BORA PHARMACEUTICALS Co., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Address: 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)

Telphone：886-2-2790-1555

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (together the "Group") as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

As of 31 December 2022, the Group's net inventories amounted to NT$1,946,818 thousand, and constituted 9% of total consolidated assets, which were material to the consolidated financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventories aging.

Since the expiration date would affect sales of inventories, management evaluated the obsolescence of merchandise inventories and finished goods based on the expiration date of the goods. Due to the complexity in calculating the net realizable value of inventories, we therefore determined allowance for inventories valuation losses as a key audit matter.

Our audit procedures included, but were not limited to, the following: understanding and testing the effectiveness of internal controls over inventories established by management; assessing the net realizable value used for valuation estimated by management, including testing the accuracy of inventories aging and expiration date on a sampling basis, observing the physical count to confirm the quantity and status of inventories, and analyzing inventories movement; considering the market demand and evaluating the analysis and assessment of slow-moving and obsolete inventories made by management, including the possibility of the sales of inventories and the net realizable value estimations; and recalculating the allowance for inventories valuation loss. We also considered the appropriateness of the disclosure of inventories in Notes V and VI to the consolidated financial statements.

Revenue Recognition

For the year ended 31 December 2022, the Group recognized NT$10,494,470 thousand as revenues, mainly coming from toll manufacturing, rendering services, prescription drug distribution and sales of consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

Our audit procedures included, but were not limited to, the following: evaluating the appropriateness of the management's accounting policies for revenue recognition; understanding the transaction processes for revenue recognition when fulfilling identified performance obligations; evaluating and testing the effectiveness of the design and implementation of internal controls over the timing of revenue recognition when fulfilling performance obligations; performing analytical procedures for the top ten clients; selecting samples to perform test of details to confirm the appropriateness of the timing of revenue recognition when fulfilling performance obligations; performing revenue cut-off testing for a period before and after the balance sheet date by tracing to relevant supporting documents to verify that revenue has been recognized in correct periods; investigating and understanding the cause and nature of significant sales returns for a period after the balance sheet date; and conducting journal entries testing. We also evaluated the disclosures of revenue recognition. Please refer to Notes IV and VI to the consolidated financial statements.

Business Combination

The Group acquired Eden Biologics, Inc.'s business assets and CDMO business in July 2022 and acquired 100% of the voting shares of TWi Pharmaceuticals, Inc. in September 2022 with total acquisition consideration of NT$7,765,870 thousand and total identifiable net assets at fair value of NT$6,782,284 thousand, which resulted in a total goodwill of NT$983,586 thousand. As the amount of business combinations is significant, which involved identification of transaction and fair value measurement, we have determined this as a key audit matter.

Our audit procedures included, but were not limited to, the following: acquiring agreements and purchase price allocation reports in relation to business combination as audit evidences, evaluating the acquisition consideration of business combination recognized and measured by management and the appropriateness of identifiable net assets at fair value of business combination. To evaluate the appropriateness of identifiable net assets at fair value, our internal valuation specialists assisted us in evaluating parameters and assumptions adopted in the purchase price allocation reports and the reasonableness of key assumptions and verifying whether identifiable net assets at fair value is in a reasonable range. We also evaluated the disclosures of business combination. Please refer to Notes V and VI to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated financial statements for year ended 31 December 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2022 and 2021.

Hung, Kuo Sen

Lin, Li Huang

Ernst & Young, Taiwan

16 March 2023

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December, 2022 and 2021

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 December 2022	31 December 2021
Current assets			
Cash and cash equivalents	IV&VI.1	$3,281,319	$910,749
Financial assets measured at fair value through profit or loss, current	IV&VI.2	14	78
Financial assets at amortized cost, current	IV&VI.3&VIII	247,617	-
Contract assets, current	IV&VI.22	35,197	-
Notes receivable, net	IV&VI.4.23	36,900	24,325
Notes receivable-related party, net	IV&VI.4.23&VII	-	2,233
Accounts receivable, net	IV&VI.5.23	6,028,343	783,099
Accounts receivable-related party, net	IV&VI.5.23&VII	19,707	15,117
Other receivables	VII	286,376	33,233
Inventories, net	IV&VI.6	1,946,818	913,629
Prepayments	VI.7$VII	291,419	78,080
Other current assets	VI.8	67,096	31,794
Total current assets		12,240,806	2,792,337
Non-current assets			
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2	2,336	-
Financial assets measured at amortized cost, non-current	IV&VI.3&VIII	62,027	33,469
Property, plant and equipment	IV&VI.9&VIII	6,645,112	3,749,981
Right-of-use assets	IV&VI.24	655,196	316,544
Investment properties, net	IV&VI.10&VIII	17,626	25,006
Intangible assets	IV&VI.11.12	2,147,431	171,045
Deferred tax assets	IV&VI.28	829,636	243,775
Prepayment for equipments		37,803	21,247
Refundable deposits		38,298	18,930
Other non-current assets		84,944	-
Total non-current assets		10,520,409	4,579,997
Total assets		$22,761,215	$7,372,334

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of 31 December 2022 and 2021

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 December 2022	31 December 2021
Current liabilities			
Short-term loans	VI.13	$2,161,065	$645,475
Financial liabilities measured at fair value through profit or loss, current	IV&VI.14	695,476	-
Contract liabilities, current	IV&VI.22	85,692	20,471
Notes payable		2,856	345
Notes payable-related party	VII	-	7,596
Accounts payable		426,851	215,204
Accounts payable-related party	VII	25,031	12,665
Other payables	VI.15&VII	3,893,104	463,053
Income tax payable	IV&VI.27	238,651	50,578
Provisions, current	IV&VI.19	134,381	118,853
Lease liabilities, current	IV&VI.24	75,307	17,544
Current portion of long-term loans	VI.17	725,627	222,093
Refund liabilities	IV&VI.22	2,023,565	65,372
Other current liabilities		7,917	1,873
Total current liabilities		10,495,523	1,841,122
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.14	928,206	-
Contract liabilities, non-current	IV&VI.22	4,184	-
Bonds payable	IV&VI.16	642,363	-
Long-term loans	VI.17	3,394,474	1,028,092
Provisions, non-current	IV&VI.19	341,716	433,333
Deferred tax liabilities	IV&VI.28	742,848	609,769
Lease liabilities, non-current	IV&VI.24	596,879	305,965
Other non-current liabilities		474,566	1,512
Total non-current liabilities		7,125,236	2,378,671
Total liabilities		17,620,759	4,219,793
Equity attributable to the parent company	VI.20		
Capital			
Common stock		753,815	684,123
Advance receipts for ordinary share		3,107	660
Capital surplus		1,236,380	1,025,985
Retained earnings			
Legal reserve		216,436	141,462
Special reserve		23,919	4,900
Unappropriated earnings		2,308,664	1,319,331
Subtotal		2,549,019	1,465,693
Other equity		39,093	(23,920)
Treasury stock		(53,092)	-
Equity attributable to shareholders of the parent		4,528,322	3,152,541
Non-controlling interests	VI.20	612,134	-
Total equity		5,140,456	3,152,541
Total liabilities and equity		$22,761,215	$7,372,334

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2022 and 2021

Unit: Thousands of New Taiwan Dollars

	Notes	For the year ended 31 December 2022	For the year ended 31 December 2021
Operating revenue	IV&VI.20&VII	$10,494,470	$4,899,885
Operating costs	IV&VI.6.22.23&VII	(7,581,695)	(3,228,107)
Gross profit		2,912,775	1,671,778
Operating expenses	VI.21.22.23&VII		
Sales and marketing expenses		(260,115)	(178,361)
General and administrative expenses		(601,406)	(406,159)
Research and development expenses		(129,078)	(41,267)
Total operating expenses		(990,599)	(625,787)
Operating income		1,922,176	1,045,991
Non-operating income and expenses	VI.26		
Other revenue		30,684	47,902
Other gains and losses		(4,132)	(16,309)
Financial costs		(108,727)	(53,616)
Total non-operating income and expenses		(82,175)	(22,023)
Net income before income tax		1,840,001	1,023,968
Income tax expense	IV&VI.28	(438,476)	(274,232)
Net income		1,401,525	749,736
Other comprehensive income	IV&VI.27		
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains or losses on remeasurements of defined benefit plans		5,418	6,170
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(1,434)	(1,635)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translation foreign operations		73,805	(49,257)
Income tax related to items to be reclassified subsequently to profit or loss		(14,761)	9,851
Total other comprehensive income, net of tax		63,028	(34,871)
Total comprehensive income		$1,464,553	$714,865
Net income attributable to:			
Stockholders of the parent		$1,391,916	$749,736
Non-controlling interests		$9,609	$-
Comprehensive income attributable to:			
Stockholders of the parent		$1,454,944	$714,865
Non-controlling interests		$9,609	$-
Earnings per share (NTD)	IV&VI.29		
Earnings per share-basic		$18.52	$10.04
Earnings per share-diluted		$18.30	$10.01

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

Unit: Thousands of New Taiwan Dollars

Items	Equity attributable to shareholders of the parent											Non-controlling interests	Total equity
	Capital		Capital surplus	Retained earnings			Other equity			Treasury stock	Total		
	Common stock	Advance receipts for ordinary share		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translation of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Gains or losses on remeasurements of defined benefit plans				
Balance as of 1 January 2021	$541,154	$-	$951,647	$83,619	$5,071	$872,322	$15,851	$(4,900)	$-	$-	$2,464,764	$-	$2,464,764
Appropriation and distribution of 2020 retained earning													
Legal reserve	-	-	-	57,843	-	(57,843)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(109,766)	-	-	-	-	(109,766)	-	(109,766)
Stock dividends	135,289	-	-	-	-	(135,289)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(171)	171	-	-	-	-	-	-	-
Net income for the year ended 31 December 2021	-	-	-	-	-	749,736	-	-	-	-	749,736	-	749,736
Other comprehensive income, for the year ended 31 December 2021	-	-	-	-	-	-	(39,406)	-	4,535	-	(34,871)	-	(34,871)
Total comprehensive income	-	-	-	-	-	749,736	(39,406)	-	4,535	-	714,865	-	714,865
Share-based payment transactions-exercise of stock option	-	660	3,656	-	-	-	-	-	-	-	4,316	-	4,316
Share-based payment transactions-stock based compensation	-	-	12,465	-	-	-	-	-	-	-	12,465	-	12,465
Share-based payment transactions-conversion of stock option	7,680	-	54,912	-	-	-	-	-	-	-	62,592	-	62,592
Share-based payment transactions-stock option issued to foreign subsidiaries	-	-	3,305	-	-	-	-	-	-	-	3,305	-	3,305
Balance as of 31 December 2021	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	($23,555)	($4,900)	$4,535	$-	$3,152,541	$-	$3,152,541
Balance as of 1 January 2022	$684,123	$660	$1,025,985	$141,462	$4,900	$1,319,331	($23,555)	($4,900)	$4,535	$-	$3,152,541	$-	$3,152,541
Appropriation and distribution of 2021 retained earnings													
Legal reserve	-	-	-	74,974	-	(74,974)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	19,019	(19,019)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(238,802)	-	-	-	-	(238,802)	-	(238,802)
Stock dividends	68,522	-	-	-	-	(68,522)	-	-	-	-	-	-	-
Issuance of convertible bonds	-	-	94,679	-	-	-	-	-	-	-	94,679	-	94,679
Net income for the year ended 31 December 2022	-	-	-	-	-	1,391,916	-	-	-	-	1,391,916	9,609	1,401,525
Other comprehensive income, for the year ended 31 December 2022	-	-	-	-	-	15	59,044	-	3,969	-	63,028	-	63,028
Total comprehensive income	-	-	-	-	-	1,391,931	59,044	-	3,969	-	1,454,944	9,609	1,464,553
Conversion of convertible bonds	-	3,067	80,403	-	-	-	-	-	-		83,470	-	83,470
Treasury stock purchases										(53,092)	(53,092)		(53,092)
Share-based payment transactions-exercise of stock option	510	40	3,346	-	-	-	-	-	-	-	3,896	-	3,896
Share-based payment transactions-stock based compensation	-	-	29,790	-	-	-	-	-	-	-	29,790	2,036	31,826
Share-based payment transactions-conversion of stock option	660	(660)	-	-	-	-	-	-	-	-	-	-	-
Due to difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	2,177	-	-	-	-	-	-	-	2,177	21,823	24,000
Due to share of changes in equities of subsidiary	-	-	-	-	-	(1,281)	-	-	-	-	(1,281)	578,666	577,385
Balance as of 31 December 2022	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	($4,900)	$8,504	($53,092)	$4,528,322	$612,134	$5,140,456

