

SCI PHARMTECH, INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report
For the Six Months Ended June 30, 2026 and 2025**

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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 SCI Pharmtech, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SCI Pharmtech, Inc. and its subsidiaries as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2026 and 2025, and changes in equity and cash flows for the six months ended June 30, 2026 and 2025, 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 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 6(f), the other equity accounted investments of the SCI Pharmtech, Inc. and its subsidiaries in its investee companies of \$174,463 thousand and \$133,431 thousand as of June 30, 2026 and 2025, respectively, and its equity in net earnings (losses) on these investee companies of \$(20,510) thousand, \$(12,961) thousand, \$(34,512) thousand and \$(22,666) thousand, for the three months and six months ended June 30, 2026 and 2025, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the consolidated financial statements of certain equity accounted investee companies 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 SCI Pharmtech, Inc. and its subsidiaries as of June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months ended June 30, 2026 and 2025, as well as its consolidated cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ report are Kuan-Ying Kuo and Hsin, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)
August 6, 2026

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)

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2026, December 31, 2025, and June 30, 2025

(expressed in thousands of New Taiwan dollars)

Assets		June 30, 2026		December 31, 2025		June 30, 2025		Liabilities and Equity		June 30, 2026		December 31, 2025		June 30, 2025			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note 6(a))	\$	83,053	1	60,625	1	250,909	4	2100	Short-term borrowings (note 6(k))	\$	315,500	5	318,600	5	100	-
1110	Current financial assets at fair value through profit or loss (note 6(b))		1,014	-	14,171	-	107,695	1	2170	Notes and accounts payable		44,713	1	60,945	1	72,091	1
1170	Notes and accounts receivable, net (notes 6(d) and 6(s))		193,218	3	247,927	4	212,926	3	2130	Current contract liabilities (note 6(s))		64,362	1	36,110	1	35,075	1
1206	Other receivables		20	-	1,168	-	17	-	2200	Other payables (notes 6(m) and 7)		126,095	2	145,472	2	171,989	2
1310	Inventories, net (note 6(e))		729,713	11	728,301	11	611,416	9	2213	Payables on equipment and construction		21,892	-	49,555	1	68,902	1
1470	Other current assets		56,108	-	38,230	-	70,961	1	2216	Dividends payable (note 6(q))		89,632	1	-	-	179,262	3
			1,063,126	15	1,090,422	16	1,253,924	18	2230	Current tax liabilities		35,491	-	42,892	1	29,369	-
Non-current assets:									2280	Current lease liabilities (note 6(n))		5,701	-	5,622	-	4,580	-
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))		65,668	1	77,575	1	121,413	2	2300	Other current liabilities		22,355	-	17,066	-	18,568	-
1550	Investments accounted for using equity method (note 6(f))		174,463	3	109,470	2	133,431	2	2322	Long-term borrowings, current portion (note 6(l))		122,898	2	360,109	5	436,602	6
1600	Property, plant and equipment (notes 6(h), 7 and 8)		5,108,845	74	5,087,857	74	5,005,883	71				848,639	12	1,036,371	16	1,016,538	14
1755	Right-of-use assets (note 6(i))		46,297	1	49,054	1	48,681	1	Non-Current liabilities:								
1761	Investment property, land (notes 6(j) and 7)		228,012	3	228,012	3	228,012	3	2541	Long-term borrowings (note 6(l))		574,853	8	258,391	4	402,681	6
1780	Intangible assets		25,482	-	29,647	-	33,725	-	2560	Non-current tax liabilities		29,461	-	32,333	-	43,110	1
1840	Deferred tax assets		161,558	2	161,558	2	143,817	2	2580	Non-current lease liabilities (note 6(n))		41,863	1	44,460	1	44,658	1
1900	Other non-current assets (note 6(h))		51,995	1	53,251	1	45,370	1	2570	Deferred tax liabilities		104,515	2	104,515	2	104,453	1
			5,862,320	85	5,796,424	84	5,760,332	82	2640	Provisions for employee benefits, non-current		7,141	-	7,604	-	11,620	-
									2600	Other non-current liabilities (notes 6(l) and 7)		8,593	-	8,690	-	8,676	-
												766,426	11	455,993	7	615,198	9
									Total liabilities			1,615,065	23	1,492,364	23	1,631,736	23
									Equity attributable to owners of parent (note 6(q)):								
									3100	Ordinary Share		1,195,087	17	1,195,087	17	1,195,087	17
									3200	Capital surplus		2,245,161	33	2,234,986	32	2,234,986	32
									3310	Legal reserve		569,092	8	558,060	8	558,060	8
									3320	Special reserve		3,438	-	-	-	-	-
									3350	Unappropriated retained earnings		1,312,948	19	1,409,787	20	1,353,987	19
									3400	Other components of equity		(15,345)	-	(3,438)	-	40,400	1
									Total equity			5,310,381	77	5,394,482	77	5,382,520	77
									Total liabilities and equity			\$ 6,925,446	100	6,886,846	100	7,014,256	100

See accompanying notes to consolidated financial statements.

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

SCI PHARMTECH, INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2026 and 2025****(expressed in Thousands of New Taiwan Dollars, except for earnings per share)**

		For the three months ended June 30,				For the six months ended June 30,			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Operating revenue (notes 6(s) and 7)	\$ 272,865	100	371,513	100	648,663	100	731,805	100
5110	Operating costs (notes 6(e), 6(o), 7 and 12)	217,996	80	267,618	72	511,469	79	548,750	75
5900	Gross profit	54,869	20	103,895	28	137,194	21	183,055	25
	Operating expenses (notes 6(o), 7 and 12):								
6100	Selling expenses	13,741	5	16,326	4	28,813	5	35,680	5
6200	Administrative expenses	21,675	8	18,872	5	46,677	7	34,540	5
6300	Research and development expenses	10,118	4	9,315	3	19,218	3	19,125	2
		45,534	17	44,513	12	94,708	15	89,345	12
6900	Net operating income	9,335	3	59,382	16	42,486	6	93,710	13
	Non-operating income and expenses:								
7101	Interest income	359	-	2,282	-	360	-	3,922	1
7190	Other income (note 7)	2,611	1	6,242	2	7,999	1	10,685	1
7235	Gains on financial assets at fair value through profit	4	-	193	-	39	-	1,320	-
		(2,506)	(1)	(1,150)	-	(4,585)	(1)	(2,001)	-
7510	Interest expense (note 6(n))	(2,506)	(1)	(1,150)	-	(4,585)	(1)	(2,001)	-
7590	Miscellaneous disbursements	(89)	-	(99)	-	(158)	-	(189)	-
7630	Foreign exchange (losses) gains, net	(1,803)	(1)	(51,212)	(14)	4,362	1	(42,677)	(6)
7770	Share of loss of associates and joint ventures accounted for using equity method, net (note 6(f))	(20,510)	(7)	(12,961)	(3)	(34,512)	(5)	(22,666)	(3)
		(21,934)	(8)	(56,705)	(15)	(26,495)	(4)	(51,606)	(7)
7900	Profit before tax	(12,599)	(5)	2,677	1	15,991	2	42,104	6
7950	Less: Income tax expenses (note 6(p))	248	-	(20,107)	(5)	8,728	1	(12,416)	(2)
8200	Profit	(12,847)	(5)	22,784	6	7,263	1	54,520	8
8300	Other comprehensive income:								
8310	Items that may not be reclassified subsequently to profit or loss:								
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(7,938)	(3)	2,165	1	(11,907)	(2)	30,330	4
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(p))	-	-	-	-	-	-	-	-
8300	Other comprehensive income, net	(7,938)	(3)	2,165	1	(11,907)	(2)	30,330	4
8500	Total comprehensive income	\$ (20,785)	(8)	24,949	7	(4,644)	(1)	84,850	12
	Earnings per share (note 6(r)):								
9750	Basic earnings per share	\$ (0.11)		0.19		0.06		0.46	
9850	Diluted earnings per share	\$ (0.11)		0.19		0.06		0.46	

