BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTHS ENDED

MARCH 31, 2023 AND 2022

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

Telephone：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' Review Report

To BORA PHARMACEUTICALS CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2023 and 2022, and its consolidated financial performance and cash flows for the three monthsended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Hung, Guo Sen

Chen, Min Hung

Ernst & Young, Taiwan

May 12, 2023

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	31 March 2023 (Reviewed)	31 December 2022 (Audited)	31 March 2022 (Reviewed)
Current assets				
Cash and cash equivalents	IV&VI.1	$4,807,172	$3,281,319	$902,826
Financial assets measured at fair value through profit or loss, current	IV&VI.2	-	14	-
Financial assets at amortized cost, current	IV&VI.3&VIII	169,395	247,617	-
Contract assets, current	IV&VI.22	19,390	35,197	-
Notes receivable, net	IV&VI.4.23	21,745	36,900	25,066
Accounts receivable, net	IV&VI.5.23	4,961,245	6,028,343	812,107
Accounts receivable-related party, net	IV&VI.5.23&VII	17,280	19,707	17,027
Other receivables		287,659	286,360	30,343
Other receivables-related party	VII	26	16	29
Inventories, net	IV&VI.6	1,794,909	1,946,818	941,320
Prepayments	VI.7$VII	210,748	291,419	73,868
Other current assets	VI.8	72,928	67,096	52,841
Total current assets		12,362,497	12,240,806	2,855,427
Non-current assets				
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2	1,718	2,336	-
Financial assets measured at amortized cost, non-current	IV&VI.3&VIII	62,227	62,027	34,650
Property, plant and equipment	IV&VI.9&VIII	6,585,597	6,645,112	3,856,410
Right-of-use assets	IV&VI.24	636,438	655,196	313,839
Investment properties, net	IV&VI.10&VIII	17,474	17,626	24,798
Intangible assets	IV&VI.11.12	2,114,038	2,147,431	168,817
Deferred tax assets	IV&VI.28	842,038	829,636	256,358
Prepayment for equipments		62,312	37,803	21,029
Refundable deposits		38,276	38,298	20,278
Other non-current assets		86,392	84,944	-
Total non-current assets		10,446,510	10,520,409	4,696,179
Total assets		$22,809,007	$22,761,215	$7,551,606

(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

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	31 March 2023 (Reviewed)	31 December 2022 (Audited)	31 March 2022 (Reviewed)
Current liabilities				
Short-term loans	IV&VI.13	$1,873,385	$2,161,065	$693,003
Financial liabilities measured at fair value through profit or loss, current	IV&VI.14	741,201	695,476	-
Contract liabilities, current	IV&VI.22	120,993	85,692	32,298
Notes payable		6	2,856	330
Notes payable-related party	VII	-	-	8,475
Accounts payable		373,429	426,851	166,819
Accounts payable-related party	VII	22,021	25,031	7,536
Other payables	VI.15	2,926,013	3,891,975	409,061
Other payables-related party	VI.15&VII	1,071	1,129	1,349
Dividends payable		617,095	-	239,828
Income tax payable	IV&VI.28	411,176	238,651	82,736
Provisions, current	IV&VI.19	133,087	134,381	122,842
Lease liabilities, current	IV&VI.24	77,827	75,307	18,188
Current portion of long-term loans	VI.17	1,051,027	725,627	228,835
Refund liabilities	IV&VI.22	2,206,744	2,023,565	8,759
Other current liabilities		5,443	7,917	4,438
Total current liabilities		10,560,518	10,495,523	2,024,497
Non-current liabilities				
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.14	944,463	928,206	-
Contract liabilities, non-current	IV&VI.22	-	4,184	-
Bonds payable	IV&VI.16	141,161	642,363	-
Long-term loans	VI.17	2,977,372	3,394,474	990,867
Provisions, non-current	IV&VI.19	290,413	341,716	432,775
Deferred tax liabilities	IV&VI.28	763,631	742,848	677,944
Lease liabilities, non-current	IV&VI.24	576,459	596,879	303,257
Other non-current liabilities		471,202	474,566	3,595
Total non-current liabilities		6,164,701	7,125,236	2,408,438
Total liabilities		16,725,219	17,620,759	4,432,935
Equity attributable to the parent company	VI.20			
Capital				
Common stock		753,815	753,815	684,783
Advance receipts for ordinary share		21,946	3,107	510
Capital surplus		1,761,656	1,236,380	1,032,560
Retained earnings				
Legal reserve		216,436	216,436	141,462
Special reserve		23,919	23,919	4,900
Unappropriated earnings		2,730,909	2,308,664	1,258,681
Subtotal		2,971,264	2,549,019	1,405,043
Other equity		10,520	39,093	48,887
Treasury stock		(52,738)	(53,092)	(53,112)
Equity attributable to shareholders of the parent		5,466,463	4,528,322	3,118,671
Non-controlling interests	VI.20	617,325	612,134	-
Total equity		6,083,788	5,140,456	3,118,671
Total liabilities and equity		$22,809,007	$22,761,215	$7,551,606

(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

(REVIEWED, NOT AUDITED)

Unit: Thousands of New Taiwan Dollars

	Notes	For the three months ended 31 March 2023	For the three months ended 31 March
Operating revenue	IV&VI.22&VII	$4,780,532	$1,117,249
Operating costs	VI.6.18.23.24.25&VII	(2,854,800)	(727,793)
Gross profit		1,925,732	389,456
Operating expenses	VI.18.21.23.24.25&VII		
Sales and marketing expenses		(101,426)	(45,267)
General and administrative expenses		(221,442)	(83,614)
Research and development expenses		(55,425)	(9,003)
Total operating expenses		(378,293)	(137,884)
Operating income		1,547,439	251,572
Non-operating income and expenses	VI.26		
Other revenue		23,205	3,551
Other gains and losses		(84,207)	8,207
Financial costs		(44,001)	(10,308)
Total non-operating income and expenses		(105,003)	1,450
Net income before income tax		1,442,436	253,022
Income tax expense	IV&VI.28	(399,169)	(73,844)
Net income		1,043,267	179,178
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		(11,571)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,067	-
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translation foreign operations		(25,087)	91,007
Income tax related to items to be reclassified subsequently to profit or loss		5,018	(18,200)
Total other comprehensive income, net of tax		(28,573)	72,807
Total comprehensive income		$1,014,694	$251,985
Net income attributable to:			
Stockholders of the parent		$1,039,340	$179,178
Non-controlling interests		$3,927	$-
Comprehensive income attributable to:			
Stockholders of the parent		$1,010,767	$251,985
Non-controlling interests		$3,927	$-
Earnings per share (NTD)	IV&VI.29		
Earnings per share-basic		$13.62	$2.38
Earnings per share-diluted		$13.23	$2.38

(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

(REVIEWED, NOT AUDITED)