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

Unit: Thousands of New Taiwan Dollars

Items	For the year ended 31 December 2022	For the year ended 31 December 2021	Items	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	$1,840,001	$1,023,968	Disposal of financial assets measured at amortized cost	323,981	-
Adjustments for:			Acquisition of subsidiaries (net of cash acquired)	(4,514,398)	(3,834)
Income and expense adjustments:			Disposal of subsidiary	24,000	-
Depreciation	258,774	181,111	Acquisition of property, plant and equipment	(187,760)	(163,478)
Amortization	66,412	29,054	Disposal of property, plant and equipment	37,953	83
Net loss (gain) on financial assets or liabilities measured at fair value through profit or loss	47,787	(782)	Increase in refundable deposits	(10,805)	(9,093)
Interest expense	108,727	53,616	Other receivables	73,005	64,430
Interest income	(11,364)	(223)	Acquisition of intangible assets	(5,410)	(200,102)
Share-based payment expenses	31,826	15,770	Other non-current assets	(14,712)	-
Loss on disposal of property, plant and equipment	2,357	2,238	Prepayment for equipments	(7,045)	86,147
Loss (gain) on disposal of other assets	1,023	(14)	Net cash used in investing activities	(4,281,191)	(225,847)
Other	16,607	-			
Total income and expense adjustments:	522,149	280,770	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term loans	772,328	-
Contract assets	(35,197)	-	Decrease in short-term loans	-	(572,171)
Notes receivable, net	(12,575)	(525)	Proceeds from long-term loans	4,709,273	100,000
Notes receivable-related party, net	2,233	(2,233)	Repayment of long-term loans	(1,878,472)	(154,549)
Trade receivables, net	(1,469,620)	(285,405)	Issuance of convertible bonds	844,998	-
Trade receivables-related party, net	(4,002)	3,019	Repayment of the principal of lease liabilities	(37,227)	(17,480)
Other receivables	(37,655)	(11,039)	Increase in other current liabilities	557	-
Inventories, net	99,389	172,370	Decrease in other current liabilities	-	(225)
Prepayments	(106,166)	12,571	Cash dividends	(238,802)	(109,766)
Other current assets	(35,302)	21,652	Employee stock options exercised	3,896	66,908
Contract liabilities	(11,774)	16,364	Treasury stock purchases	(53,092)	-
Notes payable	2,057	(654)	Interest paid	(105,040)	(54,115)
Notes payable-related party	(7,596)	7,596	Increase in non-controlling interests	576,381	-
Accounts payable	94,802	11,851	Net cash generated by (used in) financing activities	4,594,800	(741,398)
Accounts payable-related party	12,366	(2,040)			
Other payables	1,447,498	169,364	Effect of exchange rate changes on cash and cash equivalents	46,887	(28,626)
Refund liabilities	163,338	65,372			
Provisions	(103,532)	(226,978)			
Other current liabilities	6,044	(1,448)	Net increase in cash and cash equivalents	2,370,570	240,764
Cash generated from operations	2,366,458	1,254,575	Cash and cash equivalents at beginning of period	910,749	669,985
Interest received	11,364	223	Cash and cash equivalents at end of period	$3,281,319	$910,749
Income tax paid	(367,748)	(18,163)			
Net cash generated by operating activities	2,010,074	1,236,635			

(The accompanying notes are an integral part of the consolidated financial statements.)

(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

I. History and Organization

1. BORA PHARMACEUTICALS CO., LTD. ("the Company") was incorporated in Republic of China ("R.O.C.") on 14 June 2007, for which the Company's initial name 'Bora International Co., LTD.' was used until it was renamed in June 2013. The Company's initial registered office and principal place of business was at Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO), developing and selling consumer healthcare products.

2. The Company's common shares were publicly listed on the GTSM ESB on 1 October 2014, and then began trading at Taipei Exchange (TPEx) on 19 April 2017.

II. The Authorization of Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2022 and 2021 were authorized for issue by the Board of Directors on 16 March 2023.

III. Application of New and Revised International Financial Reporting Standards

1. The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments enhance the accounting policy disclosures that can provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments was to clarify the definition of accounting estimates and amend IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*" to help companies to distinguish between changes in accounting estimates and changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The above standards and interpretations have no significant impact on the Group's financial condition and financial performance based on the Group assessment.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "*Insurance Contracts*"	1 January 2023
c	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(a) IFRS 10 *"Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "*Insurance Contracts*"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's consolidated financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group determined that the new or amended standards and interpretations have no significant impact on the Group.

IV. Summary of significant accounting policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting

Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRSs").

2. Basis of preparation

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

3. Basis of consolidation

<u>Preparation principle of consolidated financial statements</u>

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. activities of the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

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

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangement;
c. the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

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

If the Group loses control of a subsidiary, it:
a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. derecognizes the carrying amount of any non-controlling interest;
c. recognizes the fair value of the consideration received;
d. recognizes the fair value of any investment retained;

e. recognizes any surplus or deficit in profit or loss; and
f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Major business	Ownership (%) 31 December 2022	Ownership (%) 31 December 2021
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical Manufacturing and wholesale	100%	100%
The Company	Bora Health Inc. (Note 1)	Pharmaceutical wholesale and healthcare product wholesale	90.44% (Note 2)	100%
The Company	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical Manufacturing and CDMO	100%	100%
The Company	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%
The Company	Bora Pharmaceutical Services Inc.	Pharmaceutical Manufacturing and CDMO	50%	50%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical Manufacturing and CDMO	50%	50%
The Company	Bora Management Consulting Co., Ltd.	Management & Consulting	100%	100%
The Company	Bora Biologics Co., Ltd. (Note 3)	Biotechnical Services, Research and Development Services and Pharmaceutical Manufacturing	65.7% (Note 4)	100%
The Company	Bora Pharmaceutical and Consumer Health Inc. (Note 5)	Biotechnical Services and Management & Consulting	100%	-%
The Company	TWi Pharmaceuticals, Inc. (Note 6)	Pharmaceutical Manufacturing and CDMO	100%	-%
TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd. (Note 6)	Pharmaceutical Manufacturing and Sales	98.64%	-%
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc. (Note 6)	Consulting Service and Generic Drug Sales	100%	-%

Note 1: Yuta Health Co., Ltd. was renamed to Bora Health Inc. and completed the registration in June 2021.

Note 2: The Company sold part of shares of Bora Health Inc. in September 2022.

Note 3: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc., with a capital of NT$100 thousand in December 2021. Subsequent to the year end, Bora Pharmaceutical and Consumer Health Inc. was renamed as Bora Biologics Co., Ltd. in March 2022.

Note 4: Bora Biologics Co., Ltd. issued 60,000 thousand new shares in June 2022. As the Company subscribed partial of the shares which caused the ownership decreased from 100% to 65.7%. Bora Biologics Co., Ltd. completed the registration of capital injection in July 2022.

Note5: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc., with a capital of NT$100 thousand in June 2022.

Note 6: As resolved by the shareholders on 31 August 2022, the Company acquired 100% equity interest in TWi Pharmaceuticals, Inc. and its subsidiaries, Synpac-Kingdom Pharmaceutical Co., Ltd and TWI Pharmaceuticals USA, Inc.. The acquirees have been included in the consolidated financial statements since 1 September 2022.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:
(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:
(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Classification of current and non-current assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *"Financial Instruments"* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable (including related party), accounts receivable (including related party), other receivables (including related party), financial assets measured at amortized cost, etc., on the consolidated balance sheets as at the reporting date:
A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:
A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated

by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the consolidated balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired

B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred

C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instrument

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

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

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

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

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(A) In the principal market for the asset or liability, or
(B) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories, net

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials – Purchase cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

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

12. Property, plant and equipment

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

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

Buildings	3～50 years
Machinery and equipment	2～24 years
Testing equipment	2～25 years
Transportation equipment	5～13 years
Office equipment	2～17 years
Leasehold improvements	2～25 years
Other equipment	2～19 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Investment properties, net

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	30 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

14. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "*Impairment of Assets*" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the consolidated balance sheets and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
(b) Its intention to complete and its ability to use or sell the asset
(c) How the asset will generate future economic benefits
(d) The availability of resources to complete the asset
(e) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Group's intangible assets is as follows:

Category	Software	Product distribution/use right	Drug licenses	Exclusive technology
Useful lives	1~5 years	5~10 years	2~16 years	5 years
Amortization methods	Straight line method	Straight line method	Straight line method	Straight line method

16. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Provision for onerous contracts</u>

Provisions for onerous contracts are estimated based on past experiences and other known factors.

Provisions for sales returns and discounts

Provisions for sales returns and discounts are estimated based on past experiences and other known factors in accordance with IFRS 15*,* and deducted from sales revenue.

Provisions for employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting days.

18. Treasury stock

The buyback of the Company's own common stock for treasury stock is recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and CDMO services. The accounting policies are explained as follows:

Sale of goods

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is prescription drugs, generic drugs and consumer healthcare products. Revenue is recognized based on the consideration stated in the contracts. For certain sales of goods transactions, the Group makes estimates of the net sales price, including estimates of variable consideration to be incurred on the respective product sales which includes volume discounts and sales discount (known as "Gross to Net" adjustments). Estimating gross to net adjustments and applying the constraint on variable consideration requires the use of significant management judgment, historical trends and other market data. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Pursuant to terms of the contract, calculations related to Gross to Net adjustments are estimated based on historical or contract stated information and was recorded as refund liabilities.

The terms of accounts receivable are generally 30 ~180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contracts. However, for some contracts, part of the consideration was received from customers upon signing the contracts, and the Group has the obligation to provide the products subsequently; accordingly, these amounts are recognized as contract liabilities.

Contract liabilities usually are recognized as revenue within one year, thus, no significant financing component arose.

CDMO – Service Revenue

The Group provides contract development organization services for biopharmaceutical drugs. Revenue from providing such service is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payable amount, a contract asset is recognized. If the payable amount exceeds the services rendered, a contract liability is recognized.

The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

CDMO – Contract Development and Manufacturing Revenue

The Group provides pharmaceutical drugs manufacturing services, in which the production is based on the terms of the agreements. Sales are recognized at contractual price when control of the goods are transferred to the customers (which is when the customers obtain the ability to prevent others from directing the use of and obtaining the benefits from the goods) and the goods are physically received by the customers in accordance with contract term.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee in R.O.C. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

The foreign subsidiaries make contributions to the plan based on the requirements of local regulations for those employees who are eligible to local defined contribution plan.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to other equity in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs.
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

22. Shared-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

23. Income taxes

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

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

V. Critical accounting judgements, estimates and assumptions

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

(1) Judgement

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

(a) Revenue recognition

For certain toll manufacturing contract or dealer contracts with customers, the Group determines if it is acting as a principal or an agent in a contract by considering the indicators of whether it primarily responsible for fulfilling the promise to provide the goods or service, it bears inventory risk before or after transfer of control to the customers, it has the discretion to establish prices. The assessment of principal/agent arrangement would affect the Group's recognition of revenue.

(b) Operating lease commitment－group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

(b) Revenue recognition－sales returns and discounts

The Group estimates sales returns and discounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(c) Income tax

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

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

(d) Accounts receivable–estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(e) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note VI.

(f) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the discount rate, changes of the future salary, trend rate, claim cost, etc.

(g) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(h) Goodwill assessment arising from business combinations

The Group assessed the goodwill acquired through business combinations by identifying and allocating assets, liabilities and goodwill to related cash-generating unit at the date of acquisition based on an external specialist report which involving multiple assumptions in financial models, parameter inputs, and relevant accounting estimates. Please refer to Note VI for more details for the assumption that might have significant impact for the recognition of goodwill.

(i) Fair value measurement of contingent considerations

Contingent consideration, resulting from business combinations, is valued at the acquisition-date fair value as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

VI. Details of significant accounts

1. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash on hand	$871	$272
Checking accounts and demand deposits	3,280,448	910,477
Total	$3,281,319	$910,749

2. Financial assets measured at fair value through profit or loss

	31 December 2022	31 December 2021
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments:		
Forward foreign exchange agreements	$14	$78
Embedded derivative－Right of redemption of convertible bonds	2,336	-
Total	$2,350	$78
Current	$14	$78
Non-current	$2,336	$-

The Group has no financial assets measured at fair value through profit or loss, pledged to others.

3. Financial assets at amortized cost

	31 December 2022	31 December 2021
Time deposits	$76,775	$-
Restricted deposits	232,869	33,469
Total	$309,644	$33,469
Current	$247,617	$-
Non-current	$62,027	$33,469

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.23 for more details on loss allowance, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

4. Notes receivable, net and other notes receivable-related party, net

	31 December 2022	31 December 2021
Notes receivable from operation, gross	$36,900	$24,325
Less: loss allowance	-	-
Subtotal	36,900	24,325
Notes receivable from related party, gross	-	2,233
Less: loss allowance	-	-
Subtotal	-	2,233
Total	$36,900	$26,558

Notes receivables were not overdue and not pledged. The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.23 for more details on loss allowance and Note XII for details on credit risk management.

5. Accounts receivable and accounts receivable-related party

	31 December 2022	31 December 2021
Accounts receivables, gross	$6,038,657	$785,393
Less: loss allowance	(10,314)	(2,294)
Subtotal	6,028,343	783,099
Accounts receivable from related party, gross	19,707	15,117
Less: loss allowance	-	-
Subtotal	19,707	15,117
Total	$6,048,050	$798,216

Accounts receivable were not pledged.

The terms of accounts receivable are generally on 30 to 180 days. The total carrying amount as of 31 December 2022 and 31 December 2021 are NT$6,058,364 thousand and NT$800,510 thousand, respectively. Please refer to Note VI.23 for more details on loss allowance of accounts receivable as of 31 December 2022 and 2021. Please refer to Note XII for more details on credit risk management.

6. Inventories, net

(1) Details on net inventories are as follows:

	31 December 2022	31 December 2021
Raw materials	$810,560	$430,640
Supplies and spares parts	154,196	114,105
Work in progress	46,080	15,240
Semi-finished goods	343,926	120,617
Finished goods	500,178	130,106
Merchandise	91,878	102,921
Total	$1,946,818	$913,629

(2) Details on operating costs recognized as expense are as follows:

	For the year ended 31 December	
	2022	2021
Cost of goods sold	$7,516,909	$3,176,188
Inventories shortage (overage)	5,876	(3,339)
Write-down of inventories loss	58,910	55,258
Total	$7,581,695	$3,228,107

(3) The cost of inventories recognized in operating costs amounted to NT$7,581,695 thousand and NT$3,228,107 thousand for the years ended 31 December 2022 and 2021, respectively, including the write-down of inventories loss to the net realizable value.

