6,075)
Non-operating income and expenses:					
7100	Interest income	43,506	-	4,771	120
7190	Other income (note 6(o))	10	-	2,418	61
7020	Other gains and losses, net (note 6(o))	8,456	-	15,381	387
7050	Finance costs (note 6(g))	(56)	-	(98)	(2)
	Total non-operating income and expenses	51,916	-	22,472	566
	Loss before income tax	(175,565)	-	(218,472)	(5,509)
7950	Less: Income tax expenses (note 6(i))	-	-	-	-
8200	Loss	(175,565)	-	(218,472)	(5,509)
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	210	-	(112)	(2)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	210	-	(112)	(2)
8300	Other comprehensive income (loss)	210	-	(112)	(2)
8500	Comprehensive loss	\$ (175,355)	-	(218,584)	(5,511)
9750	Basic losses per share (NT dollars) (note 6(l))	\$ (0.11)		(0.16)	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						
	Ordinary shares	Capital surplus	Accumulated deficit	Other equity			Total equity
				Exchange differences on translation of foreign financial statements	Unearned employee compensation	Treasury shares	
Balance on January 1, 2024	\$ 696,624	3,270,902	(227,312)	808	-	(72)	3,740,950
Loss	-	-	(218,472)	-	-	-	(218,472)
Other comprehensive income	-	-	-	(112)	-	-	(112)
Total comprehensive loss	-	-	(218,472)	(112)	-	-	(218,584)
Share-based payment transactions	-	3,951	-	-	-	-	3,951
Exercise of employee stock options	570	370	-	-	-	-	940
Transfer of treasury shares	-	1,007	-	-	-	12	1,019
Balance on March 31, 2024	\$ 697,194	3,276,230	(445,784)	696	-	(60)	3,528,276
Balance at January 1, 2025	\$ 769,144	9,131,275	(56,138)	697	(148,166)	-	9,696,812
Loss	-	-	(175,565)	-	-	-	(175,565)
Other comprehensive loss	-	-	-	210	-	-	210
Total comprehensive loss	-	-	(175,565)	210	-	-	(175,355)
Share-based payment transactions	-	19,191	-	-	13,311	-	32,502
Exercise of employee stock options	3,900	2,462	-	-	-	-	6,362
Balance on March 31, 2025	\$ 773,044	9,152,928	(231,703)	907	(134,855)	-	9,560,321

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2025	2024
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (175,565)	(218,472)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	7,526	7,219
Interest expense	56	98
Interest income	(43,506)	(4,771)
Share-based payment transactions	32,502	4,950
Total adjustments to reconcile profit (loss)	<u>(3,422)</u>	<u>7,496</u>
Changes in operating assets and liabilities:		
Accounts receivable	4,762	5,394
Inventories	(4,194)	(447)
Other receivable	775	1,608
Other current assets	(6,958)	(1,322)
Contract liabilities	1,713	1,278
Accounts payable	1,131	207
Other payables	20,978	39,032
Other current liabilities	20	10
Net defined benefit liability	23	-
Total adjustments	<u>14,828</u>	<u>53,256</u>
Cash outflow generated from operations	(160,737)	(165,216)
Interest received	42,722	5,089
Interest paid	(56)	(98)
Net cash flows used in operating activities	<u>(118,071)</u>	<u>(160,225)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(4,162)	-
Disposal of financial assets at amortized cost	2,517,400	-
Acquisition of property, plant and equipment	(3,545)	(659)
Acquisition of intangible assets	-	(246)
Net cash flows from (used in) investing activities	<u>2,509,693</u>	<u>(905)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(2,202)	(2,081)
Exercise of employee stock options	6,362	940
Proceeds from transfer of treasury shares	-	20
Net cash flows from (used in) financing activities	<u>4,160</u>	<u>(1,121)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>210</u>	<u>(112)</u>
Net increase (decrease) in cash and cash equivalents	2,395,992	(162,363)
Cash and cash equivalents at beginning of period	<u>6,901,490</u>	<u>3,422,152</u>
Cash and cash equivalents at end of period	<u>\$ 9,297,482</u>	<u>3,259,789</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2025 and 2024

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

(1) Company history:

CALIWAY BIOPHARMACEUTICALS CO., LTD. (the “Company”) was incorporated in October 2012 as a company limited by shares under the approval of Ministry of Economic Affairs, of the Republic of China (“R.O.C.”). The address of Company’s registered office is 32 F-9, No. 99, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company and subsidiaries (collectively as the “Group”) mainly engage in development of new drugs for aesthetic medicine and chronic inflammation.

The Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”) in October 2024.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2025.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

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

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The following new and amended standards, which may be relevant to the Group, have been issued by IASB, but have yet to be endorsed by the FSC:

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
April 9, 2024	IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
April 9, 2024	IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulation”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (“IFRS Accounting Standards endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) Subsidiaries included in the consolidated financial statements were as follows:

Name investor	Name of investee	Principal activity	Shareholding			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
the Company	Caliway Biopharmaceuticals Australia PTY LTD. (Caliway Australia)	Clinical Trial Services	100.00 %	100.00 %	100.00 %	Note 1
the Company	Caliway (USA) Co., Ltd. (Caliway USA)	R&D patent applications	100.00 %	100.00 %	100.00 %	Note 1 and Note 2

Note 1: The company is a non-significant subsidiary, and its financial statements have not been reviewed.

Note 2: Caliway (USA) has a registered capital of USD15 thousand and has not paid in capital as of March 31, 2025.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant non-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6 of the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand and petty cash	\$ 30	30	30
Checking accounts and demand deposits	815,600	788,756	3,006,959
Time deposits	<u>8,481,852</u>	<u>6,112,704</u>	<u>252,800</u>
	<u>\$ 9,297,482</u>	<u>6,901,490</u>	<u>3,259,789</u>

(b) Financial assets at amortized cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposits	\$ <u>254,162</u>	<u>2,767,400</u>	<u>289,400</u>
Range of interest rates	<u>1.750~4.400%</u>	<u>1.460~1.750%</u>	<u>1.460%</u>
Maturity dates	<u>2025.05.25~2025.08.06</u>	<u>2025.02.15~2025.06.03</u>	<u>2024.05.16~2024.09.22</u>

(i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(ii) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any time deposits as collateral.

(c) Accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable	\$ 422	5,184	2,498
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 422</u>	<u>5,184</u>	<u>2,498</u>

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

		March 31, 2025		
		Gross carrying amount	Weighted-average loss rate	Loss allowances
	Current	\$ 422	0.00%	-
		December 31, 2024		
		Gross carrying amount	Weighted-average loss rate	Loss allowances
	Current	\$ 5,184	0.00%	-
		March 31, 2024		
		Gross carrying amount	Weighted-average loss rate	Loss allowances
	Current	\$ 2,498	0.00%	-

- (ii) The Group did not recognize any loss allowances for accounts receivable for the three months ended March 31, 2025 and 2024.
- (iii) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any accounts receivable as collateral.

(d) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 4,995	2,837	354
Work in progress and Semi-finished goods	2,059	23	1,116
	\$ 7,054	2,860	1,470

- (i) Except for the costs of inventories sold, the Group did not recognize any material costs related to inventories as costs of sales for the three months ended March 31, 2025 and 2024.
- (ii) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any inventories as collateral.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Property, plant and equipment