Unit: Thousands of New Taiwan Dollars

Items	Equity attributable to shareholders of the parent											Non-controlling interests	Total equity
	Capital			Retained earnings			Other equity						
	Common stock	Advance receipts for ordinary share	Capital surplus	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	Treasury stock	Total		
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 earning													
Cash dividends	-	-	-	-	-	(239,828)	-	-	-	-	(239,828)	-	(239,828)
Net income for the three months ended 31 March 2022	-	-	-	-	-	179,178	-	-	-	-	179,178	-	179,178
Other comprehensive income for the three months ended 31 March 2022	-	-	-	-	-	-	72,807	-	-	-	72,807	-	72,807
Total comprehensive income	-	-	-	-	-	179,178	72,807	-	-	-	251,985	-	251,985
Treasury stock purchases	-	-	-	-	-	-	-	-	-	(53,112)	(53,112)	-	(53,112)
Share-based payment transactions-exercise of stock option	-	510	2,825	-	-	-	-	-	-	-	3,335	-	3,335
Share-based payment transactions-stock based compensation	-	-	3,750	-	-	-	-	-	-	-	3,750	-	3,750
Share-based payment transactions-conversion of stock option	660	(660)	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 March 2022	$684,783	$510	$1,032,560	$141,462	$4,900	$1,258,681	$49,252	($4,900)	$4,535	$(53,112)	$3,118,671	$-	$3,118,671
Balance as of 1 January 2023	$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
Appropriation and distribution of 2022 retained earnings													
Cash dividends	-	-	-	-	-	(617,095)	-	-	-	-	(617,095)	-	(617,095)
Net income for the three months ended 31 March 2023	-	-	-	-	-	1,039,340	-	-	-	-	1,039,340	3,927	1,043,267
Other comprehensive income for the three months ended 31 March 2023	-	-	-	-	-	-	(20,069)	-	(8,504)	-	(28,573)	-	(28,573)
Total comprehensive income	-	-	-	-	-	1,039,340	(20,069)	-	(8,504)	-	1,010,767	3,927	1,014,694
Conversion of convertible bonds	-	18,439	503,908	-	-	-	-	-	-	-	522,347	-	522,347
Share-based payment transactions-exercise of stock option	-	400	5,212	-	-	-	-	-	-	-	5,612	-	5,612
Share-based payment transactions-stock based compensation	-	-	16,156	-	-	-	-	-	-	-	16,156	1,264	17,420
Treasury stock transfer	-	-	-	-	-	-	-	-	-	354	354	-	354
Balance as of 31 March 2023	$753,815	$21,946	$1,761,656	$216,436	$23,919	$2,730,909	$15,420	($4,900)	$-	($52,738)	$5,466,463	$617,325	$6,083,788

(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

(REVIEWED, NOT AUDITED)

Unit: Thousands of New Taiwan Dollars

Items	For the three months ended 31 March	For the three months ended 31 March
Cash flows from operating activities:		
Net income before income tax	$1,442,436	$253,022
Adjustments for:		
Income and expense adjustments:		
Depreciation	100,903	42,971
Amortization	32,773	10,442
Net loss on financial assets or liabilities measured at fair value through profit or loss	76,180	78
Interest expense	44,001	10,308
Interest income	(7,626)	(47)
Share-based payment expenses	17,420	3,750
Loss on disposal of property, plant and equipment	4	77
Other	1,692	-
Total income and expense adjustments:	265,347	67,579
Changes in operating assets and liabilities:		
Contract assets	15,807	-
Notes receivable, net	15,155	(741)
Notes receivable-related party, net	-	2,233
Accounts receivable, net	1,067,098	(29,008)
Accounts receivable-related party, net	2,427	(1,910)
Other receivables	(2,859)	6
Inventories, net	151,909	(27,691)
Prepayments	81,345	4,212
Other current assets	(5,832)	(21,047)
Financial liabilities held for trading	(13,566)	-
Contract liabilities	31,117	11,827
Notes payable	(2,850)	(15)
Notes payable-related party	-	879
Accounts payable	(53,422)	(48,385)
Accounts payable-related party	(3,010)	(5,129)
Other payables	(967,572)	(38,017)
Refund liabilities	183,179	(56,613)
Provisions	(56,606)	(27,259)
Other current liabilities	(2,120)	2,565
Cash generated from operations	2,147,983	86,508
Interest received	7,626	47
Income tax paid	(190,212)	(23,907)
Net cash generated by operating activities	1,965,397	62,648

Items	For the three months ended 31 March	For the three months ended 31 March
Cash flows from investing activities:		
Disposal of financial assets measured at amortized cost	78,022	-
Acquisition of subsidiary (net of cash acquired)	-	(15,645)
Acquisition of property, plant and equipment	(41,244)	(23,988)
Disposal of property, plant and equipment	-	6
Increase in refundable deposits	-	(1,348)
Decrease in refundable deposits	22	-
Acquisition of intangible assets	(415)	(38)
Other non-current assets	(1,448)	-
Increase in prepayment for equipments	(24,509)	-
Decrease in prepayment for equipments	-	218
Net cash generated by (used in) investing activities	10,428	(40,795)
Cash flows from financing activities:		
Increase in short-term loans	-	22,328
Decrease in short-term loans	(285,933)	-
Repayment of long-term loans	(90,307)	(55,211)
Repayment of the principal of lease liabilities	(17,523)	(4,367)
Increase in other non-current liabilities	-	2,083
Decrease in other non-current liabilities	(14,935)	-
Treasury stock purchases	-	(53,112)
Interest paid	(40,393)	(9,800)
Employee stock options exercised	5,612	3,335
Net cash used in financing activities	(443,479)	(94,744)
Effect of exchange rate changes on cash and cash equivalents	(6,493)	64,968
Net increase (decrease) in cash and cash equivalents	1,525,853	(7,923)
Cash and cash equivalents at beginning of period	3,281,319	910,749
Cash and cash equivalents at end of period	$4,807,172	$902,826

(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, 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 (collectively, the "Group") for the three months ended 31 March 2023 and 2022 were authorized for issue by the Board of Directors on 12 May 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 IASB which are not endorsed by FSC, and not yet adopted by the Group 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 three months ended 31 March 2023 and 2022 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

Preparation principle of consolidated financial statements

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	Percentage of Ownership 31 March 2023	31 December 2022	31 March 2022
The Company	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	100%	100%	100%
The Company	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	90.44% (Note 1)	90.44% (Note 1)	100%
The Company	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical contract development and manufacturing	100%	100%	100%
The Company	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%	100%
The Company	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%	50%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%	50%
The Company	Bora Management Consulting Co., Ltd.	Management & consulting	100%	100%	100%
The Company	Bora Biologics Co., Ltd. (Note 2)	Biotechnical services, research and development services and pharmaceutical manufacturing	65.7% (Note 3)	65.7% (Note 3)	100%
The Company	Bora Pharmaceutical and Consumer Health Inc. (Note 4)	Biotechnical research and management and consulting	100%	100%	-%
The Company	TWi Pharmaceuticals, Inc. (Note 5)	Pharmaceutical manufacturing and wholesale	100%	100%	-%
TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd. (Note 5)	Pharmaceutical manufacturing and Sales	98.64%	98.64%	-%
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc. (Note 5)	Pharmaceutical wholesale	100%	100%	-%

Note 1: The Company sold part of shares of Bora Health Inc. in September 2022.

Note 2: 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 3: 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.

Note 4: 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 5: 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. Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the three months ended March 31, 2023

and 2022 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2022.

(1) Post-employment benefits

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

(2) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The average annual effective income tax rate is estimated by current income tax expenses only. Deferred income tax is recognized and measured according to IAS 12 *"Income Tax"* and follows the same accounting policies of the Company's annual consolidated financial statements. When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income or equity at once.