(4) No Inventories were pledged.

7. Prepayments

	31 December 2022	31 December 2021
Advances to vendors	$44,488	$15,014
Prepaid insurance	9,544	7,719
Prepaid rent	904	-
Prepaid inspection fee	32,970	1,664
Prepaid business tax	136,868	21,453
Others	66,645	32,230
Total	$291,0419	$78,080

8. Other current assets

	31 December 2022	31 December 2021
Payment on behalf of others (Note)	$51,593	$27,817
Temporary payments	4,435	726
Others	11,068	3,251
Total	$67,096	$31,794

Note: Payment on behalf of others is mainly the payments for the purchases of materials on behalf of the Group's CDMO clients.

9. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:										
1 January 2022	$1,983,704	$1,392,590	$704,667	$72,028	$570	$9,286	$-	$82,522	$11,725	$4,257,092
Addition	-	18,054	70,858	18,379	630	12,089	6,851	5,847	55,052	187,760
Acquisitions through business combinations	1,360,377	468,510	1,384,088	169,083	1551	42,123	198,512	6,406	10,369	3,641,019
Disposals	-	(11,827)	(146,646)	-	-	(223)	(75)	(358)	-	(158,948)
Reclassification	-	9,196	462	-	-	-	-	(1,972)	(462)	7,224
Exchange differences	53,126	28,543	19,106	2,619	-	76	-	-	39	103,509
31 December 2022	$3,397,207	$1,905,066	$2,032,716	$262,109	$2,751	$63,351	$205,288	$92,445	$76,723	$8,037,656
1 January 2021	$2,020,639	$1,329,410	$716,869	$75,350	$570	$4,177	$8,103	$45,351	$-	$4,200,469
Addition	-	80,529	54,136	372	-	5,228	-	8,854	14,359	163,478
Disposals	-	(1,120)	(15,657)	(1,780)	-	(119)	(8,103)	(7,634)	-	(34,413)
Reclassification	-	3,626	(37,341)	-	-	-	-	35,951	(2,236)	-
Exchange differences	(36,935)	(19,855)	(13,340)	(1,914)	-	-	-	-	(398)	(72,442)
31 December 2021	$1,983,704	$1,392,590	$704,667	$72,028	$570	$9,286	$-	$82,522	$11,725	$4,257,092
Depreciation and impairment:										
1 January 2022	$-	$164,447	$260,522	$10,201	$478	$4,122	$-	$67,341	$-	$507,111
Depreciation	-	63,086	117,520	23,703	70	3,864	5,609	5,774	-	219,626
Acquisitions through business combinations		189,768	554,657	-	721	26,242	9,429	-		780,817
Disposals	-	(11,800)	(106,335)	-	-	(223)	(17)	(263)	-	(118,638)
Reclassification	-	452	-	-	-	-	-	-	-	452
Exchange differences	-	707	1,968	395	-	106	-	-	-	3,176
31 December 2022	$-	$406,660	$828,332	$34,299	$1,269	$34,111	$15,021	$72,852	$-	$1,392,544
1 January 2021	$-	$113,015	$222,983	$10,555	$476	$3,264	$6,723	$24,671	$-	$381,687
Depreciation	-	51,689	91,667	11,092	2	957	448	4,380	-	160,235
Disposals	-	(1,030)	(15,031)	(1,139)	-	(99)	(7,171)	(7,622)	-	(32,092)
Reclassification	-	1,390	(37,341)	-	-	-	-	35,951	-	-
Exchange differences	-	(617)	(1,756)	(10,307)	-	-	-	9,961	-	(2,719)
31 December 2021	$-	$164,447	$260,522	$10,201	$478	$4,122	$-	$67,341	$-	$507,111
Net carrying amount as at:										
31 December 2022	$3,397,207	$1,498,406	$1,204,384	$227,810	$1,482	$29,240	$190,267	$19,593	$76,723	$6,645,112
31 December 2021	$1,983,704	$1,228,143	$444,145	$61,827	$92	$5,164	$-	$15,181	$11,725	$3,749,981

(1) Buildings primarily include building structure, relevant constructions (such as air conditioning units and electrical machinery), which are depreciated over 20 to 50 years and 8 to 10 years, respectively.
(2) Interests were not capitalized for the year ended 31 December 2022 and 2021.
(3) Please refer to Note VIII for more details on pledges of property, plant, and equipment.
(4) Please refer to Note VI.10 for the investment properties disclosure for the building acquired by the Company in 2019 for business operation and a portion of that is held to earn rentals and another portion that is owner-occupied. Leasing portion were recognized as investment properties.

10. Investment properties

The Group's owns investment properties. The Group has entered into several commercial property leases on its owned investment properties with lease terms approximately between two to ten years. These leases include a clause for annual rate adjustment to reflect the change in market conditions.

	Buildings
Cost:	
1 January 2022	$26,673
Reclassification	(7,224)
31 December 2022	$19,449
1 January 2021	$26,673
Additions	-
31 December 2021	$26,673
Depreciation and impairment:	
1 January 2022	$1,667
Reclassification	(452)
Depreciation	608
31 December 2022	$1,823
1 January 2021	$834
Depreciation	833
31 December 2021	$1,667
Net carrying amount as of:	
31 December 2022	$17,626
31 December 2021	$25,006

	2022	2021
Net income from investment properties	$6,294	$3,606

Please refer to Note VIII for more details on investment properties under pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is NT$54,405 thousand and NT$73,714 thousand as of 31 December 2022 and 31 December 2021, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods applied are the income approach and comparison approach, and the related inputs are as follows:

Income approach:

	31 December 2022	31 December 2021
Net income margin	$110,269	$108,262
Capitalization rate	2.07%	2.07%

Comparison approach:

	31 December 2022	31 December 2021
Regional factors	100%	100%
Individual factors	90%-94%	91%-93.5%

11. Intangible assets

	Product distribution/ use right	Goodwill	Software	Drug license	Others	Total
Cost:						
1 January 2022	$-	$-	$195,510	$-	$36,839	$232,349
Addition	-	-	4,339	-	1,071	5,410
Acquisitions through business combinations	250,366	983,585	22,131	1,009,383	31,679	2,297,144
Disposals	-	-	(1,235)	-	(4,762)	(5,997)
Exchange differences	-	-	8,200	-	-	8,200
31 December 2022	$250,366	$983,585	$228,945	$1,009,383	$64,827	$2,537,106
1 January 2021	$-	$-	$22,068	$-	$15,839	$37,907
Addition	-	-	179,102	-	21,000	200,102
Exchange differences	-	-	(5,660)	-	-	(5,660)
31 December 2021	$-	$-	$195,510	$-	$36,839	$232,349
Amortization and impairment:						
1 January 2022	$-	$-	$41,829	$-	$19,475	$61,304
Amortization	843	-	39,952	21,417	4,200	66,412
Acquisitions through business combinations	247,712	-	18,764	-	-	266,476
Disposals	-		(1,235)	-	(4,078)	(5,313)
Exchange differences	-	-	796	-	-	796
31 December 2022	$248,555	$-	$100,106	$21,417	$19,597	$389,675
1 January 2021	$-	$-	$17,702	$-	$15,175	$32,977
Amortization	-	-	24,854	-	4,200	29,054
Exchange differences	-	-	(727)	-	-	(727)
31 December 2021	$-	$-	$41,829	$-	$19,375	$61,304
Net book value:						
31 December 2022	$1,811	$983,585	$128,839	$987,966	$45,230	$2,147,431
31 December 2021	$-	$-	$153,681	$-	$17,364	$171,045

Amortization of intangible assets for years ended 31 December are as follows:

Amortization recognized in	2022	2021
Operating costs	$55,239	$19,494
Operating expenses	$11,173	$9,560

12. Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and licenses with indefinite lives have been allocated to two cash-generating units ("CGU"), which are also reportable operating segments, for impairment testing as follows.

(a) CGU A: CDMO segment; and
(b) CGU B: Sales segment for pharmaceuticals, generic and healthcare products.

Carrying amount of goodwill and licenses allocated to each of the cash-generating units:

	CDMO Segment CGU A	Sales Segment CGU B	Total
31 December 2022	$928,881	$54,705	$983,585
31 December 2021	$-	$-	$-

The risk for the impairment of goodwill for CGU B- sales segment is low as the amount allocated is insignificant to total goodwill acquired and the acquisition date was close to reporting date.

CGU A: CDMO segment

This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. As of 31 December 2022, the pre-tax discount rate applied to cash flow projections is 13.25%. As a result of this analysis, management considers there is no impairment loss of goodwill.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:
(a) Gross margin
(b) Discount rates
(c) Raw materials price inflation.
(d) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins: Gross margins are based on historical average gross margins preceding the start of the budget period and adjusted with recent market information. The average gross margin of CGU A: CDMO segment are slightly increased over the forecasted period for anticipated efficiency improvement for the production and industry future trends.

Discount rates: Discount rates reflect the current market assessment of the risks specific to the cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Raw materials price inflation: The estimates are based on the recent prices published by the major material suppliers and the historical material price movement.

Growth rate used to extrapolate cash flows beyond the budget period: Growth rate for CGU A: CDMO segment was calculated based on historical sales data and future industry trends.

Sensitivity to changes in assumptions

Regarding the evaluation of value-in-use of CGU A: CDMO segment, the management believes that it is unlikely the aforementioned assumptions will change would cause the carrying value of CDMO segment significantly exceed its recoverable amount.

13. Short-term loans

	Interest rates (%)	31 December 2022	31 December 2021
Unsecured bank loans	1.20%~2.15%	$724,365	$213,075
Secured bank loans	1.51%~5.57%	1,436,700	432,400
Total		$2,161,065	$645,475

The Group's secured bank loans were secured include the syndicated loan led by CTBC Bank Co., Ltd which all the equity shares of the Company's wholly-owned subsidiary, TWi Pharmaceuticals, Inc. were pledged as collateral. Information about the financial assets measured at amortized cost and property, plant and equipment pledged as collateral for the Group's short-term loans is disclosed in Note VIII.

14. Financial liabilities measured at fair value through profit or loss

	31 December 2022	31 December 2021
Held for trading purpose:		
Derivatives not designated as hedging instruments -		
Forward foreign exchange agreements	$501	$-
Contingent consideration from business combination	1,623,181	-
Total	$1,623,682	$-
Current	$695,476	$-
Non-current	$928,206	$-

15. Other payables

	31 December 2022	31 December 2021
Investments payable	$521,538	$15,645
Salaries payable	84,399	47,709
Employees' and directors' remuneration payable	94,268	33,226
Equipment payable	8,747	14,107
Bonus payable	208,595	132,351

	31 December 2022	31 December 2021
Repair and maintenance payable	60,136	20,572
Professional service fees payable	54,076	19,521
Facility management fees payable	4,540	45,958
Business tax payable	74,438	1,307
Interests payable	2,767	2,666
Royalty fees payable	2,565,502	-
Other payables	213,998	129,991
Total	$3,893,104	$463,053

16. Domestic convertible bonds payable

	31 December 2022	31 December 2021
Liability component:		
Principal amount	$708,000	$-
(Discounts) on convertible bonds payable	(65,637)	-
Subtotal	642,363	-
Less: current portion	-	-
Net	$642,363	$-
Embedded derivative (shown as "Financial assets measured at fair value through profit or loss, non-current)	$2,336	$-
Equity component	$83,791	$-

Please refer to Note VII.26 for more details on the evaluation of gain and loss of embedded derivatives and the interest expenses of the domestic convertible bonds payable.

On 28 September 2022, the Company issued 2nd zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$800,000 thousand

Period: 28 September 2022 ~ 28 September 2027

Important redemption clauses:

a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above than the conversion price by 30%, the Company may redeem the bonds at the price of the bond's part value within 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date.
b. The Company may redeem the bonds at the price of the bond's part value within 30 days during the period from the date after three months of the bonds issue to 40 days before the maturity date if the outstanding balance of the bonds is less than 10% of total initial issued

principal amount.

c. Bondholders have the right to require the Company to redeem all or any portion of the bonds at the principal amount of the bonds with an interest, totaled at 100.7519% of principal amount) after 28 September 2025.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 29 December 2022 and prior to 28 September 2027 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$300 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already exchanged amount to NT$92,000 thousand and 3,067 thousands of common shares recognized as capital collected in advance as of 31 December 2022.