See accompanying notes to consolidated financial statements.

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

SCI PHARMTECH, INC. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2026 and 2025****(expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity interest Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Ordinary shares	Capital surplus	Retained earnings		Unappropriated retained earnings		
			Legal reserve	Special reserve			
Balance at January 1, 2025	\$ 1,195,087	2,234,986	504,024	-	1,532,765	10,070	5,476,932
Profit for the six months ended June 30, 2025	-	-	-	-	54,520	-	54,520
Other comprehensive income for the six months ended June 30, 2025	-	-	-	-	-	30,330	30,330
Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	54,520	30,330	84,850
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	54,036	-	(54,036)	-	-
Cash dividends of ordinary share	-	-	-	-	(179,262)	-	(179,262)
Balance at June 30, 2025	\$ 1,195,087	2,234,986	558,060	-	1,353,987	40,400	5,382,520
Balance at January 1, 2026	\$ 1,195,087	2,234,986	558,060	-	1,409,787	(3,438)	5,394,482
Profit for the six months ended June 30, 2026	-	-	-	-	7,263	-	7,263
Other comprehensive income for the six months ended June 30, 2026	-	-	-	-	-	(11,907)	(11,907)
Total comprehensive income for the six months ended June 30, 2026	-	-	-	-	7,263	(11,907)	(4,644)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,032	-	(11,032)	-	-
Special reserve appropriated	-	-	-	3,438	(3,438)	-	-
Cash dividends of ordinary share	-	-	-	-	(89,632)	-	(89,632)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,175	-	-	-	-	10,175
Balance at June 30, 2026	\$ 1,195,087	2,245,161	569,092	3,438	1,312,948	(15,345)	5,310,381

See accompanying notes to consolidated financial statements.

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

SCI PHARMTECH, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2026 and 2025****(expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30,	
	2026	2025
Cash flows from (used in) operating activities:		
Profit before tax	\$ 15,991	42,104
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	123,978	120,925
Amortization expense	4,165	4,160
Net profit on financial assets and liabilities measured at fair value through profit	(39)	(1,320)
Interest expense	4,585	2,001
Interest income	(360)	(3,922)
Share of loss of associates and joint ventures accounted for using equity method	34,512	22,666
Total adjustments to reconcile profit	166,841	144,510
Changes in operating assets and liabilities:		
Decrease in notes and accounts receivable	54,709	76,588
(Increase) decrease in inventories	(1,412)	9,481
Increase in other receivables and other current assets	(16,730)	(13,755)
Increase (decrease) in contract liabilities	28,252	(59,848)
(Decrease) increase in notes and accounts payable	(16,232)	13,654
Decrease in other payable	(19,377)	(21,360)
Increase (decrease) in provisions	5,000	(3,000)
Increase in other current liabilities	289	479
Decrease in provision for employee benefits, non-current	(463)	(339)
Total changes in operating assets and liabilities	34,036	1,900
Total adjustments	200,877	146,410
Cash inflows from operating activities	216,868	188,514
Interest received	360	3,922
Interest paid	(4,585)	(2,001)
Income taxes paid	(19,001)	(359)
Net cash flows from operating activities	193,642	190,076
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(13,001)
Proceeds from disposal of financial assets at fair value through profit or loss	13,196	17,000
Acquisition of investments accounted for using equity method	(89,330)	-
Acquisition of property, plant and equipment	(117,809)	(336,912)
Increase in refundable deposits	-	(1,050)
Acquisition of intangible assets	-	(120)
Increase in prepayments of property, plant and equipment	(50,528)	(43,103)
Net cash flows used in investing activities	(244,471)	(377,186)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(3,100)	-
Proceeds from long-term borrowings	453,273	-
Repayments of long-term borrowings	(374,022)	(142,825)
Decrease in guarantee deposits received	(97)	-
Payment of lease liabilities	(2,797)	(1,538)
Net cash flows from (used in) financing activities	73,257	(144,363)
Net increase (decrease) in cash and cash equivalents	22,428	(331,473)
Cash and cash equivalents at beginning of period	60,625	582,382
Cash and cash equivalents at end of period	\$ 83,053	250,909

See accompanying notes to consolidated financial statements.

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

SCI PHARMTECH, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2026 and 2025

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

(1) Company history

SCI Pharmtech, Inc. (the “Company”) was incorporated in September 18, 1987 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company are the research and development, manufacture and sale of Active Pharmaceutical Ingredients (“API”), Intermediates, specialty chemicals. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”). Please refer to note 4(b) for related information of the Group primarily business activities. Mercuries & Associates, Holding Ltd. is the parent company of the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 6, 2026.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

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

- (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, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

(i) IFRS 18 “Presentation and Disclosure in Financial Statements”

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.

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.
- Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.
- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group does not expect the following 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 20 “Regulatory Assets and Regulatory Liabilities”

(4) Summary of material accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation 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 (hereinafter referred to IFRS 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, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

- (b) Basis of Consolidation

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			June 30, 2026	December 31, 2025	June 30, 2025
The Company	Yushan Pharmaceuticals Inc. (Yushan)	The research and development, manufacture and sale of API	100.00 %	100.00 %	100.00 %

- (c) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(d) 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.

(e) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. 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 IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The 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, 2025. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2025.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2025. Please refer to note 6 of the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 497	555	634
Checking accounts and demand deposits	82,556	60,070	229,539
Time deposits	-	-	20,736
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 83,053</u></u>	<u><u>60,625</u></u>	<u><u>250,909</u></u>

(i) The Group did not provide cash and cash equivalents as collateral for its loans.