V. Significant 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 company's domicile of the Group.

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 March 2023	31 December 2022	31 March 2022
Cash on hand	$871	$871	$472
Checking accounts and demand deposits	4,806,301	3,280,448	902,354
Total	$4,807,172	$3,281,319	$902,826

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

	31 March 2023	31 December 2022	31 March 2022
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments－Forward foreign exchange agreements	$-	$14	$-
Embedded derivative－Right of redemption of convertible bonds	1,718	2,336	-
Total	$1,718	$2,350	$-
Current	$-	$14	$-
Non-current	$1,718	$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 March 2023	31 December 2022	31 March 2022
Time deposits	$-	$76,775	$34,650
Restricted deposits	231,622	232,869	-
Total	$231,622	$309,644	$34,650
Current	$169,395	$247,617	$-
Non-current	$62,227	$62,027	$34,650

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 (including related parties)

	31 March 2023	31 December 2022	31 March 2022
Notes receivable from operation, gross	$21,745	$36,900	$25,066
Less: loss allowance	-	-	-
Subtotal	21,745	36,900	25,066
Notes receivable from related party, gross	-	-	-
Less: loss allowance	-	-	-
Subtotal	-	-	-
Total	$21,745	$36,900	$25,066

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 March 2023	31 December 2022	31 March 2022
Accounts receivables, gross	$4,970,994	$6,038,657	$818,552
Less: loss allowance	(9,749)	(10,314)	(6,445)
Subtotal	4,961,245	6,028,343	812,107
Accounts receivable from related party, gross	17,280	19,707	17,027
Less: loss allowance	-	-	-
Subtotal	17,280	19,707	17,027
Total	$4,978,525	$6,048,050	$829,134

(1) Accounts receivable were not pledged.
(2) The terms of accounts receivable are generally on 30 to 180 days. The total gross amount as of 31 March 2023, 31 December 2022 and 31 March 2022 are NT$4,988,274 thousand, NT$6,058,364 thousand and NT$835,579 thousand, respectively. Please refer to Note VI.23 for more details on loss allowance of accounts receivable for the three months ended 31 March 2023 and 2022. Please refer to Note XII for more details on credit risk management.

6. Inventories, net

(1) Details on net inventories are as follows:

	31 March 2023	31 December 2022	31 March 2022
Raw materials	$793,382	$810,560	$326,908
Supplies and spares parts	168,345	154,196	119,362
Work in progress	82,995	46,080	17,402
Semi-finished goods	340,933	343,926	203,760
Finished goods	321,293	500,178	181,089
Merchandise	87,961	91,878	92,799
Total	$1,794,909	$1,946,818	$941,320

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

	Three months ended 31 March	
	2023	2022
Cost of goods sold	$2,842,735	$717,443
Inventories shortage (overage)	(1,779)	554
Write-down of inventories loss	13,844	9,796
Total	$2,854,800	$727,793

(3) The cost of inventories recognized in operating costs amounted to NT$2,854,800 thousand and NT$727,793 thousand for the three months ended 31 March 2023 and 2022, respectively, including the write-down of inventories loss to the net realizable value of NT$13,844 thousand and NT$9,796 thousand.

(4) No Inventories were pledged.

7. Prepayments

	31 March 2023	31 December 2022	31 March 2022
Advances to vendors	$43,394	$44,488	$10,929
Prepaid insurance	19,196	9,544	7,152
Prepaid rent	1,018	904	-
Prepaid inspection fee	24,282	32,970	-
Prepaid business tax	62,948	136,868	22,859
Others	59,910	66,645	32,928
Total	$210,748	$291,419	$73,868

8. Other current assets

	31 March 2023	31 December 2022	31 March 2022
Payment on behalf of others (Note)	$48,137	$51,593	$36,936
Temporary payments	3,501	4,435	786
Others	21,290	11,068	15,119
Total	$72,928	$67,096	$52,841

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 2023	$3,397,207	$1,905,066	$2,032,716	$288,660	$2,751	$63,351	$205,288	$65,894	$76,723	$8,037,656
Addition	-	4,019	20,457	727	-	793	4,903	2,788	7,557	41,244
Disposals	-	-	(10)	-	-	(90)	-	(10)	-	(110)
Reclassification	-	1,083	20,339	1,387	-	(13,134)	8,397	15,391	(33,463)	-
Exchange differences	(10,119)	(5,456)	(3,741)	(644)	-	(96)	-	-	(558)	(20,614)
31 March 2023	$3,387,088	$1,904,712	$2,069,761	$290,130	$2,751	$50,824	$218,588	$84,063	$50,259	$8,058,176
1 January 2022	$1,983,704	$1,392,590	$704,667	$98,579	$570	$9,286	$-	$55,971	$11,725	$4,257,092
Addition	-	261	840	-	-	990	-	1,682	20,215	23,988
Disposals	-	(64)	-	-	-	-	-	(237)	-	(301)
Reclassification	-	2,363	4,706	-	-	5,988	-	(1,972)	(11,085)	-
Exchange differences	63,751	34,286	23,177	3,303	-	209	-	-	966	125,692
31 March 2022	$2,047,455	$1,429,436	$733,390	$101,882	$570	$16,473	$-	$55,444	$21,821	$4,406,471
Depreciation and impairment:										
1 January 2023	$-	$406,660	$828,332	$70,546	$1,269	$34,111	$15,021	$36,605	$-	$1,392,544
Depreciation	-	21,008	45,403	9,428	53	1,581	3,084	1,792	-	82,349
Disposals	-	-	(8)	-	-	(90)	-	(8)	-	(106)
Reclassification	-	-	-	-	-	(12,140)	-	12,140	-	-
Exchange differences	-	(1,007)	(978)	(187)	-	(36)	-	-	-	(2,208)
31 March 2023	$-	$426,661	$872,749	$79,787	$1,322	$23,426	$18,105	$50,529	$-	$1,472,579
1 January 2022	$-	$164,447	$260,522	$46,448	$478	$4,122	$-	$31,094	$-	$507,111
Depreciation	-	13,214	20,174	2,756	-	429	-	1,221	-	37,794
Disposals	-	(41)	-	-	-	-	-	(178)	-	(219)
Reclassification	-	-	-	9,961	-	-	-	(9,961)	-	-
Exchange differences	-	1,211	3,483	679	-	2	-	-	-	5,375
31 March 2022	$-	$178,831	$284,179	$59,844	$478	$4,553	$-	$22,176	$-	$550,061
Net carrying amount as of:										
31 March 2023	$3,387,088	$1,478,051	$1,197,012	$210,343	$1,429	$27,398	$200,483	$33,534	$50,259	$6,585,597
31 December 2022	$3,397,207	$1,498,406	$1,204,384	$218,114	$1,482	$29,240	$190,267	$29,289	$76,723	$6,645,112
31 March 2022	$2,047,455	$1,250,605	$449,211	$42,038	$92	$11,920	$-	$33,268	$21,821	$3,856,410

(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 three months ended 31 March 2023 and 2022.
(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.
(5) Please refer to Note VI.30 for more details on the acquisitions through business combinations.