17. Long-term loans

Details of long-term loans as at 31 December 2022 and 31 December 2021 are as follows:

Lenders	31 December 2022	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan *(Note 1)*	$496,434	1.78%	From 23 December 2019 to 23 December 2034; 156 monthly instalments (principal and interests), starting from 23 January, 2022.
O-Bank unsecured bank loan	100,000	1.70%	From 29 November 2021 to 01 November 2024; 7 quarterly instalments (principal), starting from 01 May 2023.
CTBC unsecured bank loan	200,000	2.08%	From 17 June 2022 to 17 June 2027；17 monthly instalments (principal), starting from 17 June 2023.
CTBC syndicated bank loan *(Note 2)*	2,581,000	2.56%	From 30 September 2022 to 30 September 2027； 9 semi-annually instalments (principal), starting from 30 September 2023.
CTBC secured bank loan *(Note 3)*	105,000	2.20%	From 30 June 2020 to 30 June 2024; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 June 2024. Repaid the remaining outstanding principal at maturity date with floating interest rate.
CTBC secured bank loan	309,273	2.11%	From 28 April 2022 to 28 April 2025; Quarterly instalments (principal) of NT$30,000 thousand, from 28 July 2022 to the maturity date, 30 June 2024. Repaid the remaining outstanding principal at maturity date with floating interest rate
CTBC secured bank loan *(Note 4)*	357,948	5.81%	From 27 November 2022 to 27 November 2025；12 quarterly instalments (principal and interests), starting from 28 February 2023.
Subtotal	4,149,655		
Less: unamortized issuance cost	(29,554)		
Subtotal	4,120,101		
Less: current portion	(725,627)		
Total	$3,394,474		

Lenders	31 December 2021	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loans	$534,000	1.15%	23 December 2019 to 23 December 2034; 156 monthly instalments (principal and interests), starting from 23 December 2021.
O-Bank unsecured bank loans	100,000	0.98%	29 November 2021 to 01 November 2024; 7 quarterly instalments (principal and interests), starting from 01 May 2023.
CTBC secured bank loans	175,000	1.34%	30 June 2020 to 30 June 2023; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 June 2023. Repaid the remaining outstanding principal at maturity date with floating interest rate.
CTBC syndicated bank loans	455,157	2.34%	27 November 2020 to 27 November 2025; 19 quarterly instalments (principal and interests), starting from 26 May 2021.
Subtotal	1,264,157		
Less: unamortized issuance cost	(13,972)		
Subtotal	1,250,185		
Less: current portion	(222,093)		
Total	$1,028,092		

(1) The Company pledged a portion of lands, buildings and investment properties to set first mortgage to the secured loan led by Chang Hwa Bank. Please refer to Note VIII for more details on pledges for the loan.

(2) The Company (the "Guarantor and borrower") and the Company's subsidiary, TWi Pharmaceuticals Inc. (the "Borrower") entered into a syndicated loan agreement with CTBC Bank (the Agent) and other 7 banks (the "Banks"), amounted to NT$4,000,000 thousand which NT$3,000,000 (the "Part A") is solely used for the acquisition of 100% equity interest of TWi Pharmaceuticals, Inc. and NT$1,000,000 (the "Part B") is for the repayment of borrower's financial liabilities and providing the Borrower with medium-term working capital. The Company is acting as the joint guarantor of the Borrower for the Part B. The term of loan is five years from the drawdown date, which shall be within 3 months after signing the contract. As of 31 December 2022, the available line of the syndicated loan amounted to NT$4,000,000 thousand, with the outstanding long-term balance amounted to NT$2,581,000 thousand and the outstanding short-term balance amounted to NT$720,000 thousand. During the term of the contract, the Group shall be in compliance with following financial covenants. The financial covenants will be tested based on audited or reviewed consolidated financial statements on a semi-annually basis:

①Current ratio shall not be less than 120%

②Financial liability ratio (financial liabilities over EBITDA) shall not be higher than 3.

③Interest coverage ratio (EBITDA over interest expense) shall not be less than 5.

④In the event that the borrower violates the restriction defined in the contract, the Agent or at the request of the majority lenders has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Terminate the Borrower to utilize the loan in whole.

b. All the outstanding loans, together with accrued interest, and other amounts due to the Agent and the Banks (collectively, "Liabilities") to become immediately due and payable.

c. Notify the Banks that the deposits the Borrowers maintain at the Banks and all of the Borrower's claims from the Banks shall offset with all the Liabilities under the agreement.

d. Claim for the security.
e. Request the maker of the promissory note under the agreement to repay the outstanding Liabilities.
f. Claim all the outstanding Liabilities from the joint guarantor.
g. Has the power to enter into, perform, or exercise all rights under applicable law, the loan agreement, and other relevant documents, without sending out a reminder, protest or any other notification in accordance with applicable law,.

The financial covenants shall be tested on as semi-annual basis since on 30 June 2023. No Event of Default under the agreement will occur if the failure to comply is capable of remedy in next financial covenants test. But, the borrowers shall pay the lenders a fee of 0.1% of outstanding principal at violation date. If the next financial covenants test is not satisfied, the failure to compliance will result in an event of default.

(3) The secured loan entered between Bora Pharmaceutical Laboratories Inc. (the "Borrower") with CTBC Bank that expired in March 2021, has been extended to 30 June 2024, with a quarterly installments of NT$17,500 thousand. During the term of the contract, the Company (the "Guarantor") should be compiled with following financial covenants. The financial covenants shall be tested based on audited or reviewed financial statements on a semi-annually basis. The following financial covenants was amended as follow since May 2021.

① The Guarantor's current ratio shall not be less than 120%.
② The Guarantor's debt ratio (total liabilities over tangible net assets) shall not be higher than 180 % by the end of 2021 and 150% since 2022.
③ The Guarantor's interest coverage ratio (EBITDA over interest expense) shall not be less than 5.
④ The Guarantor's tangible net assets shall be maintained NT$1,600,000 thousand above.
⑤ The aforementioned financial ratios shall be reviewed by 15 April and 31 August every year, with the first test date at 31 August 2021.
⑥ On the circumstances that the borrower breaks the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:
a. Terminate the loan or reduce the amount.
b. Shortening the credit period of the loan.
c. Declare the loan then outstanding to be due and payable in whole, and thereupon the principal of the loan so declared to be due and payable, together with accrued interest thereon and all fees and other obligations.

(4) The Company's subsidiary, Bora Pharmaceutical Service Inc. (the "Borrower"), entered into a secured loan agreement with CTBC Bank amounted to NT$357,948 thousand (CAD$15,789 thousand) with the pledges of real estates as mortgage. Please refer to Note VII for more details on pledges for the loan. This facility replaces the original syndicated facility entered into on August 13, 2020. The contract term of the loan is from 27 November 2022 to 27 November 2025 with total available line of NT$357,948 thousand (CAD$15,789 thousand) which were fully utilized at signing date. During the term of the agreement, the Borrower should be compiled with following financial covenants. The financial covenants shall be tested based on audited or reviewed financial statements on a semi-annually basis:

①The Borrower's debt coverage ratio (EBITDA over the sum of interest expense and the current portion of long-term loans) shall not be less than 200%.
②The Guarantor's current ratio shall not be less than 120%.

③In the event that the Borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:

a. Cease the unused loans in whole are in part.
b. All the outstanding loans, together with accrued interest, and other amounts due to the Agent and the Banks (collectively, "Liabilities") to become immediately due and payable.
c. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lenders under the loan agreement and applicable law.

There is no violation of the financial covenant at 31 December 2022.

18. Post-employment benefits

Defined contribution plan

The Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 are NT$70,821 thousand and NT$52,614 thousand, respectively.

Defined benefits plan

Bora Pharmaceutical Services Inc.

Bora Pharmaceutical Services Inc., a subsidiary of the Company, provides post-retirement medical benefits for employees who have completed ten years of service and are 55 years old. This post-retirement medical benefit scheme is a defined benefits plan which is funded on a pay-as-you-go basis by contributions from the Company and includes prescription drugs, extended health, vision, dental and life insurance benefit.

As of 31, December, 2022, the estimated defined benefits cost for year 2023 are NT$7,219 thousand.

Pension costs recognized in profit or loss are as follows:

	2022	2021
Current service cost (Note)	$8,421	$13,633
Net interest on the net defined benefit liabilities	538	398
Total	$8,959	$14,031

Note: The current service cost recognized by the post-retirement medical benefit was classified as labor and health insurances of personnel expenses.

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 December 2022	31 December 2021	1 January 2021
Defined benefit obligation	$12,389	$8,453	$1,090
Plan assets at fair value	-	-	-
Provisions-non-current	$12,389	$8,453	$1,090

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit obligation/ (assets)
As of 1 January 2021	$1,090	$-	$1,090
Current service cost	13,633	-	13,633
Interest expense	398	-	398
Subtotal	15,121	-	15,121
Remeasurement of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(640)	-	(640)
Experience adjustments	(5,530)	-	(5,530)
Remeasurement of the defined benefit assets	-	-	-
Subtotal	(6,170)	-	(6,170)
Benefit paid by the employer	-	-	-
Employer Contribution	-	-	-
Exchange differences	(498)	-	(498)
As of 31 December 2021	8,453	-	8,453
Current service cost	8,421	-	8,421
Interest expense	538	-	538
Subtotal	17,412	-	17,412
Remeasurement of the net defined benefit liability (asset):			
Return on plan assets excluding interest income	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(4,811)	-	(4,811)
Experience adjustments	(535)	-	(535)
Remeasurement of the defined benefit assets	-	-	-
Subtotal	(5,346)	-	(5,346)
Benefit paid by the employer	-	-	-
Employer Contribution	-	-	-
Exchange differences	323	-	323
As of 31 December 2022	$12,389	$-	$12,389

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 December 2022	31 December 2021
Discount rate	5.10%	3.10%
Initial trend rate	5.18%	5.20%
Ultimate trend rate	4.00%	4.00%

Sensitivity analysis when main actuarial assumption change was as follows:

	January 1, 2022~ December 31, 2022		January 1, 2021~ December 31, 2021	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate decrease/increase by 1%	$2,158	$(1,775)	$1,717	$(1,373)
Trend rate decrease/increase by 1%	428	(510)	1,479	(679)

The sensitivity analysis above is based on one assumption which changed while the other assumptions remain unchanged. In practice, more than one assumption may change all at once. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and types of assumptions used in preparing the sensitivity analysis compared to the previous period.

TWi Pharmaceuticals, Inc.

TWi Pharmaceuticals, Inc., a subsidiary of the Company, adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. As of 31 December 2022, TWi Pharmaceuticals, Inc. expects to contribute NT$365 thousand to its defined benefit plan in 2023. As of 31 December 2022, the average duration of the defined benefits plan obligation is 12 years.

Pension costs recognized in profit or loss are as follows:

	2022
Current service cost	$-
Net interest on the net defined benefit liabilities (assets)	(24)
Total	$(24)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 December 2022
Defined benefit obligation	$5,133
Plan assets at fair value	(8,943)
Net defined benefit assets	$(3,810)

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit obligation/ (assets)
As of 1 January 2021	$4,546	$(7,637)	$(3,072)
Pension costs recognized in profit or loss:			
Interest expense (revenue)	18	(31)	(13)
Subtotal	4,583	(7,668)	(3,085)
Remeasurement of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	6	-	6
Actuarial gains and losses arising from changes in financial assumptions	(173)	-	(173)
Experience adjustments	118	-	118
Remeasurement of the defined benefit assets	-	(107)	(107)
Subtotal	(49)	(107)	(156)
Benefit paid by the employer	-	(130)	(130)
As of 31 December 2021	4,534	(7,960)	(3,394)
Pension costs recognized in profit or loss:			
Interest expense(revenue)	32	(55)	(23)
Subtotal	4,566	(7,960)	(3,394)
Remeasurement of the net defined benefit liability (asset):			

	Defined benefit obligation	Plan assets at fair value	Net defined benefit obligation/ (assets)
Actuarial gains and losses arising from changes in financial assumptions	(422)	-	(422)
Experience adjustments	989	-	989
Remeasurement of the defined benefit assets	-	(587)	(587)
Subtotal	5,133	(8,547)	(3,414)
Benefit paid by the employer	-	-	-
Employer Contribution	-	(396)	(396)
As of 31 December 2022	$5,133	$(8,943)	$(3,810)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 December 2022	31 December 2021
Discount rate	1.40%	0.70%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis when main actuarial assumption change was as follows:

	January 1, 2022~ December 31, 2022		January 1, 2021~ December 31, 2021	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate increase by 0.25%	$-	$(140)	$-	$(133)
Discount rate decrease by 0.25%	146	-	138	-
Future salary increase by 0.25%	129	-	122	-
Future salary decrease by 0.25%	-	(125)	-	(118)

The sensitivity analysis above is based on one assumption which changed while the other assumptions remain unchanged. In practice, more than one assumption may change all at once. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and types of assumptions used in preparing the sensitivity analysis compared to the previous period.

19. Provision

	Onerous contracts	Sales returns and discounts	Employee benefits	Total
1 January 2022	$397,980	$-	$154,206	$552,186
Acquisitions through business combinations	-	-	3,880	3,880
Arising during the period	-	-	17,717	17,717
Utilized	(106,880)	-	(14,648)	(121,528)
Discount rate adjustment and unwinding of discount from the passage of time	-	-	(5,399)	(5,399)
Exchange differences	20,384	-	8,857	(29,241)
31 December 2022	$311,484	$-	$164,613	$476,097
1 January 2021	$633,943	$7,937	$168,717	$810,597
Arising during the period	-	1,112	14,807	15,919
Utilized	(222,560)	(9,049)	(18,046)	(249,655)
Discount rate adjustment and unwinding of discount from the passage of time	-	-	(6,170)	(6,170)
Exchange differences	(13,403)	-	(5,102)	(18,505)
31 December 2021	$397,980	$-	$154,206	$552,186
Current－31 December 2022	$106,177	$-	$28,204	$134,381
Non-current－31 December 2022	$205,307	$-	$136,409	$341,716
Current－31 December 2021	$100,923	$-	$17,930	$118,853
Non-current－31 December 2021	$297,057	$-	$136,276	$433,333

Onerous contracts

Provisions are recognized for onerous contracts, based on experience and other known factors.

Sales returns and discounts

Provisions for sales returns and discounts are estimated based on past experiences and other known factors in accordance with IFRS 15, and deducted from operating revenue.

Employee benefits

Provisions for employee benefits are recognized for employees' cumulative and unused benefits obligations at the reporting date.