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

	<u>Research equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and equipment under acceptance</u>	<u>Total</u>
Cost:				
Balance on January 1, 2025	\$ 59,798	78,953	-	138,751
Additions	-	-	3,545	3,545
Disposals	<u>(3,060)</u>	<u>(153)</u>	<u>-</u>	<u>(3,213)</u>
Balance on March 31, 2025	<u>\$ 56,738</u>	<u>78,800</u>	<u>3,545</u>	<u>139,083</u>
Balance on January 1, 2024	\$ 54,047	75,942	1,137	131,126
Additions	-	232	427	659
Reclassification	<u>186</u>	<u>-</u>	<u>(186)</u>	<u>-</u>
Balance on March 31, 2024	<u>\$ 54,233</u>	<u>76,174</u>	<u>1,378</u>	<u>131,785</u>
Accumulated depreciation:				
Balance on January 1, 2025	\$ 32,500	55,700	-	88,200
Depreciation	1,748	3,612	-	5,360
Disposals	<u>(3,060)</u>	<u>(153)</u>	<u>-</u>	<u>(3,213)</u>
Balance on March 31, 2025	<u>\$ 31,188</u>	<u>59,159</u>	<u>-</u>	<u>90,347</u>
Balance on January 1, 2024	\$ 27,504	42,052	-	69,556
Depreciation	<u>1,666</u>	<u>3,467</u>	<u>-</u>	<u>5,133</u>
Balance on March 31, 2024	<u>\$ 29,170</u>	<u>45,519</u>	<u>-</u>	<u>74,689</u>
Carrying amount:				
January 1, 2025	<u>\$ 27,298</u>	<u>23,253</u>	<u>-</u>	<u>50,551</u>
March 31, 2025	<u>\$ 25,550</u>	<u>19,641</u>	<u>3,545</u>	<u>48,736</u>
January 1, 2024	<u>\$ 26,543</u>	<u>33,890</u>	<u>1,137</u>	<u>61,570</u>
March 31, 2024	<u>\$ 25,063</u>	<u>30,655</u>	<u>1,378</u>	<u>57,096</u>

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any property, plant and equipment as collateral.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Right-of-use assets

The movements of the cost and accumulated depreciation of right-of-use assets of buildings leased by the Group were as follows:

	Buildings
Cost:	
Balance on January 1, 2025 (same as Balance on March 31, 2025)	\$ <u><u>56,095</u></u>
Balance on January 1, 2024 (same as Balance on March 31, 2024)	\$ <u><u>56,095</u></u>
Accumulated depreciation:	
Balance on January 1, 2025	\$ 45,330
Depreciation	<u>2,018</u>
Balance on March 31, 2025	\$ <u><u>47,348</u></u>
Balance on January 1, 2024	\$ 37,256
Depreciation	<u>2,018</u>
Balance on March 31, 2024	\$ <u><u>39,274</u></u>
Carrying amount:	
January 1, 2025	\$ <u><u>10,765</u></u>
March 31, 2025	\$ <u><u>8,747</u></u>
January 1, 2024	\$ <u><u>18,839</u></u>
March 31, 2024	\$ <u><u>16,821</u></u>

(g) Lease liabilities

The Group's lease liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	\$ <u><u>8,920</u></u>	<u><u>8,876</u></u>	<u><u>8,705</u></u>
Non-current	\$ <u><u>752</u></u>	<u><u>2,998</u></u>	<u><u>9,672</u></u>

(i) The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2025	2024
Interest on lease liabilities	\$ <u><u>56</u></u>	<u><u>98</u></u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u><u>28</u></u>	<u><u>24</u></u>

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The amounts recognized in the statement of cash flows were as follows:

	For the three months ended	
	March 31	
	2025	2024
Rental paid in operating activities	\$ (28)	(24)
Interest payments for lease liabilities in operating activities	(56)	(98)
Payments of lease liabilities in financing activities	(2,202)	(2,081)
Total cash outflow for leases	\$ (2,286)	(2,203)

- (iii) As of March 31, 2025, December 31 and March 31, 2024, the Group leased buildings for its office space and factory. Such leases typically run for a period of 10 years, and include an option to renew the lease for an additional period after the end of the contract term.

(h) Employee benefits

(i) Defined benefit plans

The Company was approved to establish the pension fund under the Order No. 1130962214 issued by New Taipei City Government on May 22, 2024.

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024. The Group recognized pension costs under the defined benefit plan amounting to \$30 thousand for the three months ended March 31, 2025.