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 2023	$19,449
Additions	-
31 March 2023	$19,449
1 January 2022	$26,673
Additions	-
31 March 2022	$26,673
Depreciation and impairment:	
1 January 2023	$1,823
Depreciation	152
31 March 2023	$1,975
1 January 2022	$1,667
Depreciation	208
31 March 2022	$1,875
Net carrying amount as of:	
31 March 2023	$17,474
31 December 2022	$17,626
31 March 2022	$24,798

	Three months ended 31 March	
	2023	2022
Net income from investment properties	$1,329	$629

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, NT$54,405 thousand and NT$73,714 thousand as of 31 March 2023, 31 December 2022 and 31 March

2022, 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 March 2023	31 December 2022	31 March 2022
Net income margin	$110,269	$110,269	$108,262
Capitalization rate	2.07%	2.07%	2.07%

Comparison approach:

	31 March 2023	31 December 2022	31 March 2022
Regional factors	100%	100%	100%
Individual factors	90%-94%	90%-94%	91%-93.5%

11. Intangible assets

	Product distribution/ use right	Goodwill	Software	Drug license	Others	Total
Cost:						
1 January 2023	$250,366	$983,585	$228,945	$1,009,383	$64,827	$2,537,106
Addition	-	-	415	-	-	415
Disposals	(25,922)	-	-	-	-	(25,922)
Exchange differences	-	-	(1,652)	-	-	(1,652)
31 March 2023	$224,444	$983,585	$227,708	$1,009,383	$64,827	$2,509,947
1 January 2022	$-	$-	$195,510	$-	$36,839	$232,349
Addition	-	-	38	-	-	38
Exchange differences	-	-	9,722	-	-	9,722
31 March 2022	$-	$-	$205,270	$-	$36,839	$242,109
Amortization and impairment:						
1 January 2023	$248,555	$-	$100,106	$21,417	$19,597	$389,675
Amortization	401	-	10,106	15,653	6,613	32,773
Disposals	(25,922)	-	-	-	-	(25,922)
Exchange differences	-	-	(617)	-	-	(617)
31 March 2023	$223,034	$-	$109,595	$37,070	$26,210	$395,909
1 January 2022	$-	$-	$41,829	$-	$19,475	$61,304
Amortization	-	-	9,392	-	1,050	10,442
Exchange differences	-	-	1,546	-	-	1,546
31 March 2022	$-	$-	$52,767	$-	$20,525	$73,292
Net carrying amount as of:						
31 March 2023	$1,410	$983,585	$118,113	$972,313	$38,617	$2,114,038
31 December 2022	$1,811	$983,585	$128,839	$987,966	$45,230	$2,147,431
31 March 2022	$-	$-	$152,503	$-	$16,314	$168,817

Amortization of intangible assets are as follows:

Amortization recognized in	Three months ended 31 March 2023	2022
Operating costs	$29,878	$7,964
Operating expenses	2,895	2,478

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 to reflect specific risks for CGU

To reflect specific risks relating to cash-generating units, the Company had assessed for impairment of the recoverable amount of goodwill at the end of each year. 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. As of 31 December 2022, the pre-tax discount rate applied to cash flow projections is 13.25%.

13. Short-term loans

	Interest rates (%)	31 March 2023	31 December 2022	31 March 2022
Unsecured bank loans	1.20%~2.17%	$763,385	$724,365	$235,403
Secured bank loans	2.01%~3.00%	1,110,000	1,436,700	457,600
Total		$1,873,385	$2,161,065	$693,003

The Group's secured bank loans include a 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 March 2023	31 December 2022	31 March 2022
Held for trading purpose:			
Derivatives not designated as hedging instruments – Forward foreign exchange agreements	$-	$501	$-
Contingent consideration from business combination	1,685,664	1,623,181	-
Total	$1,685,664	$1,623,682	$-
Current	$741,201	$695,476	$-
Non-current	$944,463	$928,206	$-

15. Other payables (including related parties)

	31 March 2023	31 December 2022	31 March 2022
Investments payable	$517,386	521,538	$-
Salaries payable	27,240	84,399	27,108
Employees' and directors' remuneration payable	142,646	94,268	24,055
Equipment payable	12,345	8,747	16,111
Bonus payable	163,999	208,595	152,586
Repair and maintenance payable	19,548	60,136	24,368
Professional service fees payable	35,632	54,076	11,113
Facility management fees payable	8,844	4,540	49,389
Business tax payable	16,136	74,438	2
Interests payable	4,319	2,767	3,174
Royalty fees payable	1,778,015	2,565,502	-
Other payables	200,974	214,098	102,504
Total	$2,927,084	$3,893,104	$410,410

16. Bonds payable

	31 March 2023	31 December 2022	31 March 2022
Liability component:			
Principal amount	$154,800	$708,000	$-
(Discounts) on convertible bonds payable	(13,639)	(65,637)	-
Subtotal	141,161	642,363	-
Less: current portion	-	-	-
Net amount	$141,161	$642,363	$-
Embedded derivative (shown as "Financial assets measured at fair value through profit or loss, non-current")	$1,718	$2,336	$-
Equity component	$18,320	$83,791	$-

Please refer to Note VI.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$645,200 thousand and 21,506 thousands of common shares recognized as capital collected in advance as of 31 March 2023.

17. Long-term loans

Details of long-term loans as of 31 March 2023, 31 December 2022 and 31 March 2022 are as follows:

Lenders	31 March 2023	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan *(Note 1)*	$487,132	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	1.92%	From 29 November 2021 to 01 November 2024; 7 quarterly instalments (principal), starting from 01 May 2023.
CTBC unsecured bank loan	200,000	2.22%	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-annual instalments (principal), starting from 30 September 2023.
CTBC secured bank loan *(Note 3)*	87,500	2.33%	From 30 June 2020 to 30 September 2024; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 September 2024. Repay the remaining outstanding principal at maturity date with floating interest rate
CTBC secured bank loan	279,273	2.24%	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. Repay the remaining outstanding principal at maturity date with floating interest rate
CTBC secured bank loan *(Note 4)*	325,224	6.12%	From 27 November 2022 to 27 November 2025；12 quarterly instalments (principal and interests), starting from 27 February 2023.
Subtotal	4,060,129		
Less: unamortized issuance cost	(31,730)		
Subtotal	4,028,399		
Less: current portion	(1,051,027)		
Total	$2,977,372		

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-annual instalments (principal), starting from 30 September 2023.
CTBC secured bank loan *(Note 3)*	105,000	2.20%	From 30 June 2020 to 30 September 2024; Quarterly instalments (principal) of NT$17,500 thousand, from 30 September 2020 to the maturity date, 30 September 2024. Repay 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, 28 April 2025. Repay 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 27 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 March 2022	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loans *(Note 1)*	$524,465	1.15%	From 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%	From 29 November 2021 to 01 November 2024; 7 quarterly instalments (principal and interests), starting from 01 May 2023.
CTBC secured bank loans *(Note 3)*	157,500	1.34%	From 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. Repay the remaining outstanding principal at maturity date with floating interest rate.
CTBC syndicated bank loans	451,579	2.82%	From 27 November 2020 to 27 November 2025; 19 quarterly instalments (principal and interests), starting from 26 May 2021.
Subtotal	1,233,544		
Less: unamortized issuance cost	(13,842)		
Subtotal	1,219,702		
Less: current portion	(228,835)		
Total	$990,867		

(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 thousand (the "Part A") is solely used for the acquisition of 100% equity interest of TWi Pharmaceuticals, Inc. and NT$1,000,000 thousand (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 March 2023, 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$620,000 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-annual 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. The original financial covenants had been lifted.

(4) The Company's subsidiary, Bora Pharmaceutical Services 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. 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-annual 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.

18. Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three months ended 31 March 2023 and 2022 are NT$16,566 thousand and NT$11,079 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three months ended 31 March 2023 and 2022 are NT$86 thousand and NT$3,639 thousand, respectively. The current service cost recognized by the defined benefits plans of Bora Pharmaceutical Services Inc. was classified as labor and health insurances of personnel expenses.