20. Equity

(1) Common stock

① As of 31 December 2022 and 2021, the Company’s authorized capital was NT$1,200,000 thousand consisting of 120,000 thousand shares of ordinary stock with par value at NT$10 per share. The outstanding shares amounted to NT$753,815 thousand and NT$684,123 thousand consisting of 75,382 thousand shares and 68,412 thousand shares, respectively. Each share has one voting right and is entitled to receive dividends.

② Capitalization of stock dividends in the amount of NT$135,289 thousand with par value at NT$10 per share was approved and 13,529 thousand common shares were authorized for issue by the Board of shareholders on 9 July 2021. Each share has one voting right and a right to receive dividends. The capital injection was approved by the Financial Supervisory Commission on 30 September 2021 and the amendment registration was completed.

③ In 2021, the company's employee stock option holders have converted 768 thousand shares at the subscription price of NT $81.5 per share and 66 thousand shares at NT$65.4 per share.

④ In 2022, the company's employee stock option holders have converted 51 thousand shares at the subscription price of NT $65.4 per share and 4 thousand shares at NT$140.3 per share, of which 4 thousand shares have not completed the registration process, and were recognized as share capital - advance receipts for ordinary share.

⑤ Capitalization of stock dividends in the amount of NT$68,522 thousand with par value at NT$10 per share was approved and 6,852 thousand common shares were authorized for issue by the Board of shareholders on 24 May 2022. The capital injection was approved by the Financial Supervisory Commission on 16 September 2022 and the amendment registration was completed.

⑥ In 2022, the company's 2nd convertible bond amounted to NT$92,000 thousand had been converted to 307 thousand of ordinary shares with an amount of NT$83,470 thousand recognized in equity by bondholders. All the converted shares have not completed the registration process, and were recognized as share capital - advance receipts for ordinary share.

(2) Capital surplus

	31 December 2022	31 December 2021
Additional paid-in capital	$896,503	$890,826
Conversion premium from convertible bonds	179,574	88,282
Employee stock option	39,020	11,562
Treasury stock	35,315	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	2,177	-
Due to recognition of equity component of convertible bonds issued	83,791	-
Total	$1,236,380	$1,025,985

According to the R.O.C Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2022: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	-	300	-	300

For the year ended 31 December 2021: None

b. As of 31 December 2022 and 2021, the treasury stock held by the Company were NT$53,092 and NT$0 thousand, respectively, and the number of treasury stock held by the Company was 300 thousand and 0 thousand shares, respectively.

(4) Retained earnings and dividend policies

According to the R.O.C Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order and the earnings distributions may be made on a semiannually basis:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, is prepared by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for approval. Generally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act in R.O.C, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital as dividend in stock or in cash in proportion to their share ownership permitted.

When the Company distributes distributable earnings, it shall set aside additional special reserve equivalent to the net debit balance of the component of "shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent decrease in the deductions amount to shareholders' equity, the amount may be reversed from the special reserve. The reversed amount could be included in the distributable earnings.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: When a public company adopts for the first-time the IFRS, for any unrealized revaluation increment or cumulative translation adjustment (profit) accounted for under shareholders' equity, if it is transferred to retained earnings because the Company chooses to apply an exemption under IFRS 1, the Company shall allocate the same amount respectively in special reserve. When there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting on 26 March 2023 and shareholders' meeting on 24 May 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$139,065	$74,974	$-	$-
Special reserve	(23,919)	19,019	-	-
Common stock－cash dividend	617,095	238,802	8	3.5
Common stock－stock dividend	231,410	68,522	3	1

Note: Cash dividend and payout ratio of the plan of appropriation of earnings had been adjusted as a result of the conversion of employee stock option into ordinary shares.

Please refer to Note VI.24 for details on employees' compensation and remuneration to directors and supervisors.

21. Non-controlling interests

	2022	2021
Beginning balance	$-	$-
Profit attributable to non-controlling interests	9,609	-
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	576,380	-
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	21,823	-
Acquisition through business combinations	1,004	-
Adjustments due to the acquisition of new shares in a subsidiary not in proportionate to ownership interest	1,282	-
Issuance of employee stock option by subsidiaries	2,036	-
Ending balance	$612,134	$-

22. Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) Share-based payment plan for employees of the parent entity

On 13 July 2018, 4 November 2020, and 10 January 2022, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000, 1,000 and 1000 units, respectively. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. Only the employees of the Company and the Company's domestic and overseas subsidiaries, for which the company holds over 50% of shares with voting right on them, are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of the stock options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (Unit)	Exercise price of share options (NT$) (Note)
4 June 2019	1,000	$65.4
29 December 2020	275	$140.3
13 August 2021	598	$197.5
11 May 2022	477	$143.6
31 August 2022	160	$339
8 December 2022	345	$387.5

Note: Except for various securities issued by the parent company with conversion rights or options to exchange for common stock or issuing new shares for employees' bonus, when there is a change in the common stock of the parent company (including private placement, issuance of common stock for cash, stock dividends, capital surplus reserve to capital increase, combination, company split, transfer of shares of other companies, stock split and issuance of common stock for cash to participate in the issuance of overseas depositary receipts, etc.), the exercise price shall be adjusted in accordance with the parent company's plan.

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2022		
Dividend yield (%)	-	-	-
Expected volatility (%)	50.80%~51.80%	48.02%~48.84%	45.29%~46.42%
Risk-free interest rate (%)	1.112% ~ 1.122%	0.992% ~ 1.027%	0.995% ~ 1.038%
Expected option life (Years)	3.0 ~ 3.5	3.0 ~ 3.5	3.0 ~ 3.5
Weighted average share price ($)	$388	$339	$161
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

	2021	2020
Dividend yield (%)	-	-
Expected volatility (%)	48.05%	44.36%
Risk-free interest rate (%)	0.292% ~ 0.310%	0.176% ~ 0.201%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$277	$197
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding, beginning	935	188.6	1,195	108.1
Granted	982	261.1	598	220.7
Forfeited	(102)	197.5	(24)	180.8
Exercised	(55)	70.8	(834)	80.2
Expired	(35)	65.4	-	-
Outstanding, ending	1,725	225.2	935	188.6
Exercisable, ending	78	-	86	-

The information on the outstanding stock options as of 31 December 2022 and 2021, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of 31 December 2022 share options outstanding	$140.3~$387.5	2.04~3.19
As of 31 December 2021 share options outstanding	$65.4~$220.7	0~3.66

(2) Share-based payment plan for employees of Bora Biologics Co., Ltd.

On 1 July 2022, Bora Biologics Co., Ltd. (the "Bora Bio") was authorized by the board of director's meeting to issue employee share options with a total number of 6,000. Each unit entitles an optionee to subscribe for 1,000 shares of Bora Biologics Co., Ltd.'s common shares. The exercise price of the option was set at NT$28 of Bora Bio's common share on the grant date. Only the employees of Bora Bio are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by Bora Bio.

The fair value of the stock options is estimated at the grant date using a Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are three and five years. There are no cash settlement alternatives.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (Unit)	Exercise price of share options (NT$) (Note)
1 July 2022	3,780	$28
25 July 2022	150	$28
20 December 2022	1,257	$28

The following table lists the inputs to the model used for the aforementioned share-based payment plan:

	2022		
Dividend yield (%)	-	-	-
Expected volatility (%)	51%~57.49%	50.25%~54.64%	50.25%~54.64%
Risk-free interest rate (%)	1.057% ~ 1.105%	0.918% ~ 1.026%	0.918% ~ 1.026%
Expected option life (Years)	3.0 ~ 4.5	3.0 ~ 4.5	3.0 ~ 4.5
Weighted average share price ($)	$28	$28	$28
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	-	-
Granted	5,187	$28
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at end of period	5,187	$28
Exercisable at end of period	-	-

The information on the outstanding stock options as of 31 December 2022 and 2021, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of 31 December 2022 share options outstanding	$28	3.24~3.48
As of 31 December 2021 share options outstanding	None	None

(3) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred for the years ended 31 December 2022 and 2021.

(3) The expense recognized for employee services received during the years ended 31 December 2022 and 2021, is shown in the following table:

	2022	2021
Total expense arising from equity-settled share-based payment transactions	$31,826	$15,770

20. Operating revenue

Analysis of revenue from contracts with customers for the years ended 31 December 2022 and 2021 are as follows:

(1) Disaggregation of revenue

	2022	2021
Revenue from contracts with customers		
Sales of goods	$5,698,163	$491,376
CDMO – services and manufacturing	4,787,812	4,406,648
Others	8,495	1,861
Total	$10,494,470	$4,899,885

Timing of revenue recognition:	2022	2021
At a point in time	$10,245,716	$4,899,885
Over time	248,754	-
Total	$10,494,470	$4,899,885

(2) Contract assets – current

	31 December 2022	31 December 2021
CDMO – services and manufacturing	$35,197	$-

The significant changes in the Group's balances of contract assets for the years ended 31 December 2022 and 2021 are mainly due to business combinations and the amount transferred from accounts receivable as a result of no unconditional right to collect considerations of contracts at the balance sheet date.

(3) Contract liabilities

	31 December 2022	31 December 2021
Sales of goods	$14,866	$20,471
CDMO – services and manufacturing	75,010	-
Total	$89,876	$20,471
Current	$85,692	$20,471
Non-current	$4,184	$-
Total	$89,876	$20,471

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2022 and 2021 are mainly due to business combinations and the increase of advance receipts.

(4) The changes in the refund liabilities are as follows:

	Sales allowance and discount
Balance as of 1 January 2022	$65,372
Addition through business combinations	1,794,855
Addition/(reversal)	3,972,208
Payment	(3,830,924)
Exchange differences	22,064
Balance as of 31 December 2022	$2,023,565

Refund liabilities represents the estimated sales discounts and allowance.

21. Expected credit losses/ (gains)

	2022	2021
Operating expenses – expected credit losses/(gains)		
Receivables	$5,919	$1,067

Please refer to Note XII for more details on credit risk.

The credit risk for the Group's financial assets at measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. Due to the counterparty the Company entered contact with are the financial institutions with high credit rating, the provision for financial assets at measured at amortized cost as of 31 December 2023 were zero.

Provisions for receivables, including notes receivable including related party and accounts receivable including related party are estimated at an amount equal to lifetime expected credit losses. The relevant explanation in the evaluation to the amount of provisions at 31 December 2022 and 2021 is as follows:

The information on measuring provisions for contract assets and receivables, including notes receivable including related party and accounts receivable including related party, using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

As of 31 December 2022

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$4,747,357	$260,617	$166,241	$1,476	$1,182	$3,779	$5,180,652
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	$4,747,357	$260,617	$166,241	$1,476	$1,182	$3,779	$5,180,652

Group 2		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$799,115	$14,015	$26,365	$34,343,	$474	$40,300	$914,612
Loss rate	0.01%-1.85%	7.23%-100%	0.01%-100%	0.01%-100%	100%	16.79%-100%	
Lifetime expected credit losses	(591)	(1,013)	(1,326)	(143)	(474)	(6,767)	(10,314)
Net	$798,524	$13,002	$25,039	$34,200	$-	$33,533	$904,298
Receivables, net							$6,084,950

As of 31 December 2021

Group 1				Overdue			
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$474,760	$39,914	$1,654	$-	$5,509	$1,246	$523,083
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	474,760	39,914	1,654	-	5,509	1,246	523,083
Group 2				overdue			
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$300,688	$998	$3	$-	$11	$2,285	$303,985
Loss rate	0%	1.92%	37.19%	37.37%	56.27%	83.82%-100%	
Lifetime expected credit losses	-	(1)	(2)	-	(6)	(2,285)	(2,294)
Net	$300,688	$997	$1	$-	$5	$-	$301,691
Receivables, net							$824,774

Note: The Group's notes receivables are not overdue.

The movement of loss allowance for contract assets and receivables for the years ended 31 December 2022 and 2021 is as follows:

	Accounts receivables	Contract assets
Balance as of 1 January 2022	$2,294	$-
Acquiring through business combinations	2,104	-
Provision/(reversal)	5,919	-
Exchange differences	(3)	-
Balance as of 31 December 2022	$10,314	$-
Balance as of 1 January 2021	$1,227	$-
Provision /(reversal)	1,067	-
Balance as of 31 December 2021	$2,294	$-

22. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, office equipment, transportation equipment, and other equipment. The lease terms range from 3 to 20 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2022	31 December 2021
Land	$27,895	$276,151
Buildings	626,238	38,003
Machine & equipment	973	-
Transportation equipment	90	2,390
Total	$655,196	$316,544

For the year ended 31 December 2022, the additions to right-of-use assets were NT$169,970 thousand and the right-of-use assets acquired through business combinations were NT$205,428 thousand. There was no addition to right-of-use assets for the year ended 31 December 2021.

(b) Lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	$672,186	$323,509
Current	$75,307	$17,544
Non-current	$596,879	$305,965

Please refer to Note VI.25 for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 and refer to Note XII.5 for more details on the liquidity risk management analysis for lease liabilities.

B. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	2022	2021
Land	$1,799	$9,522
Buildings	35,497	9,245
Machine & equipment	1,210	-
Transportation equipment	34	1,276
Total	$38,540	$20,043

C. Income and costs relating to leasing activities

	2022	2021
Expenses relating to short-term leases	$3,378	$12,867
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	359	533

D. Cash outflow relating to leasing activities

During the years ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounted to NT$49,693 thousand and NT$35,637 thousand, respectively.