(ii) Please refer to note 6(u) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

	June 30, 2026	December 31, 2025	June 30, 2025
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate	\$ 1,014	14,171	77,934
Stocks listed on domestic markets	-	-	29,761
Total	<u><u>\$ 1,014</u></u>	<u><u>14,171</u></u>	<u><u>107,695</u></u>

The Group did not provide any aforementioned financial assets as collateral for its loans as of June 30, 2026, December 31 and June 30, 2025, respectively.

(c) Financial assets at fair value through other comprehensive income, non-current:

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at fair value through other comprehensive income:			
Stocks listed on domestic markets	<u><u>\$ 65,668</u></u>	<u><u>77,575</u></u>	<u><u>121,413</u></u>

(i) The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) Except as described below, there were no significant changes in the Group's financial assets during the periods from January 1 to June 30, 2026 and 2025. For related information, please refer to note 6(c) of the 2025 consolidated financial statements.
- (iii) Please refer to note 6(u) for market risk of the Group.
- (iv) As of June 30, 2026, December 31 and June 30, 2025, the Group did not provide any aforementioned financial assets as collateral for its loans.
- (d) Notes and accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable	\$ 193,218	247,927	212,926
Less: Loss allowance	-	-	-
	<u>\$ 193,218</u>	<u>247,927</u>	<u>212,926</u>

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, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation (macroeconomic and relevant industry information). The loss allowance provision was determined as follows:

	June 30, 2026		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	\$ 166,113	-	-
1 to 30 days past due	19,286	-	-
31 to 60 days past due	3,205	-	-
61 to 90 days past due	733	-	-
More than 180 days past due	3,881 (note)	-	-
	<u>\$ 193,218</u>		<u>-</u>

Note: The accounts receivable have already been estimated \$2,753 as refund liabilities for short-term sales returns and allowances. (recorded as other current liabilities)

	December 31, 2025		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	\$ 195,078	-	-
1 to 30 days past due	48,961	-	-
31 to 60 days past due	3,888	-	-
	<u>\$ 247,927</u>		<u>-</u>

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2025		
	Gross carrying amount	Rate of loss allowance provision	Loss allowance provision
Current	\$ 131,607	-	-
1 to 30 days past due	66,144	-	-
31 to 60 days past due	14,049	-	-
61 to 90 days past due	1,126	-	-
	\$ 212,926		-

The movement in the allowance for notes and trade receivable was as follows:

	For the six months ended June 30,	
	2026	2025
Balance at January 1 (Same as balance at June 30)	\$ -	-

As of June 30, 2026, December 31 and June 30, 2025, the Group did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	\$ 115,113	127,635	92,547
Work in progress	95,534	94,306	99,603
Finished goods	519,066	506,360	419,266
	\$ 729,713	728,301	611,416

Inventory cost recognized as operating costs for the three and six months ended June 30, 2026 and 2025, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Inventory that has been sold	\$ 158,184	222,041	396,212	448,942
(Reversal gains) losses on write-down of inventories	16,083	(140)	28,100	13,410
Loss on disposal of inventories	1,704	1,495	2,025	1,495
Unallocated production overheads	42,025	44,222	85,132	84,903
	\$ 217,996	267,618	511,469	548,750

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group recognizes write-down losses of inventories as they are reduced to net realizable value and recognizes reversal gains of write-downs as the net realizable value of inventories increases due to the sale or written off of obsolete inventories.

As of June 30, 2026, December 31 and June 30, 2025, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Associates	\$ <u><u>174,463</u></u>	<u><u>109,470</u></u>	<u><u>133,431</u></u>

- (i) Except for the following, there was no significant change for investments accounted for using the equity method for the six months ended June 30, 2026 and 2025. For the related information, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2025.
- (ii) HoneyBear Biosciences, Inc. (HoneyBear) carried out cash capital increases in installments during the first half of 2026, amounting to \$51,830, which were disproportionate to its existing ownership percentage, resulting in the ownership of HoneyBear by the Group decreasing from 11.65% to 10.54%, and the capital surplus increased by \$10,175.
- (iii) In May 2026, the Group subscribed to the newly issued shares of Framosa Co., Ltd. (Framosa) in proportion to its existing ownership percentage, increasing its investment by \$37,500.
- (iv) The Group's financial information on investments accounted for using equity method that are individually insignificant was as follows:

	<u>June 30,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>June 30,</u> <u>2025</u>
Carrying amount of individually insignificant associates' equity	\$ <u>174,463</u>	<u>109,470</u>	<u>133,431</u>
	<u>For the three months ended</u> <u>June 30,</u>	<u>For the six months ended</u> <u>June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u> <u>2025</u>
Attributable to the Group:			
Profit (loss)	\$ (20,510)	(12,961)	(34,512) (22,666)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
Total comprehensive income (loss)	\$ <u>(20,510)</u>	<u>(12,961)</u>	<u>(34,512)</u> <u>(22,666)</u>

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Pledge to secure

The Group did not provide any investment accounted for using equity method as collaterals for its loans.

(vi) The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Joint operation

The Group entered into a joint operation agreement with Chemische Fabrik Berg GmbH ("CFB") for the co-development and manufacture of Lisdexamfetamine products. The arrangement is not structured as through a separate entity. Under the agreement, the Group is responsible for the manufacture of intermediates, while CFB is responsible for producing the final active pharmaceutical ingredient using such intermediates. Both parties share equally, on a 50% basis, the input costs incurred and the revenue generated from product sales, as well as jointly incurred expenses. The Group recognizes its direct rights (and its share) to the joint operation's assets, liabilities, income and expenses, which are included in the consolidated financial statements.

As of June 30, 2026, inventories held by the Group under the aforementioned co-development arrangement amounted to \$6,189. Please refer to note 6(5) for the details.

(h) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Office equipment	Other	Prepayment for equipment and construction in progress	Total
Cost:							
Balance on January 1, 2026	\$ 687,883	723,374	2,438,709	58,618	12,968	2,452,308	6,373,860
Additions	-	-	13,180	480	-	76,486	90,146
Disposal and derecognitions	-	(289)	(34,119)	-	-	-	(34,408)
Transferred in (out)	-	-	31,513	-	-	20,271	51,784
Balance on June 30, 2026	<u>\$ 687,883</u>	<u>723,085</u>	<u>2,449,283</u>	<u>59,098</u>	<u>12,968</u>	<u>2,549,065</u>	<u>6,481,382</u>
Balance on January 1, 2025	\$ 687,883	722,904	2,394,522	59,248	12,968	1,964,998	5,842,523
Additions	-	-	8,360	-	-	242,789	251,149
Transferred in (out)	-	-	7,479	-	-	71,691	79,170
Balance on June 30, 2025	<u>\$ 687,883</u>	<u>722,904</u>	<u>2,410,361</u>	<u>59,248</u>	<u>12,968</u>	<u>2,279,478</u>	<u>6,172,842</u>
Depreciation and impairments loss:							
Balance on January 1, 2026	\$ -	364,355	875,393	36,227	10,028	-	1,286,003
Depreciation	-	13,100	105,562	1,775	505	-	120,942
Disposals and derecognitions	-	(289)	(34,119)	-	-	-	(34,408)
Balance on June 30, 2026	<u>\$ -</u>	<u>377,166</u>	<u>946,836</u>	<u>38,002</u>	<u>10,533</u>	<u>-</u>	<u>1,372,537</u>