19. Provisions

	Onerous contracts	Employee benefits	Total
1 January 2023	$311,484	$164,613	$476,097
Arising during the period	-	862	862
Utilized	(26,340)	(10,817)	(37,157)
Cancellation	-	(12,294)	(12,294)
Exchange differences	(2,718)	(1,290)	(4,008)
31 March 2023	$282,426	$141,074	$423,500
1 January 2022	$397,980	$154,206	$552,186
Arising during the period	-	3,639	3,639
Utilized	(25,799)	(5,097)	(30,896)
Exchange differences	22,292	8,396	30,688
31 March 2022	$394,473	$161,144	$555,617
Current－31 March 2023	$105,241	$27,846	$ 133,087
Non-current－31 March 2023	$177,185	$113,228	$ 290,413
Current－31 December 2022	$106,177	$28,204	$134,381
Non-current－31 December 2022	$205,307	$136,409	$341,716
Current－31 March 2022	$106,894	$15,948	$122,842
Non-current－31 March 2022	$287,579	$145,196	$432,775

Onerous contracts

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

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 March 2023, 31 December 2022 and 31 March 2022, 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, NT$753,815 thousand and NT$684,783 thousand consisting of 75,382 thousand shares, 75,382 thousand shares and 68,478 thousand shares, respectively. Each share has one voting right and is entitled to receive dividends.

② In 2022, the company's employee stock option holders have converted 510 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 at 31 March 2023.

③ 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.

④ 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. As of 31 March 2023, all the converted shares were recognized as share capital - advance receipts for ordinary share.

⑤ For the three months ended 31 March 2023, the company's 2nd convertible bond amounted to NT$553,200 thousand had been converted to 1,844 thousand of ordinary shares with an amount of NT$522,347 thousand recognized in equity by bondholders. As of 31 March 2023, all the converted shares were recognized as share capital - advance receipts for ordinary share.

⑥ For the three months ended 31 March 2023, the company's employee stock option holders have converted 40 thousand shares at the subscription price of NT $140.3 per share. As of 31 March 2023, all the converted shares were recognized as share capital - advance receipts for ordinary share.

⑦ As of March 31 2023, there are 2,195 thousand shares amounted to NT$21,946 thousand recognized as share capital - advance receipts for ordinary share, of which 2,053 thousand shares amounted to NT$20,533 thousand have completed the registration process on 10 April 2023.

(2) Capital surplus

	31 March 2023	31 December 2022	31 March 2022
Additional paid-in capital	$904,268	$896,503	$895,727
Conversion premium from convertible bonds	748,952	179,574	88,282
Employee stock option	52,624	39,020	13,236
Treasury stock	35,315	35,315	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	2,177	2,177	-
Due to recognition of equity component of convertible bonds issued	18,320	83,791	-
Total	$1,761,656	$1,236,380	$1,032,560

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 three months ended 31 March 2023: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	300	-	(2)	298

For the three months ended 31 March 2023:

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

b. As of 31 March 2023, 31 December 2022 and 31 March 2022, the treasury stock held by the Company were NT$52,738, NT$53,092 and NT$53,112 thousand, respectively, and the number of treasury stock held by the Company was 298 thousand, 300 thousand and 300 thousand shares, respectively.

c. The treasury stock transferred by the Company to employees on 10 February 2023 was 2 thousand shares amounted to NT$354 thousand.

(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 16 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.25 for details on employees' compensation and remuneration to directors and supervisors.

(5) Non-controlling interests

	Three months ended 31 March	
	2023	2022
Beginning balance	$612,134	$-
Profit attributable to non-controlling interests	3,927	-
Issuance of employee stock option by subsidiaries	1,264	-
Ending balance	$617,325	$-

21. 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 of the parent company

On 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 and 1,000 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 options granted (in thousand shares)	Exercise price per share (NT$) (Note)
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:

	Three months ended 31 March			
	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	1,725	225.2	935	188.6
Granted	-	-	-	-
Forfeited	(21)	387.5	-	-
Exercised	(40)	140.3	(51)	65.4
Expired	-	-	-	-
Outstanding, ending	1,664	225.2	884	195.8
Exercisable, ending	38	-	35	-

The information on the outstanding stock options as of 31 March 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 March 2023		
Options outstanding	$140.3~$387.5	1.83~2.94
As of 31 March 2022		
Options outstanding	$65.4~$220.7	0~3.42

(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 options granted (in thousand shares)	Exercise price per share (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:

	Three months ended 31 March			
	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	5,187	$28	-	$-
Granted	-	-	-	-
Forfeited	(177)	28	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	5,010	$28	-	$-
Exercisable, ending	-	-	-	-

The information on the outstanding stock options as of 31 March 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 March 2023		
Options outstanding	$28	3.00~3.03
As of 31 March 2022		
Options outstanding	None	None

(3) Share-based payment plan for employees of TWi Pharmaceuticals, Inc.

On 20 December 2022, TWi Pharmaceuticals, Inc. (the "TWi") was authorized by the board of director's meeting to issue employee share options with a total number of 3,000. Each unit entitles an optionee to subscribe for 1,000 shares of TWi's common shares. The exercise price of the option was set at NT$95 of TWi's common share on the grant date. Only full-time employees of TWi and its controlling and affiliated companies 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 TWi. The fair value of the stock options is estimated at the grant date using Market Approach and Income Approach, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are four 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 options granted (in thousand shares)	Exercise price per share (NT$) (Note)
1 January 2023	1,309	$95
1 January 2023	565	$95

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

	2023	
Dividend yield (%)	-	-
Expected volatility (%)	33.57%~32.84%	33.57%~32.84%
Risk-free interest rate (%)	1.1499% ~ 1.1505%	1.1499% ~ 1.1505%
Expected option life (Years)	3.54 ~ 3.85	3.54 ~ 3.85
Weighted average share price ($)	$90	$90
Option pricing model	Hull-White option pricing model	Hull-White 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:

	Three months ended 31 March			
	2023		2022	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	-	$-	-	$-
Granted	1,874	95	-	-
Forfeited	(62)	95	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	1,812	$95	-	$-
Exercisable, ending	-	-	-	-

The information on the outstanding stock options as of 31 March 2023 and 2022, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of 31 March 2023		
Options outstanding	$95	4.00
As of 31 March 2022		
Options outstanding	None	None

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

No modification or cancellation of share-based payment plan has occurred for the three months ended 31 March 2023 and 2022.

(5) The expense recognized for employee services received during the three months ended 31 March 2023 and 2022, is shown in the following table:

	Three months ended 31 March	
	2023	2022
Total expense arising from equity-settled share-based payment transactions	$17,420	$3,750

22. Operating revenue

Analysis of revenue from contracts with customers for the three months ended 31 March 2023 and 2022 are as follows:

(1) Disaggregation of revenue

	Three months ended 31 March	
	2023	2022
Revenue from contracts with customers		
Sales of goods	$3,537,078	$130,043
CDMO – services and manufacturing	1,241,378	983,429
Others	2,076	3,777
Total	$4,780,532	$1,117,249

	Three months ended 31 March	
	2023	2022
Timing of revenue recognition:		
At a point in time	$4,667,912	$1,117,249
Over time	112,620	-
Total	$4,780,532	$1,117,249

(2) Contract assets – current

	31 March 2023	31 December 2022	31 March 2022
CDMO – services and manufacturing	$19,390	$35,197	$-

The significant changes in the Group's balances of contract assets for the three months ended 31 March 2023 and 2022 are as follows:

The increase in the Group's balances of contract assets for the three months ended 31 March 2023 and 2022 are mainly due to the stage of completion assessed in accordance with the terms of the contracts.