(2) Group as a lessor

Please refer to Note VI.10 for disclosures of the Company owned investment properties. Leases under investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	2022	2021
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$8,990	$45,310

Please refer to Note VI.10 for the disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years at 31 December 2022 and 2021 are as follow:

	31 December 2022	31 December 2021
Not later than one year	$8,886	$8,940
Later than one year but not later than two years	8,571	8,879
Later than two years but not later than three years	8,571	8,571
Later than three years but not later than four years	8,571	8,571
Later than four years but not later than five years	8,571	8,571
Later than five years	7,257	15,829
Total	$50,427	$59,361

23. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2022 and 2021:

Function / Character	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Wages and salaries	$1,006,747	$467,600	$1,474,347	$909,333	$348,882	$1,258,215
Labor and health insurance	86,588	16,111	102,699	50,490	34,631	85,121
Pension costs	54,723	16,098	70,821	41,756	10,858	52,614
Other employee benefits expense	74,813	24,078	98,891	63,017	18,345	81,362
Depreciation	217,551	41,223	258,774	162,359	18,752	181,111
Amortization	55,239	11,173	66,412	19,494	9,560	29,054

According to the Articles of Incorporation of the Company, no less than 2% of profit of the current year shall be distributable as employees' compensation and no higher than 5% of profit of the current year shall be distributable as remuneration to directors and supervisors. However, the profit generated in current year shall be offset with Company's accumulated losses before the allocation of compensation to directors and supervisors and employee. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto reported such distribution in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2022 to be NT$37,829 thousand and NT$15,131 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2021 to be NT$22,382 thousand and NT$10,815 thousand, respectively.

A resolution was approved at a Board of Directors meeting held on 16 March 2023 to distribute NT$30,300 thousand and NT$16,000 thousand in cash as employees' compensation and remuneration to directors for year 2022, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022 amounted to NT$7,529 thousand and NT$(869) thousand, respectively, would be reversed and recognized in profit or loss in 2023.

A resolution was approved at a Board of Directors meeting held on 9 March 2023 to distribute NT$17,678 thousand and NT$8,839 thousand in cash as employees' compensation and remuneration to directors for year 2021, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2021 amounted to NT$4,704 thousand and NT$1,976 thousand, respectively, was reversed and recognized in profit or loss in 2022.

24. Non-operating income and expenses

(1) Other revenue

	For the years ended 31 December	
	2022	2021
Interest income	$11,364	$223
Others	19,320	47,679
Total	$30,684	$47,902

(2) Other gains and losses

	For the years ended 31 December	
	2022	2021
(Losses) on disposal of property, plant and equipment	$(2,357)	$(2,238)
Foreign exchange gain (losses)	47,923	(14,407)
(Losses) gain on financial assets at fair value through profit or loss	(48,289)	781
Others	(1,409)	(445)
Total	$(4,132)	$(16,309)

(3) Financial costs

	For the years ended 31 December	
	2022	2021
Interest expenses from bank borrowings	$95,580	$47,407
Interest expenses from bonds payable	3,825	-
Interest expenses from lease liabilities	8,729	6,209
Others	593	-
Total	$108,727	$53,616

25. Components of other comprehensive income ("OCI")

Year ended 31 December 2022

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$5,418	$-	$5,418	$(1,434)	$3,984
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	73,805	-	73,805	(14,761)	59,044
Total comprehensive income	$79,223	$-	$79,223	$(16,195)	$63,028

Year ended 31 December 2021

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$6,170	$-	$6,170	$(1,635)	$4,535
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	(49,257)	-	(49,257)	9,851	(39,406)
Total comprehensive income	$(43,087)	$-	$(43,087)	$8,216	$(34,871)

26. Income tax

The major components of income tax expense (income) for the years ended 31 December 2022 and 2021 are as follows:

(1) Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense (income):		
Current income tax expense	$316,375	$53,424
Adjustments in respect of prior periods	(1,938)	27
Deferred tax expense (income):		
The origination and reversal of temporary differences	89,974	284,107
Net operating tax loss	34,065	115,604
Reversal of allowance of deferred tax asset	-	(178,930)
Total income tax expense	$438,476	$274,232

(2) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax expense (income):		
Translation differences of foreign operations	$14,761	$(9,851)
Remeasurement of the defined benefit plan	1,434	1,635
Income tax relating to other comprehensive income	$16,195	$(8,216)

(3)Reconciliation between income before income tax and income tax expense (gain) recognized in profit and loss is as follows:

	For the years ended 31 December	
	2022	2021
Net income before income tax	$1,840,001	$1,023,968
Income tax expense at the statutory rate	$860,441	$518,741
Revenues exempt from income tax	(258,099)	(118,402)
Expenses disallowed for tax purposes	8,245	1,298
Change in deferred income assets/liabilities	(185,867)	(138,936)
Tax on undistributed retained earnings	15,694	13,073
Prior year income tax (over)underestimation	(1,938)	27
Others	-	(1,569)
Total income tax expense recognized in profit or loss	$438,476	$274,232

(4) Movements of deferred tax assets (liabilities) are as follows:

For the year ended 31 December 2022

	1 January 2022	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Others	Exchange differences	31 December 2022
Temporary differences:							
Unrealized loss on inventories	$3,245	$1,97	$-	$21,351	$-	$53	$24,846
Unrealized sales returns and discounts	1,631	28,046	-	74,542	-	1,555	105,814
Equity element of convertible bond	-	-	-	-	(23,670)	-	(23,670)
Unrealized expense	2,049	(956)	-	111,902	-	938	113,933
Land Value Increment Tax	-	-	-	(54,908)	-	-	(54,908)
Foreign investment income under equity method	(207,819)	(148,014)	-	-	-	-	(355,833)
Business combination – negative goodwill	(60,931)	-	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	213,631	22,264	-	12,007	-	-	247,902
Exchange differences on translation of foreign operations	5,889	-	(14,761)	(1,764)	-	-	(10,636)
Fair value adjustments arising in business combinations	(202,920)	116,830	-	-	-	(11,009)	(97,099)
Depreciation of property, plant and equipment	(137,252)	15,572	-	-	-	(6,820)	(128,500)
Unrealized intragroup profits and losses	208	(38,951)	-	94,727	-	-	54,984
Others	975	(42,975)	(1,434)	45,628	-	(150)	2,044
Unused tax losses	15,300	(75,092)	-	252,634	-	-	192,842
Unused tax credits	-	-	-	76,000	-	-	76,000
Deferred tax (expense)		$(124,039)	$(16,195)	$632,119	$(23,670)	$(15,433)	
Net deferred tax assets/(liabilities)	$(365,994)						$86,788
Balance sheets:							
Deferred tax assets	$243,775						$829,636
Deferred tax liabilities	$609,769						$742,848

For the year ended 31 December 2021

	1 January 2021	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Exchange differences	31 December 2021
Temporary differences						
Unrealized loss on inventories	$1,900	$1,345	$-	$-	$-	$3,245
Unrealized sales returns and discounts	1,587	44	-	-	-	1,631
Foreign investment income under equity method	-	(207,819)	-	-	-	(207,819)
Business combination – negative goodwill	(60,931)	-	-	-	-	(60,931)
Impairment loss of property, plant and equipment	30,754	182,877	-	-	-	213,631
Exchange differences on translation of foreign operations	(3,962)	-	9,851	-	-	5,889
Fair value adjustments arising in business combinations	(147,089)	(62,692)	-	-	6,861	(202,920)
Depreciation of property, plant and equipment	(105,634)	(35,736)	-	-	4,118	(137,252)
Others	2,867	1,503	(1,635)	-	497	3,232
Unused tax losses	115,587	(100,304)	-	-	17	15,300
Deferred tax income/ (expense)		$(220,781)	$8,216	$-	$11,492	
Net deferred tax assets/(liabilities)	$(164,921)					$(365,994)
Balance sheets:						
Deferred tax assets	$37,092					$243,775
Deferred tax liabilities	$202,013					$609,769

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of 31 December 2022	Unused tax losses as of 31 December 2021	Expiration year
2012	$399,754	$-	$399,754	2022
2013	380,414	-	380,414	2023
2014	639,978	-	624,002	2024
2015	197,025	-	197,025	2025
2016	37,908	-	37,908	2025
2017	55,127	-	55,127	2027
2018	433,687	366,501	433,688	2028
2019	149,396	115,798	389,406	-
2020	242,427	170,629	242,427	2030
2021	774,234	597,216	795,733	2031
2022	94,522	94,522	-	2032
		$1,344,666	$3,555,484	

Note: According to Article 38 of the Business Mergers and Acquisitions Act and Decree No. 0920454432 issued by the MOF on 13 August 2003 with regards to 5 years loss carryforwards, for the loss determined by the authority when a dissolved profit-seeking enterprise in a division made its current final report in accordance with Article 75 of the Income Tax Act, the surviving company or the newly incorporated company after the division may deduct the loss from its net profit of the current year upon the year the loss takes place. However, such deductible loss is limited to the amount calculated by the stock split ratio multiplies the shareholding ratio of the surviving company or the newly incorporated company held by each shareholder due to the division.

(4) Unrecognized deferred tax assets

As of 31 December 2022 and 2021, deferred tax assets have not been recognized amounted to NT$144,650 thousand and NT$58,662 thousand, respectively.

(5) The assessment of income tax returns

As of 31 December 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Union Chemical & Pharmaceutical Co., Ltd.	Assessed and approved up to 2020
Bora Health Inc.	Assessed and approved up to 2020
Bora Pharmaceutical Laboratories Inc.	Assessed and approved up to 2020
TWi Pharmaceuticals, Inc.	Assessed and approved up to 2019
Synpac-Kingdom Pharmaceutical Co., Ltd.	Assessed and approved up to 2020
Bora Biologics Co., Ltd.	Note 1
Bora Pharmaceutical and Consumer Health Inc.	Note 2
Bora Management Consulting Co., Ltd.	Note 3

Note 1: As of 31 December 2022, there was no assessments of income tax returns as Bora Biologics Co., Ltd. was set up in December 2021.

Note 2: As of 31 December 2022, there was no assessments of income tax returns as Bora Pharmaceutical and Consumer Health Inc. was set up in June 2022.

Note 3: As of 31 December 2022, there was no assessments of income tax returns as Bora Management Consulting Co., Ltd. was set up in April 2021.

27. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2022	2021
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$1,391,916	$749,736
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,140	74,711
Basic earnings per share (NT$)	$18.52	$10.04

	For the years ended 31 December	
	2022	2021
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$1,391,916	$749,736
Interest expense from convertible bonds (in thousand NT$)	3,060	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	1,394,976	749,736
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,140	74,711
Effect of dilution:		
Employee compensation－stock (in thousands)	113	122
Employee stock options (in thousands)	291	100
Convertible bonds (in thousands)	694	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	76,238	74,933
Diluted earnings per share (NT$)	$18.30	$10.01

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date, 31 December 2022 and the date of the authorization of the consolidated financial statements.

28. Business combinations

Acquisition of the CDMO Business and asset of Eden Biologics, Inc.

The Company's subsidiary, Bora Biologics Co., Ltd, (the "Bora Bio") acquired Eden Biologics, Inc.'s (the "Eden Bio") business assets and CDMO business in Hsinchu Science Park located at No. 18, Shengyi 2nd Rd., Zhubei City, Hsinchu County, Taiwan on 1 July 2022. The purpose for the acquisition is to expand into biologic macromolecular CDMO business and rapidly build a presence in the biological macromolecules and cell and gene therapy markets.

The fair values of the identifiable assets and liabilities acquired from Eden Biologics, Inc. at the acquisition date were:

	Fair value recognized on the acquisition date
Property, plant and equipment:	
Machinery and equipment	$175,042
R&D equipment	169,083
Leasehold improvements	169,307
Others	7,541
Subtotal	520,973
Intangible assets	31,835
Others assets	9,513
Identifiable net assets at fair value	$562,322

Goodwill is as follows:	
Purchase consideration	$1,491,203
Less: identifiable net assets at fair value	(562,322)
Goodwill	$928,881

Acquisition consideration

Cash	$1,432,552
Other payables	58,619
Contingent consideration (shown as "Financial liabilities measured at fair value through profit or loss, current")	32
Total consideration	$1,419,203

Analysis of cash flows on acquisition:	
Net cash flow on acquisition	$(1,432,552)

Intangible assets include outstanding contracts and computer software amortized on a straight-line basis over the estimated economic lives. The net income from continuing operations generated from the acquisition of business assets and CDMO business is NT$25,855 thousand from the acquisition date to 31 December 2022.

Contingent considerations

As part of the asset purchase agreement, Bora Bio shall make an additional purchase price to Eden within one month after the first anniversary of the acquisition date, in the event that the target revenue (the "Target Revenue") is achieved as follows:

(a) if the Target Revenue has reach US$12,000 thousand for the first year after the acquisition date, the additional purchase price shall be US$10,000 thousand; or
(b) if the Target Revenue has reach US$20,000 thousand for the first year after the acquisition date, the additional purchase price shall be US$15,000 thousand;

The calculation of Target Revenue shall exclude:

(a) the revenue attributable to the existing CDMO Business Contracts that have accrued and or been realized as of the acquisition date, provided that the foregoing shall be pro-rated and provided further that non-realized revenue shall not be excluded;
(b) the revenue attributable to the biosimilar work submitted by Eden Bio's Group's purchase orders in accordance with the Development, Manufacturing, Supply of Product and Associate Service Agreement (the "MSA") with Eden Bio;
(c) the revenue attributable to CDMO Business Contracts acquired as the sole result of the Bora Bio's or the Group's business development activities; and
(d) the values of materials and components incorporated in the products and being passed through (after deducting any and all applicable markups, if any) to customers of the CDMO Business in relation to any CDMO Business Contracts.