(ii) Defined contributions plans

In accordance with the defined contribution plan, the Company's pension expenses have been contributed to the Bureau of Labor Insurance; except for the Company, other subsidiaries implement pension contributions pursuant to the laws and regulations of the respective countries wherein they are registered.

The Group recognized pension costs under the defined contribution plan amounting to \$490 thousand and \$414 thousand for the three months ended March 31, 2025 and 2024, respectively.

(i) Income taxes

- (i) The Group had no current or deferred income tax expenses for the three months ended March 31, 2025 and 2024, respectively.

- (ii) The Group had no income taxes directly recognized in equity and other comprehensive income for the three months ended March 31, 2025 and 2024, respectively.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The Company's income tax returns have been examined by the R.O.C. tax authority through the years to 2023.

(j) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the three months ended March 31, 2025 and 2024. For the related information, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2024.

(i) Share capital

As of March 31, 2025, December 31 and March 31, 2024, the Company's authorized ordinary shares both amounted to \$1,000,000 thousand, which was divided into 200,000 thousand ordinary shares, with par value of \$5 per share. The issued shares were 154,609 thousand, 153,829 thousand and 139,439 thousand shares, respectively, all of which have been paid up upon issuance.

Reconciliation of shares outstanding was as follows:

	(in thousands of shares)	
	Ordinary shares	
	For the three months ended	
	March 31	
	2025	2024
Balance on January 1	153,829	69,650
Transfer of treasury shares	-	2
Change in par value	-	69,653
Exercise of employee stock options	780	114
Balance on March 31	154,609	139,419

On August 22, 2023, the Company's Board of Directors resolved to amend its Articles of Incorporation, so as to change the par value of its shares from \$10 to \$5 per share, which was passed in the shareholders' special meeting held on February 1, 2024. The relevant statutory registration procedures have been completed.

For the three months end March 31, 2024, the Company issued 114 thousand ordinary shares at a par value of \$5 per share for the exercise of employee stock options. All issued shares have been paid up, and the relevant statutory procedures have been completed.

For the three months end March 31, 2025, the Company issued 780 thousand ordinary shares at a par value of \$5 per share for the exercise of employee stock options. All issued shares have been paid up, and the relevant statutory procedures have been completed.

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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(ii) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
Share capital premium	\$ 8,903,237	8,887,324	3,220,802
Employee stock options	100,779	95,039	54,066
Treasury share transactions	-	-	1,362
Issuance of restricted shares	<u>148,912</u>	<u>148,912</u>	<u>-</u>
	<u>\$ 9,152,928</u>	<u>9,131,275</u>	<u>3,276,230</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset an accumulated deficit, and then the realized capital surplus can be distributed as stock dividends or cash dividends according to the stockholders' original percentage of ownership. The aforementioned realized capital surplus includes capital surplus resulting from premium upon the issuance of capital stock and earnings from donated assets received.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, the appropriation of earnings or losses of the Company may be made at the end of each quarter. Moreover, Company's annual earnings, if any, should first be used to pay taxes and offset prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the amount of legal reserve has already surpassed the total capital of the Company, and special reserve shall be appropriated or reversed according to laws and regulations. The remaining portion, together with any undistributed earnings, should be proposed for distribution by the Board of Directors, taking into consideration both future business schemes and capital requirements, and submitted in a shareholders' meeting for approval thereafter.

(iv) Earnings distribution

Due to the accumulated deficit incurred by the Company during the years, no earnings were distributed in 2024 and 2023 based on the resolutions proposed and resolved at the board and regular shareholders' meetings held on February 7, 2025 and June 24, 2024, respectively. Related information is available on the website of the Market Observation Post System.

(v) Treasury shares

For the three months ended March 31, 2024, the Company transferred 2 thousand shares to its employees, and recognized compensation costs of \$999 thousand and capital surplus of \$1,007 thousand, pursuant to Article 167-1 of the Company Act.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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As of March 31, 2025, December 31 and March 31, 2024, the uncanceled treasury shares held by the Company were 0 thousand shares, 0 thousand shares and 20 thousand shares, amounting to \$0 thousand, \$0 thousand and \$60 thousand, respectively. In accordance with the requirements of the Company Act, treasury shares held by the Company do not hold any shareholder rights before their transfer.