(3) Contract liabilities – current

	31 March 2023	31 December 2022	31 March 2022
Sales of goods	$12,903	$14,866	$20,928
CDMO – services and manufacturing	97,794	75,010	9,300
Total	10,296	-	2,070
Current	$120,993	$89,876	$32,298
Non-current	$120,993	$85,692	$32,298
Total	$-	$4,184	$-

The significant changes in the Group's balances of contract liabilities for the three months ended 31 March 2023 and 2022 are mainly due to the increase in advance receipts.

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

	Sales allowance and discount
Balance as of 1 January 2023	$2,023,565
Addition/(reversal)	3,085,844
Payment	(2,886,013)
Exchange differences	(16,652)
Balance as of 31 March 2023	$2,206,744
Balance as of 1 January 2022	$65,372
Addition/(reversal)	(56,613)
Balance as of 31 March 2022	$8,759

Refund liabilities represents the estimated sales discounts and allowance.

23. Expected credit losses/ (gains)

	Three months ended 31 March	
	2023	2022
Operating expenses – expected credit losses/(gains)		
Accounts receivable	$(492)	$4,020
Other receivables	(341)	-
Total	$(833)	$4,020

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

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 as at 31 March 2023, 31 December 2022 and 31 March 2022 is as follows:

The information on measuring provisions for 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 March 2023

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$4,044,489	$128,911	$7,199	$2,946	$867	$6,459	$4,190,871
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	4,044,489	128,911	7,199	2,946	867	6,459	4,190,871

Group 2		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$770,259	$28,718	$3,181	$3,228	$1,014	$12,748	$819,148
Loss rate	0%	0%~ 100%	0%~ 100%	0.01%~ 100%	13.18%~ 100%	37.03%~ 100%	
Lifetime expected credit losses	-	(5)	(130)	(591)	(1,009)	(8,014)	(9,749)
Net	770,259	28,713	3,051	2,637	5	4,734	809,399
Receivables, net							$5,000,270

As of 31 December 2022

Group 1

	Not past due	Overdue <=30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue >=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

	Not past due	Overdue <=30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue >=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 March 2022

Group 1

	Not past due	Overdue <=30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue >=121 days	Total
Gross	$547,786	$15,376	$35,535	$300	$-	$75	$599,072
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	547,786	15,376	35,535	300	-	75	599,072

Group 2

	Not past due	Overdue <=30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue >=121 days	Total
Gross	$247,318	$5,664	$4,740	$1,097	$3	$2,751	$261,573
Loss rate	0%	1.92%	37.19%~ 100%	37.37%~ 86.80%	56.27%~ 100%	83.82%~ 100%	
Lifetime expected credit losses	-	(239)	(2,366)	(1,087)	(2)	(2,751)	(6,445)
Net	247,318	5,425	2,374	10	1	-	255,128
Receivables, net							$854,200

The movement of loss allowance for accounts receivable for the three months ended 31 March 2023 and 2022 is as follows:

	Accounts receivable	Contract Assets
Balance as of 1 January 2023	$10,314	$-
Provision/(reversal)	(492)	-
Exchange differences	(73)	-
Balance as of 31 March 2023	$9,749	$-
Balance as of 1 January 2022	$2,294	$-
Provision/(reversal)	4,020	-
Exchange differences	131	
Balance as of 31 March 2022	$6,445	$-

24. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery 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 March 2023	31 December 2022	31 March 2022
Land	$26,476	$27,895	$273,770
Buildings	602,924	619,338	37,852
Machinery equipment	749	973	-
Transportation equipment	6,289	6,990	2,217
Total	$636,438	$655,196	$313,839

There was no addition to right-of-use assets for the three months ended 31 March 2023 and 2022.

(b) Lease liabilities

	31 March 2023	31 December 2022	31 March 2022
Lease liabilities	$654,286	$672,186	$321,445
Current	$77,827	$75,307	$18,188
Non-current	$576,459	$596,879	$303,257

Please refer to Note VI.26 for the interest on lease liabilities recognized and refer to Note XII.5 for more details on the liquidity risk management analysis for lease liabilities during the three months ended 31 March 2023 and 2022.

B. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	Three months ended 31 March	
	2023	2022
Land	$1,419	$2,381
Buildings	16,066	2,286
Machinery equipment	216	-
Transportation equipment	701	302
Total	$18,402	$4,969

C. Income and costs relating to leasing activities

	Three months ended 31 March	
	2023	2022
Expenses relating to short-term leases	$1,098	$495
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	798	137

D. Cash outflow relating to leasing activities

During the three months ended 31 March 2023 and 2022, the Group's total cash outflows for leases amounted to NT$22,447 thousand and NT$6,477 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.

	Three months ended 31 March	
	2023	2022
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$2,303	$2,234

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 as at 31 March 2023, 31 December 2022 and 31 March 2022 are as follow:

	31 March 2023	31 December 2022	31 March 2022
Not later than one year	$8,571	$8,886	$8,936
Later than one year but not later than two years	8,571	8,571	8,784
Later than two years but not later than three years	8,571	8,571	8,571
Later than three years but not later than four years	8,571	8,571	8,571
Later than four years but not later than five years	8,571	8,571	8,571
Later than five years	5,114	7,257	13,686
Total	$47,969	$50,427	$57,119

25. Summary statement of employee benefits, depreciation and amortization expenses by function are as follows:

Character \ Function	Three months ended 31 March					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Wages and salaries	$310,386	$188,436	$498,822	$213,089	$89,543	$302,632
Labor and health insurance	18,000	10,348	28,348	17,941	2,957	20,898
Pension costs	12,453	4,199	16,652	8,623	2,456	11,079
Other employee benefits expense	25,009	7,897	32,906	24,527	5,656	30,183
Depreciation	87,835	13,068	100,903	36,868	6,103	42,971
Amortization	29,878	2,895	32,773	7,964	2,478	10,442

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. 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 for the three months ended 31 March 2023 to be NT$21,686 thousand and NT$10,843 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. The Company estimated the amounts of the employees' compensation and remuneration to directors for the three months ended 31 March 2022 to be NT$4,122 thousand and NT$2,061 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.

26. Non-operating income and expenses

(1) Other revenue

	Three months ended 31 March	
	2023	2022
Interest income	$7,626	$47
Others	15,579	3,504
Total	$23,205	$3,551

(2) Other gains and losses

	Three months ended 31 March	
	2023	2022
Losses on disposal of property, plant and equipment	$(4)	$(77)
Foreign exchange gains (losses)	(7,984)	8,362
Losses on financial assets at fair value through profit or loss	(76,180)	(78)
Others	(39)	-
Total	$(84,207)	$8,207

(3) Financial costs

	Three months ended 31 March	
	2023	2022
Interest expenses from bank borrowings	$38,624	$8,830
Interest expenses from bonds payable	2,056	-
Interest expenses from lease liabilities	3,028	1,478
Others	293	-
Total	$44,001	$10,308

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

Three months ended 31 March 2023

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$(11,571)	$-	$(11,571)	$3,067	$(8,504)
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	(25,087)	-	(25,087)	5,018	(20,069)
Total comprehensive income	$(36,658)	$-	$(36,658)	$8,085	$(28,573)

Three months ended 31 March 2022

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	$91,007	$-	$91,007	$(18,200)	$72,807

28. Income tax

The major components of income tax expense (income) for the three months ended 31 March 2023 and 2022 are as follows:

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

	Three months ended 31 March	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$227,473	$6,406
Adjustments in respect of prior periods	-	(492)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	36,817	82,099
Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit	134,879	(14,169)
Total income tax expense	$399,169	$73,844

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

	Three months ended 31 March	
	2023	2022
Deferred tax expense (income):		
Translation differences of foreign operations	$(5,018)	$18,200
Remeasurement of the defined benefit plan	(3,067)	-
Income tax relating to other comprehensive income	$(8,085)	$18,200

(3) The assessment of income tax returns

As of 31 March 2023, the assessment of the income tax returns of the Company and its subsidiaries are 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 2021
Bora Health Inc.	Assessed and approved up to 2021
Bora Pharmaceutical Laboratories Inc.	Assessed and approved up to 2020
TWi Pharmaceuticals, Inc.	Assessed and approved up to 2021 (Note1)
Synpac-Kingdom Pharmaceutical Co., Ltd.	Assessed and approved up to 2020
Bora Biologics Co., Ltd.	Assessed and approved up to 2021
Bora Pharmaceutical and Consumer Health Inc.	Note 2
Bora Management Consulting Co., Ltd.	Assessed and approved up to 2021

Note 1: 2020 income tax return has not assessed and approved.
Note 2: There was no assessments of income tax returns as Bora Pharmaceutical and Consumer Health Inc. was set up in June 2022.