As at the acquisition date, the fair value of the contingent consideration was estimated at US$1 thousand (NT$32 thousand, approximately) by applying Binomial options pricing model, (the "SCRR Model") was recognized as financial liabilities measured at fair value through profit or loss, current as of 31 December, 2022.

Acquisition of TWi Pharmaceuticals, Inc. and its subsidiaries (the "TWi Group")

On 1 September 2022, the Company acquired 100% of the voting shares of TWi Pharmaceuticals, Inc. located at No. 41, Ln. 221, Gangqian Rd., Neihu Dist., Taipei City, Taiwan. The purpose for the acquisition is to conduct strategic integration, enlarge the production capacity, enhance cost advantages, expand market share, and improve competitiveness.

The fair values of the identifiable assets and liabilities of TWi Group as at the acquisition date were as follows:

	Fair value recognized on the acquisition date
Asset:	
Cash and cash equivalents	$786,578
Financial assets at amortized cost - current	598,961
Accounts receivable	3,776,212
Other receivables	1,715
Inventories	1,132,578
Prepayments	103,899
Intangible assets	1,015,248
Property, plant and equipment	2,339,229
Right-of-use assets	205,428
Deferred tax assets	728,485
Refundable deposits	8,563
Other non-current assets	70,253
Subtotal	10,767,149
Liabilities	
Short-term loans	$720,000
Notes payable	455
Accounts payable	116,844
Other payables	1,481,255
income tax liabilities	41,203
Deferred tax liabilities	97,835
Refund liabilities	1,794,855
Lease liabilities - current	39,513
Contract liabilities	8,174
Lease liabilities - non-current	174,191
Provisions	3,880
Other non-current liabilities	67,975
Non-controlling interests	1,004
Subtotal	4,547,184
Identifiable net assets	$6,219,965

Goodwill is as follows:	
Purchase considerations	$6,274,670
Less: identifiable net assets at fair value	(6,219,965)
Goodwill	$54,705

Acquisition considerations

Cash	$3,853,261
Other payables	862,473
Contingent consideration liability	1,558,936
Total consideration	$6,274,670

Analysis of cash flows on acquisition:	
Cash	$(6,274,670)
Other payables	862,473
Contingent consideration liability	1,558,936
Net cash acquired through acquisition	786,578
Net cash flow on acquisition	$(3,066,683)

The fair value of accounts receivable was NT$3,776,212 thousand in which no impairment loss was occurred as default is unlikely to occur.

Intangible assets include drug licenses, product distribution or use right, and computer software amortized on a straight-line basis over the estimated economic lives.

Net income from continuing operations generated from Twi Group for the period from acquisition date to 31 December 2022 was NT$677,772 thousand. If the acquisition had taken place at the beginning of the year, the consolidated revenue and consolidated net income from the continuing operations would be NT$16,869,577 thousand and NT$2,373,272 thousand, respectively.

Contingent considerations

As part of the share purchase agreement, the Company agrees to pay a contingent earn-out consideration over the three years based on an agreed percentage of consolidated operating income after tax of Twi Group from 2022 to 2024.

The fair value of contingent considerations was determined using the discounted cash flow model. As of 31 December 2022, the estimated fair value of the contingent consideration was NT$1,623,149 thousand and is recorded as financial liabilities measured at fair value through profit or loss, current and financial liabilities measured at fair value through profit or loss, non-current.

VII. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related party

Name of the related parties	Nature of relationship of the related parties
Hoan Pharmaceuticals, Ltd.	Substantive related party

Significant transactions with the related parties

1. Operating revenue

	For the year ended 31 December	
	2022	2021
Hoan Pharmaceuticals, Ltd.	$35,419	$36,545

The sales prices to the above related party were not significantly different from those of sales to third parties. The collection period with is 120 days, which is very close to the term offered to third parties.

2. Purchases

	For the year ended 31 December	
	2022	2021
Hoan Pharmaceuticals, Ltd.	$68,778	$61,422

The purchase prices to the above related party was based on costs plus necessary expenses. The purchase price and payment terms to related party were not significantly different from those offered to third party suppliers and are 120 days.

3. Notes Receivable - related party

	31 December 2022	31 December 2021
Hoan Pharmaceuticals, Ltd.	$-	$2,233

4. Accounts receivable-related party

	31 December 2022	31 December 2021
Hoan Pharmaceuticals, Ltd.	$19,707	$15,117
Less: loss allowance	-	-
Net	$19,707	$15,117

5. Notes payable-related party

	31 December 2022	31 December 2021
Hoan Pharmaceuticals, Ltd.	$-	$7,596

6. Accounts payable -related party

	31 December 2022	31 December 2021
Hoan Pharmaceuticals, Ltd.	$25,031	$12,665

7. Sales and marketing expenses

	For the year ended 31 December	
	2022	2021
Hoan Pharmaceuticals, Ltd.	$10,409	$4,720

8. Key management personnel compensation

	For the year ended 31 December	
	2022	2021
Short-term employee benefits	$37,190	$27,597
Post-employment benefits	238	108
Total	$3,428	$27,705

VIII. Assets pledged as security

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

	Carrying amount		
Items	31 December 2022	31 December 2021	Secured liabilities
Financial assets measured at amortized cost	$232,869	$33,469	Customs deposit; guarantee bond with Science Park Administration and bank; interest reserved account for syndicated bank loans. Short-term loans and Long-term loans.
Property, plant and equipment - land	2,423,373	1,983,704	Short-term loans and Long-term loans
Property, plant and equipment - buildings	1,414,086	1,128,776	Short-term loans and Long-term loans
Investment property	17,626	25,006	Long-term loans
Total	$4,087,954	$3,170,955	

Except for the pledged assets above, the Group also pledged all the shares of TWi Pharmaceuticals, Inc.

IX. Significant contingencies and unrecognized contractual commitments

(1) As of 31 December 2022, the major outstanding construction contracts that the Group entered are as follows:

Project name	Amount	Paid amount	Unpaid amount
Ruiguang building construction project - interior design	$33,873	$24,556	$9,317
Ruiguang Building Construction project – exterior design	21,000	14,135	6,865

(2) The Company and the Company's subsidiary, TWi Pharmaceuticals Inc. (the "Borrower") entered into a syndicated loan agreement with CTBC Bank (the "Agent") and other 7 banks, amounted to NT$4,000,000 thousand for the acquisition of 100% equity interest in TWi Pharmaceuticals, Inc. and providing the Borrower with medium-term working capital. The Company is acting as the joint guarantor of the Borrower for the Part B. The term of loan is five years from the drawdown date, which shall be within 3 months after signing the contract. During the term of the contract, the Company should be compiled with the financial covenants. The financial covenants shall be tested based on audited or reviewed consolidated financial statements on a semi-annually basis. Please refer to Note VI.17 for more details on

the financial covenants.

(3) Contingent items of civil action:

Pu Ying Interior Decoration Design Co., Ltd. filed a civil complaint in Taipei District Court of Taiwan on 13 October 2021 against the Company alleging that the Company shall pay certain outstanding fees according to the construction contract entered between the Company and Pu Ying Interior Decoration Design Co., Ltd. This case is still in the mediation stage, so the outcome of the case is inherently uncertain. In the option of the management, there was not at least a reasonable possibility the Company may have a significant impact on the operation of the Company.

X. Losses due to major disasters

None.

XI. Significant subsequent events

For the period from 29 December 2022 to 13 March 2023, NT$604,000 thousand of the 2nd zero coupon unsecured convertible bonds issued by the Company has been converted to 2,013 thousands of common shares. In addition, the company's employee stock option holders have converted 36 thousand shares from 1 January 2023 to 13 January 2023, together with 4 thousand shares recognized as capital collected in advance as of 31 December 2022, totaled 40 thousand shares. A resolution was approved at a Board of Directors meeting held on 16 March 2023 for the capital injection of the above shares converted. After the completion of capital injection registration, the outstanding shares amounted to NT$774,348 thousand consisting of 77,435 thousand shares.

XII. Financial instruments

1. Categories of financial instruments

Financial assets	As of 31 December	
	2022	2021
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$2,350	$78
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	3,280,447	910,477
Financial assets measured at amortized cost	309,644	33,469
Notes receivables	36,900	26,558
Accounts receivable	6,048,050	798,216
Other receivables	286,376	33,233
Subtotal	9,961,417	1,801,953
Total	9,963,767	1,802,031

Financial liabilities	As of 31 December	
	2022	2021
Financial liabilities measured at amortized cost:		
Short-term loans	$2,161,065	$645,475
Accounts and other payables (including amount recognized in other current liabilities)	4,754,749	698,863
Bonds payable	642,363	-
Long-term loans (including current portion)	4,120,101	1,250,185
Lease liabilities	672,186	323,509
Subtotal	$12,350,464	$2,918,032
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	501	-
Contingent considerations from business combinations	1,623,181	-
Subtotal	1,623,682	-
Total	$13,974,146	$2,918,032

2. Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk and interest rate risk.
In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

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

When NTD strengthens/weakens against USD by 1%, the profit for the year ended 31 December 2022 and 2021 will be decreased/increased by NT$13,821 thousand and NT$3,228 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase of 10 basis points of interest rate in a reporting period could cause the profit for the year ended 31 December 2022 and 2021 decrease by NT$4,588 thousand and NT$952 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the years ended 31 December 2022 and 2021 will be the same amount as above but at the opposite direction.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2022 and 31 December 2021, accounts receivable from top ten customers represent 74% and 95% of the total accounts receivable of the Group, respectively. The credit concentration risk of rest of customers is insignificant.

Credit risk from deposits with banks, fixed income securities and other financial instruments is managed by the Group's finance department in accordance with the Group's policy. The transactions with counterparties the Company entered with shall be in compliance with internal control procedures. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2022					
Borrowings	$2,821,807	$2,176,352	$1,268,142	$321,735	$6,588,036
Accounts and other payables	4,347,841	406,908	-	-	4,754,749
Convertible bonds	-	-	708,000	-	708,000
Lease liabilities (Note)	82,168	162,196	130,251	400,248	774,863

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 December 2021					
Borrowings	$888,663	$534,096	$203,943	$353,948	$1,980,650
Accounts and other payables	698,863	-	-	-	698,863
Lease liabilities (Note)	23,262	45,093	36,654	294,730	399,739

Notes：Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 5 year	5 to 10 years	11 to 15 years	16 to 20 years	>21 years	Total
31 December 2022	$374,615	$112,251	$112,251	$77,504	$98,242	$774,863
31 December 2021	$105,009	$61,402	$61,402	$61,402	$110,524	$399,739

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2022	$645,475	$1,250,185	$323,509	$2,219,169
Cash flows	772,327	2,830,800	(37,227)	3,565,900
Non-cash changes				
Addition	-	-	170,025	170,025
Acquisition	720,000	-	213,704	933,704
Issuance Costs	-	16,607	-	16,607
Exchange differences	23,263	22,509	2,175	47,947
31 December 2022	$2,161,065	$4,120,101	$672,186	$6,953,352

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2021	$1,217,646	$1,319,619	$344,046	$2,881,311
Cash flows	(572,171)	(54,549)	(17,480)	(644,200)
Non-cash changes	-	(14,885)	(3,057)	(17,942)
31 December 2021	$645,475	$1,250,185	$323,509	$2,219,169

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

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

A. The carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

D. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

Other than the table below, the carrying amount of the Group's financial assets and financial liabilities approximate their fair value.

	Carrying amount as of	
	31 December 2022	31 December 2021
Financial liabilities:		
Bonds payable	$642,363	$-

	Fair value as of	
	31 December 2022	31 December 2021
Financial liabilities:		
Bonds payable	$657,166	$-

(3) Fair value measurement hierarchy for financial instruments

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

8. Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2022 and 31 December 2021 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts.

Items (by contract)	Notional Amount	Contract Period
As of 31 December 2022:		
Forward currency contract	Sell USD 2,000 thousand	28 December 2022 to 31 March 2023
	Sell USD 750 thousand	6 December 2022 to 30 January 2023
	Sell USD 650 thousand	29 December 2022 to 30 January 2023
As of 31 December 2021		
Forward currency contract	Sell USD 900 thousand	14 December 2021 to 18 January 2022

The Group entered into forward currency contracts for the purpose of equivalent cash inflow or cash outflow when the contracts expired to avoid the exchange rate variability risk for net assets or liabilities. Besides, the Group has sufficient working capital to meet the operational needs. Therefore, the cash flow risk on forward currency contracts is low.

Embedded derivatives

The Group's embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note VI for further information on this transaction.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(b) Fair value measurement hierarchy of the Group's assets and liabilities

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

31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$14	$-	$14
Embedded derivatives	-	-	2,336	2,336
Total	$-	$14	$2,336	$2,350

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$501	$-	$501
Contingent considerations from business combinations	-	-	1,623,181	1,623,181
Total	$-	$501	$1,623,181	$1,623,682

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$78	$-	$78

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets/Liabilities measured at fair value through profit or loss	
	Derivatives	Contingent considerations
As of 1 January 2022	$-	$-
Acquisition/issues	(4,640)	(1,558,968)
Gains (losses) recognized in profit or loss:		
(presented in "other gains or losses")	6,976	(64,213)
As of 31 December 2022	$2,336	$(1,623,181)

For the period from 1 January 2021 to 31 December 2021: None

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$51 thousand
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	56.48%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$212 thousand or an decrease by NT$142 thousand in the Group's profit or loss
Financial liabilities:					
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$16,060 thousand or an increase of NT$16,438 thousand in the Group's profit or loss

31 December 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Cost approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$123 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$54,405	$54,405

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$73,714	$73,714

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

	31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$43,430	30.71	$1,333,736
Financial liabilities			
Monetary items:			
USD	$88,420	30.71	$2,715,381

	31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$13,816	27.68	$366,262
Financial liabilities			
Monetary items:			
USD	$1,570	27.68	$43,458

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2022 and 2021, the foreign exchange gain or (losses) on monetary financial assets and financial liabilities amounted to NT$47,923 thousand and NT$(14,407) thousand, respectively.