(k) Share-based payments

The details of the treasury shares transferred to employees by the Group, please refer to note 6(j). Except for the following disclosure, there were no significant changes in share-based payments for the three months ended March 31, 2025 and 2024. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2024.

(i) Employee stock options

On March 22, 2024, the Company's Board of Directors resolved to amend the terms and conditions regarding the issuance and exercise of the employee stock options of 2020, 2021 and 2022, which have been reported during the regular shareholders' meeting on June 24, 2024. According to the amendments, an increase in the number of ordinary shares issued as a result of a change in the par value of the share, the adjusted stock option price, and the number of shares subscribed per unit of stock option, shall be calculated in accordance with the formula and adjusted on the date of the new stock exchange.

Due to the change in the par value of the Company's shares from \$10 to \$5 per share, the price per share of the previously issued and outstanding stock options was adjusted to 50% of the original price per share, and the number of shares subscribed per unit of stock option was adjusted from 1 thousand shares to 2 thousand shares in accordance with the amendments.

On May 8, 2024, the Company's Board of Directors resolved the terms and conditions regarding the issuance and exercise of the employee stock options of 2024, pursuant to which the Company may issue 1,000 units of employee stock options (each unit is entitled to the subscription of 1,000 shares), which were granted to the full-time employees of the Company and its subsidiaries in which the Company, directly or indirectly, owns at least 50% of the voting shares. The stock options had been registered and approved by the Securities and Futures Bureau of the FSC. On July 10, 2024 and March 21, 2025, the Board of Directors resolved to issue 500 units and 190 units, respectively.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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1) As of March 31, 2025, the Group's share-based payment transactions were as follows:

	employee stock options in 2020	1st employee stock options in 2021	employee stock options in 2022	employee stock options in 2024
Grant date	September 17, 2020	September 24, 2021	August 4, 2022	July 10, 2024/ March 21, 2025
Granted units	2,515 units	740 units	1,010 units	500 units/190 units
Contractual life of options	7 years	7 years	7 years	7 years
Recipients	Employees	Employees	Employees	Employees
Vesting conditions	Future service of 2 to 6 years	Future service of 2 to 6 years	Future service of 2 to 6 years	Future service of 2 to 5 years

2) The measurement inputs for fair value measurement on grant dates

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

	employee stock options in 2020	1st employee stock options in 2021	employee stock options in 2022	employee stock options in 2024
Fair value on grant date	28.59	56.94	89.68	395.17~433.66/ 419.26~477.10
Share price on grant date	41.06	74.49	119.38	725.00/909.00
Exercise price	15	20	40	532.60/909.00
Expected volatility (%)	40.57	41.15	48.35	54.75/55.26
Contractual life of options	7 years	7 years	7 years	4.5~6 years/ 4.5~6 years
Expected dividend	-	-	-	-
Risk-free interest rate (%)	0.3624	0.3404	1.0987	1.63~1.69/ 1.51~1.57

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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3) The information on employee stock options

Movements in the number of shares of employee share options were as follows:

	For the three months ended March 31			
	2025		2024	
	Weighted- average exercise price (\$)	Stock options (units)	Weighted- average exercise price (\$)	Stock options (units)
Outstanding on January 1	\$ 148.78	1,989	23.21	1,627
Granted during the period	909.00	190	-	-
Exercised during the period	16.31	(390)	8.25	(57)
Outstanding on March 31	258.37	<u>1,789</u>	11.73	<u>1,570</u>
Exercisable on March 31		<u>538</u>		<u>437</u>
Outstanding shares on March 31 (in thousand)		<u>2,889</u>		<u>3,140</u>
Exercisable shares on March 31 (in thousand)		<u>1,075</u>		<u>874</u>

The details of the outstanding employee stock options of the Group were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Range of exercise prices	15~909	15~521.60	15~40
Weighted-average remaining contractual life of options	4.61	4.25	4.25

(ii) Expenses arising from share-based payments

For the three months ended March 31, 2025 and 2024, expenses arose from employee stock options and restricted shares amounted to \$32,502 thousand and \$3,951 thousand, respectively. For the expenses arising from the transfer of treasury shares to employees, please refer to note 6(j).