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings and construction	Machinery and equipment	Office equipment	Other	Prepayment for equipment and construction in progress	Total
Balance on January 1, 2025	\$ -	337,984	667,881	33,196	9,009	-	1,048,070
Depreciation	-	13,180	103,344	1,850	515	-	118,889
Balance on June 30, 2025	<u>\$ -</u>	<u>351,164</u>	<u>771,225</u>	<u>35,046</u>	<u>9,524</u>	<u>-</u>	<u>1,166,959</u>
Carrying amounts:							
Balance on January 1, 2026	<u>\$ 687,883</u>	<u>359,019</u>	<u>1,563,316</u>	<u>22,391</u>	<u>2,940</u>	<u>2,452,308</u>	<u>5,087,857</u>
Balance on June 30, 2026	<u>\$ 687,883</u>	<u>345,919</u>	<u>1,502,447</u>	<u>21,096</u>	<u>2,435</u>	<u>2,549,065</u>	<u>5,108,845</u>
Balance on January 1, 2025	<u>\$ 687,883</u>	<u>384,920</u>	<u>1,726,641</u>	<u>26,052</u>	<u>3,959</u>	<u>1,964,998</u>	<u>4,794,453</u>
Balance on June 30, 2025	<u>\$ 687,883</u>	<u>371,740</u>	<u>1,639,136</u>	<u>24,202</u>	<u>3,444</u>	<u>2,279,478</u>	<u>5,005,883</u>

Except for the following, the information on significant transactions of the Group's property, plant and equipment, please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2025.

- (i) As of June 30, 2026, December 31 and June 30, 2025, the Group's prepayments for equipment purchases amounted to \$50,528, \$51,784 and \$43,103, respectively, which were recorded as other non-current assets.
- (ii) As of June 30, 2026, December 31 and June 30, 2025, part of the property, plant and equipment of the Group had been pledged as collateral. Please refer to note 8 for the details.

(i) Right-of-use assets

The Group leases many assets including land, employee dormitory, company cars and other equipments. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings and construction	Plant Facilities	Others	Total
Cost:					
Balance on January 1, 2026	\$ 3,566	13,251	31,545	7,834	56,196
Additions	-	-	279	-	279
Balance on June 30, 2026	<u>\$ 3,566</u>	<u>13,251</u>	<u>31,824</u>	<u>7,834</u>	<u>56,475</u>
Balance on January 1, 2025	\$ 3,566	-	-	8,085	11,651
Additions	-	13,251	28,686	-	41,937
Reductions	-	-	-	(1,493)	(1,493)
Balance on June 30, 2025	<u>\$ 3,566</u>	<u>13,251</u>	<u>28,686</u>	<u>6,592</u>	<u>52,095</u>
Accumulated depreciation:					
Balance on January 1, 2026	\$ 1,901	773	2,376	2,092	7,142
Depreciation for the period	357	663	1,115	901	3,036
Balance on June 30, 2026	<u>\$ 2,258</u>	<u>1,436</u>	<u>3,491</u>	<u>2,993</u>	<u>10,178</u>
Balance on January 1, 2025	\$ 1,188	-	-	1,683	2,871
Depreciation for the period	357	110	548	1,021	2,036
Reductions	-	-	-	(1,493)	(1,493)
Balance on June 30, 2025	<u>\$ 1,545</u>	<u>110</u>	<u>548</u>	<u>1,211</u>	<u>3,414</u>

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and construction</u>	<u>Plant Facilities</u>	<u>Others</u>	<u>Total</u>
Carrying amount:					
Balance on January 1, 2026	\$ 1,665	12,478	29,169	5,742	49,054
Balance on June 30, 2026	\$ 1,308	11,815	28,333	4,841	46,297
Balance on January 1, 2025	\$ 2,378	-	-	6,402	8,780
Balance on June 30, 2025	\$ 2,021	13,141	28,138	5,381	48,681

(j) Investments property

- (i) Investment property, with a carrying amount of \$228,012, with lease that has fixed rental income and contains an initial non-cancellable lease term of 50 years (extendable upon maturity) based on the agreement, comprises lands owned by the Group. The Group rented out investment property for related parties. Please refer to note 7 for the details of rental income.
- (ii) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2026 and 2025. Please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2025.
- (iii) There were no significant changes in the fair value of the Group's investment property as disclosed in note 6(i) of the consolidated financial statements for the year ended December 31, 2025.
- (iv) The Group rented out investment property for related parties. Please refer to note 7 for the details of rental income.
- (v) The Group did not provide any investment properties as collaterals for its loan.

(k) Short-term borrowings

The details of short-term borrowings were as following:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Secured bank loans	\$ 100,000	112,000	-
Unsecured bank loans	215,500	206,600	100
Total	\$ 315,500	318,600	100
Unused short-term credit lines	\$ 754,500	631,400	937,560
Range of interest rates	1.93%~2.225%	1.9%~2.225%	2.225%

- (i) For the collateral of the Group's assets for short-term borrowings, please refer to note 8.
- (ii) For the information on the Group's exposure to the interest rate risk and liquidity risk, please refer to note 6(u).

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Long-term borrowings

The details of long-term borrowings were as following:

	June 30, 2026	December 31, 2025	June 30, 2025
Secured bank loans	\$ 679,876	550,044	711,033
Unsecured bank loans	17,875	68,456	128,250
Less: current portion	<u>(122,898)</u>	<u>(360,109)</u>	<u>(436,602)</u>
	<u>\$ 574,853</u>	<u>258,391</u>	<u>402,681</u>
Unused credit lines	<u>\$ 156,896</u>	<u>560,169</u>	<u>-</u>
Range of interest rates	<u>1.675%~2.22%</u>	<u>1.675%~2.22%</u>	<u>1.675%~2.22%</u>
Maturity period	<u>2026.7~2030.12</u>	<u>2026.1~2027.2</u>	<u>2025.7~2027.2</u>

(i) For the six months ended June 30, 2026 and 2025, the Group had the additional long-term borrowings amounting to \$453,273 and \$0, respectively, and the repayment amounted to \$374,022 (including early repayment) and \$142,825, respectively.