11. Capital management

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

XIII. Other disclosure

1. Information at significant transactions
   (a) Financing provided to others for the year ended 31 December 2022: Please refer to Attachment 2.
   (b) Endorsement/Guarantee provided to others for the year ended 31 December 2022: Please refer to Attachment 3.
   (c) Securities held as of 31 December 2022: Please refer to Attachment 4.
   (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: Attachment 5.
   (e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock f for the year ended 31 December 2022: None.
   (f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.
   (g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2022: Attachment 6.
   (h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 December 2022: Please refer to Attachment 7.
   (i) Financial instruments and derivative transactions: Please refer to Note VI.2 and Note VI.14
   (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

2. Information on investees: Please refer to Attachment 8.

3. Investment in Mainland China: None.

4. Information on major shareholders: Please refer to Attachment 9.

XIV. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

Sales segment: Selling pharmaceuticals, generic, and healthcare products.
CDMO segment: (Contract Development & Manufacturing Organization) of pharmaceuticals.
Other segment: Others.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

1. Segment information.

Year ended 31 December 2022

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$5,698,163	$4,787,812	$8,495	$-	$10,494,470
Inter-segment (Note)	62,378	47,266	194,352	(303,996)	-
Total revenue	$5,760,541	$4,835,078	$202,847	$(303,996)	$10,494,470
Segment profit	$963,890	$923,107	$(14,906)	$(32,090)	$1,840,001

Year ended 31 December 2021

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$491,376	$4,406,648	$1,861	$-	$4,899,885
Inter-segment (Note)	41,010	11,605	83,224	(135,839)	-
Total revenue	$532,386	$4,418,253	$85,085	$(135,839)	$4,899,885
Segment profit	$(28,022)	$1,071,519	$(20,821)	$1,292	$1,023,968

Note: Inter-segment revenue are eliminated under consolidation and recorded under the "adjustment and elimination" column.

2. Product information:

Product	For the years ended 31 December 2022	2021
Pharmaceuticals, generic and healthcare products	$5,760,541	$532,386
CDMO	4,835,078	4,418,253
Others	202,847	85,085
Adjustment and elimination	(303,996)	(135,839)
Total	$10,494,470	$4,899,885

3. Geographic information:

Revenue from external clients:

Country	For the years ended 31 December 2022	2021
Europe	$3,129,288	$3,393,270
U.S.A	6,514,496	861,593
Taiwan and others	850,686	645,022
Total	$10,494,470	$4,899,885

Non-current assets:

Country	31 December 2022	31 December 2021
Canada	$2,332,129	$2,282,277
U.S.A	247,549	3
Taiwan	7,940,731	2,297,717
Total	$10,520,409	$4,579,997

4. Important client information:

	For the years ended 31 December 2022	2021
Client A	$3,033,299	$3,371,050
Client B	1,423,393	-
Client C	1,256,515	-
Client D	786,669	-
Client E	506,421	-
Client F	500,599	732,681
Total	$7,506,896	$4,103,731

Attachment 1

Significant inter-company transactions during the period

For the year ended 31 December 2022

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	Bora Health Inc.	1	Operating revenue	19,845	60 days from the date of sale	0.19%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Accounts receivable	60,666	60 days from the date of sale	0.27%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Operating revenue	19,845	60 days from the date of sale	1.85%
0	The Company	Bora Pharmaceutical Services Inc.	1	Other receivables	37,243	60 days from the date of sale	0.16%
0	The Company	Bora Pharmaceutical Services Inc.	1	Other revenue	42,062	60 days from the date of sale	0.40%
0	Union Chemical & Pharmaceutical Co., Ltd.	Bora Health Inc.	3	Operating revenue	30,254	120 days from the date of sale	0.29%
0	Bora Pharmaceutical Laboratories Inc.	The Company	2	Other receivables	404,049	120 days from the date of sale	1.78%
0	Bora Pharmaceutical Laboratories Inc.	Bora Health Inc.	3	Operating revenue	20,913	120 days from the date of sale	0.20%
0	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other revenue	77,872	Net 30 days	0.74%
0	TWi Pharmaceuticals, Inc.	Bora Pharmaceutical Laboratories Inc.	3	Operating revenue	13,132	60 days from the date of sale	0.13%
0	TWi Pharmaceuticals, Inc.	Bora Pharmaceutical Laboratories Inc.	3	Other receivables	39,942	60 days from the date of sale	0.18%
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	1,643,933	180 days from the date of sale	7.22%
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	2,213,599	180 days from the date of sale	28.00%
3	Synpac-Kingdom Pharmaceutical Co., Ltd.	TWi Pharmaceuticals, Inc.	3	Operating revenue	52,166	180 days from the date of sale	0.50%

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

(2) The subsidiaries are numbered in order from "1".

Note 2: Transactions are categorized as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated total asset or operating revenues: it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 2

Loans to others

No. (Note 1)	Lender	Borrower	Financial statement account	Is a related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loan granted (Note 3)
													Item	Value		
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	Other receivables-related parties	Yes	$150,000	$-	$-	-	2	$-	Need for operation	$-	None	$-	$1,811,329	$2,264,161
1	Union Chemical & Pharmaceutical Co., Ltd.	Bora Health Inc.	Other receivables-related parties	Yes	$20,000	$-	$-	-	2	$-	Need for operation	$-	None	$-	$18,431	$23,039
2	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Co., Ltd.	Other receivables-related parties	Yes	$400,000	$400,000	$400,000	2%	2	$-	Need for operation	$-	None	$-	$891,138	$1,113,922

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

(2) The subsidiaries are numbered in order from "1".

Note 2: Limit loans granted to a single party:

(1) Business transaction: limit on loans granted to a single party shall not exceed 10% of the lender's net assets value as of the period and the transaction amounts of prior year. Transaction amounts is defined as amount the higher of sales to or purchases from.

(2) Short-term financing: limit on loans granted to a single party shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Ceiling on total loan granted:

(1) The ceiling on total loans granted by the Company to all parties shall not exceed 50% of the Company's net asset value.

(2) The ceiling on total loans granted by the subsidiaries to all parties shall not exceed 50% of the subsidiaries' net asset value.

Note 4: Circumstances for the financing provided to others:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 5: Where the purpose of the loan is for business transaction (Type "1") the transaction amount represent the accumulated business transactions between the lender and the counter party during the past 12 months.

Note 6: Where the purpose for the loan is short-term financing (Type "2"): Shall specify the reasons for the borrowing and the usage of the funds, such as repayment of loans, acquisition of equipment, working capital, etc.

Attachment 3

Endorsement/Guarantee provided to others

No. (Note 1)	Endorser/ Guarantor	Guaranteed party		Limits on endorsement/ guarantee to each guaranteed party (Note3)	Maximum balance for the period	Ending balance	Actual amount drawn down	Amount of endorsement / guarantee secured by collateral	Ratio of accumulated endorsement/ guarantee amount to net equity of the endorser/ guarantor company	Ceiling on total endorsement/ guarantee provided (Note 4)	Guarantee provided by Parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	$22,641,610	$360,000	$360,000	$-	$-	7.95%	$22,641,610	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	2	$22,641,610	$1,000,000	$1,000,000	$720,000	$4,380,123	22.08%	$22,641,610	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$22,641,610	$255,000	$25,000	$25,000	$-	0.55%	$22,641,610	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$22,641,610	$937,500	$717,500	$424,273	$-	15.84%	$22,641,610	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$22,641,610	$4,609,800	$2,720,400	$2,720,400	$-	60.08%	$22,641,610	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	3	$22,278,439	$1,773,000	$-	$-	$-	-%	$22,278,439	N	N	N
2	TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd.	4	$829,036	$200,000	$200,000	$200,000-	$162,763-	4.82%	$2,072,590	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent Company is "0".

(2) The subsidiaries are numbered in order from "1".

Note 2: The nature of relationship between endorser/guarantor and guaranteed party is as follows:

(1) Having business relationship.

(2) A subsidiary in which the Company holds more than 50% of the voting shares.

(3) An investee in which the Parent holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares.

(4) A parent company in which the company holds directly or the subsidiaries hold indirectly, 50% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) A company in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other,

Note 3: Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.
Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth.
Limit of guarantee/endorsement amount for each receiving party of TWi Pharmaceuticals, Inc. is 20% of its net worth.

Note 4: Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Co., Ltd. is 5 times of its net worth.
Ceiling on total guarantee/ endorsement amount of Bora Pharmaceutical Laboratories Inc. is 10 times of its net worth.
Ceiling on total guarantee/ endorsement amount of Bora Pharmaceutical Laboratories Inc. is 50% of its net worth.

Attachment 4

Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of 31 December 2022				Note
				Shares/Units (thousand)	Carrying amount	Percentage of ownership	Fair value	
The Company	Non-listed stock－Taifong Venture Capital Co.	None	Financial assets measured at fair value through other comprehensive income-noncurrent	490,000	$- (Note 2)	19.69%	$-	No pledged or collateral

Note 1：Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS9 "*Financial Instrument*"

Note 2：The carrying amount is NT$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income is NT$4,900 thousand.

Attachment 5

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock of the Company for the year ended December 31, 2022

Type of securities	Name of the securities	Financial statement account	Counter-party	Nature of Relationship	Beginning balance		Addition		Disposal				Ending balance	
					Shares (thousand)	Amount	Shares (thousand)	Amount	Shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Shares (thousand)	Amount
The Company	TWi Pharmaceuticals, Inc.	Investments accounted for using equity method	TWi Pharmaceuticals, Inc.	Investee company	-	$-	113,825,363	$6,274,670	-	$-	$-	$-	54,000,000	$5,676,416

Note: TWi Pharmaceuticals, Inc. reduced its share capital of 59,825,363 ordinary shares on 23 November 2022.

Attachment 6

Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2022

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Sales	$194,353	41.29%	120 days from the date of sale	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $60,666	55.43%	Note 1

Note 1: All transactions listed above are eliminated in the consolidated financial statements

Attachment 7

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2022

Company Name	Counter-party	Relationship	Ending Balance of Receivables from Related Party (Note 1,2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts	Note
					Amount	Action Taken			
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Co., Ltd.	Subsidiary	Other receivables $404,049	Note 1	Note 1	Note 1	$-	Note 1	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Parent/ subsidiary	$1,643,933	0.35	$-	-	$600,477	-	Note 2

Note 1: Not applicable as the claim arose from financing provided by subsidiary.

Note 2: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 8

Information on investees: (Excluding investment in Mainland China)

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 December 2022			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical Manufacturing and wholesale	$165,784	$185,875	1,500,000	100%	$45,689	$1,300	$2,369 (Note 1)	-
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$190,466	$83,099	18,918,880	90.44%	$218,754	$30,043	$28,730	(Note 4)
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical Manufacturing and CDMO	$1,156,810	$756,810	165,000,000	100%	$2,221,250	$522,393	$522,393	-
The Company	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$62,047	$35,285	$35,285	-
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$219,279	$219,279	100,000,000	50%	$1,132,798	$740,072	$370,036	-
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management & Consulting	$1,000	$1,000	100,000	100%	$1,931	$(22)	$(22)	-
The Company	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical Services, Research and Development Services and Pharmaceutical Manufacturing	$1,103,720	$100	39,425,000	65.70%	$1,124,489	$25,737	$16,869	(Note 2)
The Company	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Cosmetics wholesale ; Management & Consulting	$100	$-	10,000	100%	$31	$(69)	$(69)	(Note 3)
The Company	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical wholesale	$5,676,416	$-	54,000,000	100%	$6,358,680	$1,680,579	$677,772 (Note 5)	-
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical Manufacturing and CDMO	$213,100	$213,100	100,000,000	50%	$1,132,798	$740,072	$370,036	-

TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical Manufacturing and Sales	$580,866	$480,866	54,252,492	98.64%	$124,243	$(94,074)	$(92,595)	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	State of New Jersey, USA	Pharmaceutical wholesale	$231,982	$231,982	38	100%	$385,310	$528,395	$528,395	-

Note 1: The investment income recognized had eliminated realized (unrealized) gain or loss on the transactions between the Company and its investees.

Note 2: Bora Pharmaceutical and Consumer Health Inc. was renamed as Bora Biologics Co., Ltd. in March 2022.

Note 3: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc. in June 2022.

Note 4: The Company sold partial of it shares of Bora Health Inc. in September 2022.

Note 5: The acquisition had been resolved to acquired 100% equity interest in TWi Pharmaceuticals, Inc. and its subsidiaries, Synpac-Kingdom Pharmaceutical Co., Ltd and TWi Pharmaceuticals USA, Inc. (“TWi Group”) during the special shareholders’ meeting on August 31, 2022. The acquirees have been included in the consolidated financial statements since the acquisition date.

Attachment 9

Information on major shareholders

Shares / Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	14,400,561	19.10%
Reibaoshin Co., Ltd.	9,199,645	12.20%
Sheng Pao-Shi	4,087,996	5.42%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.