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Loss per share

The Group's basic loss per share were calculated as follows:

Basic loss per share:

	For the three months ended March 31	
	2025	2024
	Loss of the Company	\$ <u>(175,565)</u>
Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>1,535,961</u>	<u>1,393,576</u>
Basic loss per share (in dollars)	\$ <u>(0.11)</u>	<u>(0.16)</u>

Weighted-average number of ordinary shares outstanding (basic) (in thousand shares)

	For the three months ended March 31	
	2025	2024
	Ordinary shares issued on January 1	153,501
Effect of exercise of employee stock options	95	55
Effect of transfer of treasury shares	-	2
Effect of change in par value of shares	1,382,365	1,323,869
Weighted-average number of ordinary shares on March 31	<u>1,535,961</u>	<u>1,393,576</u>

The Group's basic loss per share for the three months ended March 31, 2025 and 2024 that reflected the change in par value of shares has been adjusted retroactively; please refer to note 6(j) and note 11 for details.

The Group's potential ordinary shares for the three months ended March 31, 2025 and 2024 did not have dilutive effect; therefore, only basic loss per share was disclosed.

(m) Revenue from contracts with customers

(i) Disaggregation of revenues

	For the three months ended March 31	
	2025	2024
	Primary geographical markets:	
Taiwan	\$ <u>-</u>	<u>3,966</u>

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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	For the three months ended	
	March 31	
	2025	2024
Main products:		
Health food	\$ -	3,846
Others	-	120
Total	\$ -	3,966

(ii) Contract balances

	March 31,	December 31,	March 31,
	2025	2024	2024
Accounts receivable	\$ 422	5,184	2,498
Less: loss allowance	-	-	-
Total	\$ 422	5,184	2,498
Contract liabilities	\$ 5,327	3,614	2,304

Please refer to note 6(c) for the details on accounts receivable and allowance for impairment.

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that was included in the contract liability balance at the beginning of the period were \$0 thousand and \$1,026 thousand, respectively.

The major changes in the balance of contract liabilities mainly resulted from the difference between the time frame in the transfer of products to satisfy the performance obligation and the payment to be received.

(n) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute a minimum of 3% of its annual profits as employee compensation and a maximum of 2% as remuneration for directors. However, if the Company has accumulated deficits, the amount thereof should be reserved to offset the deficit first. Employee compensation may be in the form of shares or cash, and the amounts thereof shall be passed by majority in a board meeting with two thirds of attendance and be reported in a shareholders' meeting for approval. Employee compensation may be distributed in shares and cash. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions, which would be resolved by the Board of Directors.

For the three months ended March 31, 2025 and 2024, the Company incurred accumulated deficits, hence no recognition and disclosure of compensation for employees, and remuneration for directors. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as changes in accounting estimates and recognized in the following year.

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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In 2024 and 2023, the Company incurred accumulated deficits, hence no recognition and disclosure of compensation for employees, and remuneration for directors. Related information is available on the website of the Market Observation Post System.

(o) Non-operating income and expenses

(i) Other income

The Group's other income were as follows:

	For the three months ended	
	March 31	
	<u>2025</u>	<u>2024</u>
Compensation	\$ -	2,400
Others	<u>10</u>	<u>18</u>
	<u>\$ 10</u>	<u>2,418</u>

(ii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended	
	March 31	
	<u>2025</u>	<u>2024</u>
Net gains on foreign exchange	\$ 8,479	15,407
Others	<u>(23)</u>	<u>(26)</u>
	<u>\$ 8,456</u>	<u>15,381</u>

(p) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of March 31, 2025, December 31 and March 31, 2024, the maximum exposure to credit risk amounted to \$9,560,932 thousand, \$9,682,931 thousand and \$3,553,559 thousand, respectively.