(ii) The Group's application for a low-interest loan for the construction of plants, purchasing equipment, and support medium-term working capital, had been approved by the National Development Fund, Executive Yuan in 2022, with Mega International Commercial Bank providing the non-revolving loan of \$1,000,000, which was recognized and measured by using the market rates, with the margin interests calculated by using the rates between the actual rates and the market rates, recognized as deferred income (other non-current liabilities), based on the Government grants.

(iii) For the collateral for long-term borrowings, please refer to note 8.

(m) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Salaries payable	\$ 41,677	60,302	75,636
Estimated environmental disposal costs	19,011	14,011	14,011
Others	<u>65,407</u>	<u>71,159</u>	<u>82,342</u>
	<u>\$ 126,095</u>	<u>145,472</u>	<u>171,989</u>

(n) Lease liabilities

The carrying amount of lease liabilities was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Current	<u>\$ 5,701</u>	<u>5,622</u>	<u>4,580</u>
Non-current	<u>\$ 41,863</u>	<u>44,460</u>	<u>44,658</u>

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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Please refer to note 6(u) for maturity analysis.

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
The amounts recognized in profit or loss were as follows:				
Interest on lease liabilities	\$ <u>307</u>	<u>328</u>	<u>622</u>	<u>374</u>
Expenses relating to short-term leases	\$ <u>584</u>	<u>404</u>	<u>1,223</u>	<u>790</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>218</u>	<u>232</u>	<u>436</u>	<u>434</u>

	For the six months ended June 30,	
	2026	2025
The amounts recognized in the statement of cash flows for the Group were as follows:		
Total cash outflow for leases	\$ <u>5,078</u>	<u>3,136</u>

- (i) The Group leases company cars and parking lots, with lease terms that typically run for a period of 3 to 6 years. In addition, the Group leases employee dormitories and other equipment, with lease terms that run for a period of 10 to 17 years.

- (ii) Other leases

The Group leases office equipment, etc. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

- (o) Employee benefits

- (i) Defined benefit plans

Management believes that 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, 2025 and 2024.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Operating cost	\$ 300	316	595	629
Operating expenses	102	115	210	233
Total	<u>\$ 402</u>	<u>431</u>	<u>805</u>	<u>862</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Operating cost	\$ 2,038	1,712	3,842	3,441
Operating expenses	604	517	1,129	1,043
Total	<u>\$ 2,642</u>	<u>2,229</u>	<u>4,971</u>	<u>4,484</u>

(p) Income taxes

- (i) The Group's income tax expense in the interim financial statements is measured and disclosed accordance to paragraph B12 of IAS 34 "Interim Financial Reporting".
- (ii) The Group's income tax expenses for the three months and six months ended June 30, 2026 and 2025 were calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Current income tax expense				
Recognized during the period	\$ 1,361	479	9,841	8,170
Income tax underestimate (overestimate) for prior years	(1,113)	(20,586)	(1,113)	(20,586)
Income tax expense	<u>\$ 248</u>	<u>(20,107)</u>	<u>8,728</u>	<u>(12,416)</u>

- (iii) For the three months and six months ended June 30, 2026 and 2025, the Group did not recognize income tax expense in equity and other comprehensive income.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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(iv) Examination and approval

The ROC tax authorities have examined the Company's and Yushan's income tax returns through 2024.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2026 and 2025. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2025.

(i) Capital surplus

The balances of capital surplus as of June 30, 2026, December 31 and June 30, 2025 were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Additional paid-in capital	\$ 2,127,990	2,127,990	2,127,990
Cash capital increase reserved for employees' subscription	18,720	18,720	18,720
Gain on disposal of assets	980	980	980
Stock options	71,530	71,530	71,530
Changes in equity of associates and joint ventures accounted for using equity method	20,359	10,184	10,184
Employee stock options	5,582	5,582	5,582
	<u>\$ 2,245,161</u>	<u>2,234,986</u>	<u>2,234,986</u>

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases

(ii) Retained Earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and special reserves are supposed to set aside in accordance with the relevant regulations or as required by the government. And then any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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According to the Company's dividend policy, the type of dividends should be determined after considering the Company's capital and financial structure, operating conditions, operating surplus, industrial characteristics and cycle. The distribution of net earnings should not be lower than 50% of the current profit before tax. Cash dividends to stockholders should not be lower than 10% of the total dividends.

(iii) Earnings distribution

Based on the resolution of stockholders' meeting held on May 22, 2026 and May 26, 2025, the appropriation of earnings for the year 2025 and 2024 was approved. The above dividends per share were appropriated as follows:

	2025		2024	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.75	<u><u>89,632</u></u>	1.50	<u><u>179,263</u></u>

(iv) Other equity (net of tax)

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2026	\$ (3,438)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>(11,907)</u>
Balance at June 30, 2026	<u><u>\$ (15,345)</u></u>
Balance at January 1, 2025	\$ 10,070
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>30,330</u>
Balance at June 30, 2025	<u><u>\$ 40,400</u></u>

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Earnings per share

The Company's earnings per share was calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>(12,847)</u>	<u>22,784</u>	<u>7,263</u>	<u>54,520</u>
Weighted-average number of ordinary shares (thousand shares)	<u>119,509</u>	<u>119,509</u>	<u>119,509</u>	<u>119,509</u>
	\$ <u>(0.11)</u>	<u>0.19</u>	<u>0.06</u>	<u>0.46</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>(12,847)</u>	<u>22,784</u>	<u>7,263</u>	<u>54,520</u>
Weighted-average number of ordinary shares (thousand shares)	119,509	119,509	119,509	119,509
Effect of potentially dilutive ordinary shares:				
Effect of employee compensation	<u>-</u>	<u>62</u>	<u>102</u>	<u>220</u>
Weighted-average number of ordinary shares (thousand shares) (diluted)	<u>119,509</u>	<u>119,571</u>	<u>119,611</u>	<u>119,729</u>
	\$ <u>(0.11)</u>	<u>0.19</u>	<u>0.06</u>	<u>0.46</u>

The Company incurred a net loss after tax for the three-month period ended June 30, 2026; therefore, there were no potential common shares with dilutive effect.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Primary geographical markets:				
Italy	\$ 68,030	92,320	135,577	166,842
Switzerland	23,091	27,977	89,936	56,259
Taiwan	32,629	18,708	82,346	80,429
Germany	2,544	38,962	46,630	45,558
United States	26,381	70,577	40,847	107,535
China	19,335	2,132	36,016	11,801
Netherlands	19	-	35,642	34,336
Japan	14,788	20,398	30,018	59,928
Spain	2,175	63,397	14,488	85,837
Others	83,873	37,042	137,163	83,280
	<u>\$ 272,865</u>	<u>371,513</u>	<u>648,663</u>	<u>731,805</u>
Major products:				
Active pharmaceutical ingredients	\$ 165,242	190,705	423,286	405,671
Intermediates	94,649	160,445	203,451	301,212
Specialty Chemical	12,974	20,363	21,926	24,922
	<u>\$ 272,865</u>	<u>371,513</u>	<u>648,663</u>	<u>731,805</u>

(ii) Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and accounts receivable	\$ 193,218	247,927	212,926
Less: Loss allowance	-	-	-
Total	<u>\$ 193,218</u>	<u>247,927</u>	<u>212,926</u>
Contract liabilities (sales received in advance)	<u>\$ 64,362</u>	<u>36,110</u>	<u>35,075</u>

Please refer to note 6(d) for the information of accounts receivable and the impairment.