29. 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.

	Three months ended 31 March	
	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$1,039,340	$179,178
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	76,318	75,316
Basic earnings per share (NT$)	$13.62	$2.38

	Three months ended 31 March	
	2023	2022
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$1,039,340	$179,178
Interest expense from convertible bonds (in thousand NT$)	1,645	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$1,040,985	$179,178
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	76,318	75,316
Effect of dilution:		
Employee compensation-stock (in thousand shares)	73	92
Employee stock options (in thousand shares)	788	22
Bonds payable (in thousand shares)	1,491	-
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	78,670	75,430
Diluted earnings per share (NT$)	$13.23	$2.38

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the consolidated financial statements were authorized for issue.

30. 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
Testing 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 unpaid purchase considerations, including the retention money of US$2,000 thousand (NT$60,636 thousand, approximately) was recognized as other payables and contingent liabilities as follows:

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:

(1) 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
(2) 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:

(1) 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;
(2) 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;

(3) 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

(4) 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.

The contingent consideration was evaluated in terms of the achievement of operating performance in the target business for one year from 1 July 2022. As of 31 March 2023, the fair value of the contingent consideration was estimated at US$1 thousand (NT$33 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.

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 (shown as "Financial liabilities measured at fair value through profit or loss")	1,558,936
Total consideration	$6,274,670

Analysis of cash flows on acquisition:	
Cash	$(6,274,670)
Other payables	862,473
Contingent consideration (shown as "Financial liabilities measured at fair value through profit or loss")	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.

The unpaid purchase considerations, including the holdback of US$28,250 thousand (NT$860,213 thousand, approximately) was recognized as other payables and other non-current liabilities.

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 March 2023, the estimated fair value of the contingent consideration was NT$1,685,631 thousand and was recognized 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

	Three months ended 31 March	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$10,198	$7,119

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

	Three months ended 31 March	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$16,636	$7,178

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. Accounts receivable-related party

	31 March 2023	31 December 2022	31 March 2022
Hoan Pharmaceuticals, Ltd.	$17,280	$19,707	$17,027
Less: loss allowance	-	-	-
Net	$17,280	$19,707	$17,027

4. Notes payable-related party

	31 March 2023	31 December 2022	31 March 2022
Hoan Pharmaceuticals, Ltd.	$-	$-	$8,475

5. Accounts payable-related party

	31 March 2023	31 December 2022	31 March 2022
Hoan Pharmaceuticals, Ltd.	$22,021	$25,031	$7,536

6. Other receivables-related party

	31 March 2023	31 December 2022	31 March 2022
Hoan Pharmaceuticals, Ltd.	$26	$16	$29

7. Other payables-related party

	31 March 2023	31 December 2022	31 March 2022
Hoan Pharmaceuticals, Ltd.	$1,071	$1,129	$1,349

8. Sales and marketing expenses

	Three months ended 31 March	
	2023	2022
Hoan Pharmaceuticals, Ltd.	$3,234	$1,285

9. Key management personnel compensation

	Three months ended 31 March	
	2023	2022
Short-term employee benefits	$16,798	$2,680
Post-employment benefits	81	27
Total	$16,879	$2,707

VIII. Assets Pledged as Security

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

	Carrying amount			
Items	31 March 2023	31 December 2022	31 March 2022	Secured liabilities
Financial assets measured at amortized cost	$ 231,622	$232,869	$ 34,650	Customs deposit; guarantee bond with Science Park Administration and bank; interest reserved account for syndicated bank loans.
Property, plant and equipment - land	2,175,156	2,423,373	2,047,455	Short-term loans and long-term loans
Property, plant and equipment - buildings	812,466	1,414,086	1,185,451	Short-term loans and long-term loans
Investment property	17,474	17,626	24,798	Long-term loans
Total	$ 3,236,718	$4,087,954	$3,292,354	

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 March 2023, 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. During the term of the contract, the Company should be compiled with the financial covenants that shall be tested on a semi-annual 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

None.

XII. Financial Instruments

1. Categories of financial instruments

Financial assets

	31 March 2023	31 December 2022	31 March 2022
Financial assets measured at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	$ 1,718	$2,350	$-
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	4,806,301	3,280,447	902,354
Financial assets measured at amortized cost	231,622	309,644	34,650
Notes receivables	21,745	36,900	25,066
Accounts receivable	4,978,525	6,048,050	829,134
Other receivables	287,685	286,376	30,372
Subtotal	10,325,878	9,961,417	1,821,576
Total	$10,327,596	$9,963,767	$1,821,576

Financial liabilities

	31 March 2023	31 December 2022	31 March 2022
Financial liabilities measured at amortized cost:			
Short-term loans	$1,873,385	$2,161,065	$693,003
Accounts and other payables (including amount recognized in other current liabilities)	4,343,098	4,754,749	833,398
Bonds payable	141,161	642,363	-
Long-term loans (including current portion)	4,028,399	4,120,101	1,219,702
Lease liabilities	654,286	672,186	321,445
Subtotal	11,040,329	12,350,464	3,067,548
Financial liabilities at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	-	501	-
Contingent considerations from business combinations	1,685,664	1,623,181	-
Subtotal	1,685,664	1,623,682	-
Total	$12,725,993	$13,974,146	$3,067,548

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. The sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the three months ended 31 March 2023 and 2022 will be decreased/increased by NT$4,117 thousand and NT$1,633 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 floating 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 three months ended 31 March 2023 and 2022 to decrease by NT$1,428 thousand and NT$981 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the three months ended 31 March 2023 and 2022 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 March 2023, 31 December 2022 and 31 March 2022, accounts receivable from top ten customers represent 89%, 74% and 93% 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.