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
March 31, 2025						
Accounts payable	\$ 2,100	2,100	2,100	-	-	-
Lease liabilities	9,672	9,785	9,032	753	-	-
Other payables	58,199	58,199	58,199	-	-	-
Advance receipts of restricted shares	<u>19,680</u>	<u>19,680</u>	<u>1,968</u>	<u>3,542</u>	<u>10,234</u>	<u>3,936</u>
	<u>\$ 89,651</u>	<u>89,764</u>	<u>71,299</u>	<u>4,295</u>	<u>10,234</u>	<u>3,936</u>
December 31, 2024						
Accounts payable	\$ 969	969	969	-	-	-
Lease liabilities	11,874	12,043	9,032	3,011	-	-
Other payables	37,221	37,221	37,221	-	-	-
Advance receipts of restricted shares	<u>19,680</u>	<u>19,680</u>	<u>1,968</u>	<u>3,542</u>	<u>10,234</u>	<u>3,936</u>
	<u>\$ 69,744</u>	<u>69,913</u>	<u>49,190</u>	<u>6,553</u>	<u>10,234</u>	<u>3,936</u>
March 31, 2024						
Accounts payable	\$ 1,909	1,909	1,909	-	-	-
Lease liabilities	18,377	18,778	8,993	9,032	753	-
Other payables	<u>101,370</u>	<u>101,370</u>	<u>101,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 121,656</u>	<u>122,057</u>	<u>112,272</u>	<u>9,032</u>	<u>753</u>	<u>-</u>

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

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2025			December 31, 2024			March 31, 2024			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial assets										
Monetary items										
USD	\$	18,887	33.205	627,126	22,818	32.785	748,088	10,516	32.000	336,495
Financial liabilities										
Monetary items										
USD		880	33.205	29,214	514	32.785	16,846	2,067	32.000	66,142

2) Sensitivity analysis

The Group's exposure to currency risk mainly arose from the translation of the foreign currency exchange gains (losses) on cash and cash equivalents, other receivables and other payables denominated in foreign currency. A strengthening (weakening) of 10% of NTD and AUD against other foreign currencies as of March 31, 2025 and 2024 with all other variables remaining constant, would have increased or decreased the net losses before income tax for the three months ended March 31, 2025 and 2024 by \$59,791 thousand and \$27,035 thousand, respectively. Analysis of the two periods is based on the same basis.

The Group's functional currencies are NTD and AUD, and foreign exchange gains (losses) on monetary items are recognized as foreign exchange gains (losses); please refer to note 6(o) for details.

(iv) Interest rate analysis

On the reporting dates, interest rates of interest-bearing financial instruments were as follows:

	Carrying amount		
	March 31, 2025	December 31, 2024	March 31, 2024
Fixed-rate instrument:			
Financial assets	\$ <u>8,736,014</u>	<u>8,862,704</u>	<u>252,800</u>
Variable-rate instrument:			
Financial assets	\$ <u>815,600</u>	<u>806,156</u>	<u>3,296,359</u>

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CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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The following sensitivity analysis is based on the exposure to the interest rate risk of non derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 0.25%, the Group's net loss before income tax would have decreased/increased by \$510 thousand and \$2,060 thousand for the three months ended March 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's demand deposits and time deposits at variable rates.

(v) Fair value of financial instruments

1) Types of financial instruments and fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	Carrying amount	March 31, 2025			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 9,297,482				
Current financial assets at amortized cost	254,162				
Accounts receivable	422				
Other receivables	7,411				
Refundable deposits	<u>1,455</u>				
Subtotal	<u>\$ 9,560,932</u>				
Financial liabilities at amortized cost:					
Accounts payable	\$ 2,100				
Lease liabilities	9,672				
Other payables	58,199				
Advance receipts of restricted shares	<u>19,680</u>				
Subtotal	<u>\$ 89,651</u>				