The amount of revenue recognized for the six months ended June 30, 2026 and 2025, that was included in the contract liability balance at the beginning of the period was \$2,905 and \$61,250, respectively.

The changes of contract liabilities are arising from the difference of time point, which the Group transfers the ownership of goods and which customers do the payment.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Remuneration to employees and directors

In accordance with the Articles of incorporation prior to the amendment on May 26, 2025, the Company should contribute no less than 3% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' compensation will be distributed in shares or cash. The recipients may include the employees of the subordinate of the Company who meet certain specific requirements.

In accordance with the Company's Articles of Incorporation as amended on May 26, 2025, if the Company reports a profit for the fiscal year, it shall allocate compensation to employees and directors. Employee compensation shall be no less than 3% of the annual profit, with at least 50% of such amount distributed to those base-level employees. Director compensation shall not exceed 2% of the annual profit. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' compensation will be distributed in shares or cash. The recipients may include the employees of the subordinate of the Company who meet certain specific requirements.

For the three months and six months ended June 30, 2026 and 2025, the remunerations to employees amounted to \$(1,500), \$15, \$1,400 (including the minimum amount of \$700 to base-level employee), and \$3,989 (including the minimum amount of \$1,995 to base-level employee), respectively, as well as the remunerations to directors amounted to \$(200), \$0, \$200 and \$450, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period.

For the years ended December 31, 2025 and 2024, the remunerations to employees amounted to \$10,010 and \$35,377, respectively, and the remunerations to directors amounted to \$1,360 and \$5,500, respectively. The remunerations above are identical to those of the actual distributions. The information is available on the Market Observation Post System website.

(u) Financial Instruments

Except for the contention mentioned below, 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 the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2025.

(i) Credit risk

1) Credit risk exposure

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

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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2) Concentration of credit risk

As of June 30, 2026, December 31 and June 30, 2025, there were eight, eight and eight, major customers, respectively, that accounted for 76%, 76% and 81%, respectively, of notes and accounts receivable. Thus, credit risk is significantly centralized. In order to minimize credit risk, the Group periodically evaluates the major clients' financial positions and the possibility of collecting notes and accounts receivables to ensure the uncollectible amount is recognized appropriately as loss allowance.

3) Receivables and debt securities

- a) For credit risk exposure of notes and trade receivables, please refer to note 6(d).
- b) Other financial assets at amortized cost include other receivables and time deposits. The counterparties of the time deposits held by the Group are the financial institutions with investment grade credit ratings. Therefore, the credit risk is considered to be low.

(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 a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2026					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 315,500	(316,134)	(316,134)	-	-
Notes and accounts payable	44,713	(44,713)	(44,713)	-	-
Lease liabilities (including current and non-current)	47,564	(55,685)	(6,852)	(5,940)	(42,893)
Other payables	126,095	(126,095)	(126,095)	-	-
Payables on equipment and construction	21,892	(21,892)	(21,892)	-	-
Dividends payable	89,632	(89,632)	(89,632)	-	-
Long-term borrowings (including current portion)	697,751	(738,479)	(136,073)	(100,970)	(501,436)
Guarantee deposits received	<u>1,145</u>	<u>(1,145)</u>	<u>-</u>	<u>-</u>	<u>(1,145)</u>
	<u>\$ 1,344,292</u>	<u>(1,393,775)</u>	<u>(741,391)</u>	<u>(106,910)</u>	<u>(545,474)</u>

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 318,600	(320,672)	(320,672)	-	-
Notes and accounts payable	60,945	(60,945)	(60,945)	-	-
Lease liabilities (including current and non-current)	50,082	(58,759)	(6,831)	(6,526)	(45,402)
Other payables	145,472	(145,472)	(145,472)	-	-
Payables on equipment and construction	49,555	(49,555)	(49,555)	-	-
Long-term borrowings (including current portion)	618,500	(632,398)	(367,844)	(148,264)	(116,290)
Guarantee deposits received	<u>1,242</u>	<u>(1,242)</u>	<u>-</u>	<u>-</u>	<u>(1,242)</u>
	<u>\$ 1,244,396</u>	<u>(1,269,043)</u>	<u>(951,319)</u>	<u>(154,790)</u>	<u>(162,934)</u>
June 30, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 100	(100)	(100)	-	-
Notes and accounts payable	72,091	(72,091)	(72,091)	-	-
Lease liabilities (including current and non-current)	49,238	(58,419)	(5,793)	(5,970)	(46,656)
Other payables	171,989	(171,989)	(171,989)	-	-
Payables on equipment and construction	68,902	(68,902)	(68,902)	-	-
Dividends payable	179,262	(179,262)	(179,262)	-	-
Long-term borrowings (including current portion)	839,283	(855,214)	(447,220)	(287,398)	(120,596)
Guarantee deposits received	<u>1,228</u>	<u>(1,228)</u>	<u>-</u>	<u>-</u>	<u>(1,228)</u>
	<u>\$ 1,382,093</u>	<u>(1,407,205)</u>	<u>(945,357)</u>	<u>(293,368)</u>	<u>(168,480)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

Foreign currency: in thousands of dollars

	June 30, 2026				December 31, 2025			June 30, 2025		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
USD to TWD	\$	6,328	31.80	201,230	7,104	31.38	222,924	9,029	29.25	264,098
EUR to TWD		422	36.09	15,230	955	36.7	35,049	2,136	34.15	72,944
Financial liabilities										
Monetary items										
USD to TWD		603	31.90	19,236	397	31.38	12,458	636	29.25	18,603

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, accounts payable, accrued expenses and other payables that are denominated in foreign currency.

The analysis assumes that all other variables remain constant. A strengthening (weakening) 1% of the functional currency against each foreign currency for the six months ended June 30, 2026 and 2025, would have affected the net profit before tax increased or decreased \$1,972 and \$3,184, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

The exchange gains and losses of monetary items, including realized and unrealized, are changed into functional currency, which is the Group's presentation currency. For the three months and six months ended June 30, 2026 and 2025, the exchange gains (losses), including realized and unrealized, are \$(1,803), \$(51,212), \$4,362 and \$(42,677), respectively.