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount	December 31, 2024			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 6,901,490				
Current financial assets at amortized cost	2,767,400				
Accounts receivable	5,184				
Other receivables	7,402				
Refundable deposits	<u>1,455</u>				
Subtotal	<u>\$ 9,682,931</u>				
Financial liabilities at amortized cost:					
Accounts payable	\$ 969				
Lease liabilities	11,874				
Other payables	37,221				
Advance receipts of restricted shares	<u>19,680</u>				
Subtotal	<u>\$ 69,744</u>				
		March 31, 2024			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 3,259,789				
Current financial assets at amortized cost	289,400				
Accounts receivable	2,498				
Other receivables	417				
Refundable deposits	<u>1,455</u>				
Subtotal	<u>\$ 3,553,559</u>				
Financial liabilities at amortized cost:					
Accounts payable	\$ 1,909				
Lease liabilities	18,377				
Other payables	<u>101,370</u>				
Subtotal	<u>\$ 121,656</u>				

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(q) of the consolidated financial statements for the year ended December 31, 2024.

(r) Capital management

The objectives, policies and procedures of the Group's capital management have been applied consistently with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2024. For related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2024 for further details.

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

The Group's investing and financing activities which did not affect the current cash flow were as follows:

(i) Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2025</u>
Lease liabilities	\$ <u>11,874</u>	<u>(2,202)</u>	<u>-</u>	<u>9,672</u>
	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2024</u>
Lease liabilities	\$ <u>20,458</u>	<u>(2,081)</u>	<u>-</u>	<u>18,377</u>

(7) Related-party transactions

(a) Key management personnel compensation

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 5,678	3,684
Post-employment benefits	27	8
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	9,894	-
	<u>\$ 15,599</u>	<u>3,692</u>

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:None

(9) Significant commitments and contingencies:

As of March 31, 2025, December 31 and March 31, 2024, outstanding balances of contracts entered into for purchases of equipment and clinical trials amounted to \$802,319 thousand, \$325,588 thousand and \$478,894 thousand, respectively.

(10) Losses due to major disasters:None

(11) Subsequent events:

- (a) On February 7, 2025, the Company's Board of Directors resolved to amend its Articles of Incorporation, so as to change the par value of its shares, from \$5 to \$0.5 per share, which was passed in the regular shareholders' meeting held on May 5, 2025.
- (b) Based on a resolution approved during its regular shareholders' meeting held on May 5, 2025, the Company offset the entire 2024 accumulated deficit by utilizing the capital surplus of \$56,138 thousand resulted from the share capital premium.

(12) Other:

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

By item	By function	For the three months ended March 31					
		2025			2024		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense							
Salary	-	46,916	46,916	-	16,350	16,350	
Labor and health insurance	-	1,128	1,128	-	864	864	
Pension	-	520	520	-	414	414	
Other employee benefits	-	636	636	-	382	382	
Depreciation	-	7,378	7,378	-	7,151	7,151	
Amortization	-	148	148	-	68	68	

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulations for the Group for the three months ended March 31, 2025:

- (i) Loans to other parties:None
- (ii) Guarantees/endorsements provided for other parties:None
- (iii) Significant securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):None

(Continued)

CALIWAY BIOPHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (vi) Business relationships and significant intercompany transactions:None

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (excluding information on investees in Mainland China):

(In thousands of shares/thousands of AUD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
the Company	Caliway (USA)	the U.S.	Patent applications	-	-	-	-	-	-	-	Note
"	Caliway	Australia	Clinical trial services	195,418 (AUD9,375)	195,418 (AUD9,375)	9,375	100.00	9,670	(1,257) (AUD(61))	(1,257) (AUD(61))	
"	Australia										

Note: The investment company was registered on July 5, 2016 and has not paid in capital as of March 31, 2025.

(c) Information on investment in Mainland China:None

(14) Segment information:

The main revenue of the Group comes from the sales of health food, and the main operating decision-makers of the Group use the overall operating results as the basis for evaluating performance. According to this, the Group is a single operating department, and the operating department information of January 1 to March 31 of 2025 and 2024 is consistent with the consolidated financial report information.