(iv) Interest rate analysis

For the details of financial assets and liabilities exposed to interest rate risk, please refer to financial risk management.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	June 30, 2026	June 30, 2025
Variable rate instruments:		
Financial assets	\$ 77,112	220,890
Financial liabilities	1,013,251	839,383

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. 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 or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by \$1,170 and \$773, respectively, for the six months ended June 30, 2026 and 2025, with all other variable factors remaining constant. This is mainly due to the Group's bank savings and borrowings with variable interest rates.

(v) Other market price risks

For the three months and six months ended June 30, 2026 and 2025, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for both analysis, and assuming that the other variables were unchanged, the effects on the comprehensive income were as follows:

	For the six months ended June 30,			
	2026		2025	
Price of securities at the reporting date	Other comprehensive income after tax	Profit or loss before tax	Other comprehensive income after tax	Profit or loss before tax
Increasing 5%	\$ <u>3,283</u>	<u>51</u>	<u>6,071</u>	<u>5,385</u>
Decreasing 5%	\$ <u>(3,283)</u>	<u>(51)</u>	<u>(6,071)</u>	<u>(5,385)</u>

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. 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, except as described in the following paragraphs, 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:

	June 30, 2026				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>1,014</u>	1,014	-	-	1,014
Financial assets at fair value through other comprehensive income					
Listed stocks	<u>65,668</u>	65,668	-	-	65,668
Financial assets measured at amortized cost					
Cash and cash equivalents	83,053	-	-	-	-
Notes and accounts receivable	193,218	-	-	-	-
Refunded deposits (recognized as other non-current assets)	<u>1,467</u>	-	-	-	-
Subtotal	<u>277,738</u>				
Total	<u>\$ 344,420</u>				

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2026				
		Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	315,500	-	-	-	-
Notes and accounts payable		44,713	-	-	-	-
Lease liabilities (including current and non-current)		47,564	-	-	-	-
Other payables		126,095	-	-	-	-
Payables on equipment and construction		21,892	-	-	-	-
Dividends payable		89,632	-	-	-	-
Long-term borrowings (including current portion)		697,751	-	-	-	-
Deposits received (recognized as other non-current liabilities)		<u>1,145</u>	-	-	-	-
Total	\$	<u><u>1,344,292</u></u>				
		December 31, 2025				
		Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$	<u>14,171</u>	14,171	-	-	14,171
Financial assets at fair value through other comprehensive income						
Listed stocks		<u>77,575</u>	77,575	-	-	77,575
Financial assets measured at amortized cost						
Cash and cash equivalents		60,625	-	-	-	-
Notes and accounts receivable		247,927	-	-	-	-
Other receivables		1,168	-	-	-	-
Refunded deposits (recognized as other non-current assets)		<u>1,467</u>	-	-	-	-
Subtotal		<u>311,187</u>				
Total	\$	<u><u>402,933</u></u>				

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2025					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 318,600	-	-	-	-
Notes and accounts payable	60,945	-	-	-	-
Lease liabilities (including current and non-current)	50,082	-	-	-	-
Other payables	145,472	-	-	-	-
Payables on equipment and construction	49,555	-	-	-	-
Long-term borrowings (including current portion)	618,500	-	-	-	-
Deposits received (recognized as other non-current liabilities)	1,242	-	-	-	-
Total	<u>\$ 1,244,396</u>				
June 30, 2025					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 107,695</u>	107,695	-	-	107,695
Financial assets at fair value through other comprehensive income					
Listed stocks	<u>121,413</u>	121,413	-	-	121,413
Financial assets measured at amortized cost					
Cash and cash equivalents	250,909	-	-	-	-
Notes and accounts receivable	212,926	-	-	-	-
Other receivables	17	-	-	-	-
Refunded deposits (recognized as other non-current assets)	2,267	-	-	-	-
Subtotal	<u>466,119</u>				
Total	<u>\$ 695,227</u>				

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2025				
		Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	100	-	-	-	-
Notes and accounts payable		72,091	-	-	-	-
Lease liabilities (including current and non-current)		49,238	-	-	-	-
Other payables		171,989	-	-	-	-
Payables on equipment and construction		68,902	-	-	-	-
Dividends payable		179,262	-	-	-	-
Long-term borrowings (including current portion)		839,283	-	-	-	-
Deposits received (recognized as other non-current liabilities)		<u>1,228</u>	-	-	-	-
Total	\$	<u>1,382,093</u>				

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

(Continued)

SCI PHARMTECH, INC. AND SUBSIDIARIES
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Listed stocks are financial assets traded on the active market, and their fair value is determined by market quotations.

4) Transfers between Levels

For the three months and six months ended June 30, 2026 and 2025, there were no transfers between fair value levels for the Group.

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the consolidated financial statements for the year ended December 31, 2025.

(w) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2025. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2025. Please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2025.

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

The Group's investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2026 and 2025, were as follows:

- (i) For the acquisition of right-of-use assets by lease for the six months ended June 30, 2026 and 2025, please refer to note 6(i).
- (ii) Reconciliation of liabilities arising from financing activities for the six months ended June 30, 2026 and 2025, were as follows:

	January 1, 2026	Cash flows	Non-cash changes		June 30, 2026
			Acquisition	Others	
Short-term borrowings	\$ 318,600	(3,100)	-	-	315,500
Long-term borrowings (including current portion)	618,500	79,251	-	-	697,751
Lease liabilities	50,082	(2,797)	279	-	47,564
Guarantee deposits received	1,242	(97)	-	-	1,145
	\$ 988,424	73,257	279	-	1,061,960

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2025	Cash flows	Non-cash changes		June 30, 2025
			Acquisition	Others	
Short-term borrowings	\$ 100	-	-	-	100
Long-term borrowings (including current portion)	981,448	(142,825)	-	660	839,283
Lease liabilities	8,839	(1,538)	41,937	-	49,238
Guarantee deposits received	1,228	-	-	-	1,228
	<u>\$ 991,615</u>	<u>(144,363)</u>	<u>41,937</u>	<u>660</u>	<u>889,849</u>

(7) Related-party transactions:

(a) Names and relationship with related parties:

Name of related party	Relationship with the Group
Criminal Investigation and Prevention Association, Republic of China	The Chairman of the Company holds a board position in the association
Weichyun Wong	The Chairman of the Company
Framosa Co., Ltd. (Framosa)	The associate of the Company
HoneyBear Biosciences, Inc. (HoneyBear)	"

(b) Significant transaction with related parties:

(i) Sales

The amounts of sales by the Group to related parties were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Associates	\$ -	2,000	-	2,000

There were no comparative sales prices between the related parties and other customers, and the payment term was 30 days. There no significant differences in the payment term between the related parties and other customers. As of June 30, 2026, all the above transaction price have been received.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Lease

The Group rented out land, dormitory, laboratory and parking lots for related party, the details of the above lease transactions were as follows:

	Rental income (recorded as other income and as a deduction of expenses)				Other receivables from related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30,	December 31,	June 30,
	2026	2025	2026	2025	2026	2025	2025
Associates- Framosa	\$ 2,029	1,701	4,104	3,401	-	-	-

	Guarantee deposits received (recorded as other non-current liability)		
	June 30,	December	June 30,
	2026	31, 2025	2025
Associates-Framosa	\$ 1,131	1,228	1,228

(iii) Property transactions

The Group entered into an agreement with Framosa for the construction of its wastewater treatment equipment, the total contract price is \$248,818 (before tax), resulting in the amounts of \$230,559, \$210,399 and \$199,199, being recognized as construction in progress as of June 30, 2026, December 31 and June 30, 2025, respectively. As of June 30, 2026, the above transaction price of construction in progress has been paid.

(iv) Guarantee

Details of guarantees provided by the Group to related parties are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Associates-Framosa	\$ 400,000	400,000	400,000

For the three months and six months ended June 30, 2026 and 2025, the Group recognized the endorsement guarantee service fee income from Framosa amounting to \$0, \$1,120, \$120 and \$1,120 respectively.

Please refer to note 13(a)ii for the details.

(v) Other income

Details of other income incurred by the Group to related parties are as follows:

	Nature	For the three months ended June 30,		For the six months ended June 30,	
		2026	2025	2026	2025
Associates	Other income	\$ 32	-	49	-

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2026, December 31 and June 30, 2025, all of the aforementioned amounts have been received.

(vi) Other expenses

Details of other expenses incurred by the Group to related parties are as follows:

	Nature	For the three months ended June 30,		For the six months ended June 30,	
		2026	2025	2026	2025
Other related parties	Operating expenses	\$ 600	-	600	-
Associates	Operating expenses (note)	1,554	-	1,554	-
		<u>\$ 2,154</u>	<u>-</u>	<u>2,154</u>	<u>-</u>

Note: For the three and six months ended June 30, 2026, the Group paid steam usage fees to Framosa, which were recorded under operating expenses.

As of June 30, 2026, December 31 and June 30, 2025, the outstanding balances of the aforementioned amounts, recognized under other payables, were \$1,632, \$0 and \$0, respectively.

(vii) Others

The title deed of a certain portion of the land was registered in the name of Mr. Weichyun Wong due to certain legal requirements for the six months ended June 30, 2026 and 2025. Please refer to note 6(h).

(c) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Salary and short-term employee benefits	<u>\$ 2,475</u>	<u>4,237</u>	<u>6,698</u>	<u>8,978</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	June 30, 2026	December 31, 2025	June 30, 2025
Land	Pledged as collateral for credit lines	\$ 42,736	42,736	42,736
Building	"	1,727	1,832	1,943
		<u>\$ 44,463</u>	<u>44,568</u>	<u>44,679</u>

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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(9) Commitments and contingencies:

- (a) As of June 30, 2026, December 31 and June 30, 2025, the unused balance of the Group's outstanding standby letters of credit amounted to \$1,214, \$0 and \$12,340, respectively.
- (b) The significant outstanding purchase commitments for property, plant and equipment were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Acquisitions of property, plant and equipment	\$ <u>108,521</u>	<u>154,981</u>	<u>205,961</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

On August 6, 2026, the Board of Directors of the Group resolved that the Group would participate in Framosa's cash capital increase in proportion to its existing shareholding, with a planned investment amount of \$50,000.

(12) Other:

- (a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function By item	For the three months ended June 30, 2026			For the three months ended June 30, 2025		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	43,121	12,225	55,346	45,074	11,974	57,048
Labor and health insurance	4,325	1,185	5,510	4,283	1,153	5,436
Pension	2,338	706	3,044	2,028	632	2,660
Remuneration of directors	-	(200)	(200)	-	-	-
Others	1,144	2,088	3,232	1,043	2,288	3,331
Depreciation	55,216	6,933	62,149	53,804	7,001	60,805
Amortization	1,022	1,057	2,079	1,030	1,051	2,081

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SCI PHARMTECH, INC. AND SUBSIDIARIES
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By function By item	For the six months ended June 30, 2026			For the six months ended June 30, 2025		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	85,335	29,483	114,818	90,823	27,634	118,457
Labor and health insurance	8,982	2,511	11,493	9,156	2,567	11,723
Pension	4,437	1,339	5,776	4,070	1,276	5,346
Remuneration of directors	-	200	200	-	450	450
Others	2,305	4,367	6,672	2,109	4,470	6,579
Depreciation	110,034	13,944	123,978	107,595	13,330	120,925
Amortization	2,052	2,113	4,165	2,060	2,100	4,160

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2026:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Framosa Co., Ltd	The associate of the Company	531,038	400,000	400,000	321,822	-	7.53 %	2,124,152	N	N	N

Note 1: The total amount of endorsements and guarantees provided by the Company to third parties shall not exceed 40% of the latest net worth as reported in the financial statements. The maximum limit for endorsements and guarantees provided to a single enterprise shall not exceed 10% of the Company's net worth. In addition the total amount of endorsements and guarantees provided by the Company and subsidiaries to third parties shall not exceed 40% of the latest net worth as reported in the financial statements. The maximum limit for endorsements and guarantees provided to a single enterprise shall not exceed 10% of the Company's net worth.

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SCI PHARMTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Material securities held as of June 30, 2026 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Beneficiary Certificate (UPAMC James Bond Money Market Fund)	-	Current Financial asset at fair value through profit or loss	57	1,014	-	1,014	
The Company	Stock (Energen esis Biomedical Co., Ltd)	-	Financial assets at fair value through other comprehensive income	1,804	65,668	2 %	65,668	

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: None.
- (v) Receivables from related parties with amounts exceeding the lower of \$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 six months ended June 30, 2026 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Yushan	R.O.C.	The research and development, manufacture and sale of API	351,761	351,761	35,190	100 %	364,252	(7,542)	(7,231)	Note 1
"	Framosa Co., Ltd.	R.O.C.	Circular economy by purifying and utilizing used solvents	181,250	143,750	18,125	25 %	101,826	(56,655)	(14,753)	
"	HoneyBear Biosciences, Inc.	R.O.C.	Biotechnology services	65,000	35,000	2,950	4.36 %	30,082	(172,355)	(8,076)	
Yushan	HoneyBear Biosciences, Inc.	R.O.C.	Biotechnology services	54,830	33,000	4,173	6.18 %	42,555	(172,355)	(11,683)	

Note 1 : The transactions had been eliminated in the consolidated financial statements.

- (c) Information on investment in mainland China: None.

(14) Segment information:

The Group only uses one segment to assess its performance and allocate resources. Hence, there is no need to disclose the information.

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