<u>Non-derivative financial liabilities</u>

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 March 2023					
Borrowings	$3,041,747	$1,821,902	$1,039,848	$ 310,244	$6,213,741
Accounts and other payables	3,939,635	403,463	-	-	4,343,098
Convertible bonds	-	-	154,800	-	154,800
Lease liabilities (Note)	82,038	161,333	118,662	394,636	756,669

	<= 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 March 2022					
Borrowings	$ 943,553	$ 530,929	$ 180,074	$ 342,887	$1,997,443
Accounts and other payables	833,398	-	-	-	833,398
Lease liabilities (Note)	23,853	46,019	34,787	291,659	396,318

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 March 2023	$362,033	$112,251	$112,251	$74,961	$95,173	$756,669
31 December 2022	$374,615	$112,251	$112,251	$77,504	$98,242	$774,863
31 March 2022	$104,659	$61,402	$61,402	$61,402	$107,453	$396,318

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended 31 March 2023:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
1 January 2023	$2,161,065	$4,120,101	$672,186	$6,953,352
Cash flows	(285,933)	(90,307)	(17,523)	(393,763)
Non-cash changes				
Issuance Costs	-	1,692	-	1,692
Exchange differences	(1,747)	(3,087)	(377)	(5,211)
31 March 2023	$1,873,385	$4,028,399	$654,286	$6,556,070

Reconciliation of liabilities for the three months ended 31 March 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	22,328	(55,211)	(4,367)	(37,250)
Non-cash changes	25,200	24,728	2,303	52,231
31 March 2023	$693,003	$1,219,702	$321,445	$2,234,150

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 March 2023	31 December 2022	31 March 2022
Financial liabilities:			
Bonds payable	$141,161	$ 642,363	$-

`

	Fair value as of		
	31 March 2023	31 December 2022	31 March 2022
Financial liabilities:			
Bonds payable	$144,583	$ 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 March 2023, 31 December 2022 and 31 March 2022 is as follows:

<u>Forward currency contracts</u>

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 March 2023	None	
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 March 2022	None	

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

(1) 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

(2) 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 March 2023:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$-	$-	$-
Embedded derivatives	-	-	1,718	1,718
Total	$-	$-	$1,718	$1,718

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	$-	$-	$-	$-
Contingent considerations from business combinations	-	-	1,685,664	1,685,664
Total	$-	$-	$1,685,664	$1,685,664

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 March 2022: None.

Transfers between Level 1 and Level 2 during the period

During the three months ended 31 March 2023 and 2022, 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:

	Financial assets (liabilities) Measured at fair value through profit or loss	
	Embedded Derivatives	Contingent considerations
As of 1 January 2023	$2,336	$(1,623,181)
Acquisition/issues	-	-
Gains (losses) recognized in profit or loss:	-	-
(presented in "other gains or losses")	(618)	(62,483)
As of 31 March 2023	$1,718	$(1,685,664)

For the period from 1 January 2022 to 31 March 2022: 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 March 2023:

	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	Asset-based 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	61.71%	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$15 thousand or an decrease by NT$31 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$12,705 thousand or an increase of NT$12,991 thousand in the Group's profit or loss

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	Asset-based 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 March 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	Asset-based 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$69 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.

(3) 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 March 2023:

	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 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 March 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	$-	$-	$73,714	$73,714

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

	31 March 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$106,120	30.45	$3,231,354
Financial liabilities			
Monetary items:			
USD	$92,60	30.45	$2,819,670

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

Unit: thousands

	31 March 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$6,574	28.63	$188,181
Financial liabilities			
Monetary items:			
USD	$869	28.63	$24,875

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the three months ended 31 March 2023 and 2022, the foreign exchange (losses) gain on monetary financial assets and financial liabilities amounted to NT$(7,984) thousand and NT$8,362 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 three months ended 31 March 2023: Please refer to Attachment 2.
   (b) Endorsement/Guarantee provided to others for the three months ended 31 March 2023: Please refer to Attachment 3.
   (c) Securities held as of 31 March 2023: 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 three months ended 31 March 2023: None.
   (e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the three months ended 31 March 2023: 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 three months ended 31 March 2023: 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 three months ended 31 March 2023: Please refer to Attachment 5.
(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 March 2023: Please refer to Attachment 6.
(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 7.

3. Investment in Mainland China: None.

4. Information on major shareholders: Please refer to Attachment 8.

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.

Three months ended 31 March 2023

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$3,537,078	$1,241,378	$2,076	$-	$4,780,532
Inter-segment (Note)	8,395	66,277	42,635	(117,307)	-
Total revenue	$3,545,473	$1,307,655	$44,711	$(117,307)	$4,780,532
Segment profit	$1,338,495	$285,831	$(158,315)	$(23,575)	$1,442,436

Three months ended 31 March 2022

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$130,043	$983,429	$3,777	$-	$1,117,249
Inter-segment (Note)	16,602	7,177	25,160	(48,939)	-
Total revenue	$146,645	$990,606	$28,937	$(48,939)	$1,117,249
Segment profit	$17,398	$272,954	$(21,367)	$(15,963)	$253,022

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

Attachment 1

Significant inter-company transactions during the period

For the three months ended 31 March 2023

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenue or consolidated total assets (Note 3)
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Accounts receivable	61,274	60 days from the date of sale	0.27%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Other receivables	479,367	60 days from the date of sale	2.10%
0	The Company	Bora Pharmaceutical Laboratories Inc.	1	Operating revenue	42,635	60 days from the date of sale	0.89%
0	The Company	Bora Pharmaceutical Services Inc.	1	Other receivables	47,759	60 days from the date of sale	0.21%
0	The Company	Bora Pharmaceutical Services Inc.	1	Other revenue	10,516	60 days from the date of sale	0.22%
0	The Company	TWi Pharmaceuticals, Inc.	1	Other receivables	1,370,140	60 days from the date of sale	6.01%
0	The Company	TWi Pharmaceuticals, Inc.	1	Other revenue	9,144	60 days from the date of sale	0.19%
1	Bora Pharmaceutical Laboratories Inc.	The Company	2	Other receivables	403,473	60 days from the date of sale	1.77%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	59,259	60 days from the date of sale	0.26%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	59,442	60 days from the date of sale	1.24%
2	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other revenue	25,985	Net 30 days	0.54%
3	TWi Pharmaceuticals, Inc.	Bora Pharmaceutical Laboratories Inc.	3	Operating revenue	9,660	60 days from the date of sale	0.20%
3	TWi Pharmaceuticals, Inc.	Bora Pharmaceutical Laboratories Inc.	3	Other receivables	47,791	60 days from the date of sale	0.21%
3	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	1,431,092	180 days from the date of sale	6.27%
3	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	1,035,295	180 days from the date of sale	21.66%
4	Synpac-Kingdom Pharmaceutical Co., Ltd.	TWi Pharmaceuticals, Inc.	3	Operating revenue	10,782	180 days from the date of sale	0.23%

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 assets or operating revenue: 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 revenue 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		
1	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	$-	$742,936	$928,671

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	$27,332,315	$360,000	$360,000	$-	$-	6.59%	$27,332,315	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	2	$27,332,315	$1,050,000	$1,050,000	$620,000	$3,751,487	19.21%	$27,332,315	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	2	$27,332,315	$25,000	$25,000	$25,000	$-	0.46%	$27,332,315	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	2	$27,332,315	$717,500	$717,500	$376,773	$-	13.13%	$27,332,315	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$27,332,315	$2,698,800	$2,696,400	$2,696,400	$-	49.33%	$27,332,315	Y	N	N
1	TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd.	4	$750,297	$200,000	$200,000	$200,000	$161,385	5.33%	$1,875,744	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 company in which the Company holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares.

(3) A company which holds directly or its subsidiaries hold indirectly, 50% or more of the voting shares of the Company.

(4) A company in which the Company holds directly or its subsidiaries hold indirectly, 90% 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 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 50% of its net worth.

Attachment 4

Securities held as at the end of the reporting period. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of 31 March 2023				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, non-current	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

Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as at the end of the reporting period.

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)	
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Sales	$1,035,295	98.73%	180 days from the date of sale	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $1,431,092	97.89%	Note

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

Attachment 6

Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at the end of the reporting period.

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			
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Co., Ltd.	Subsidiary	Other receivables $402,784	Note 1	Note 1	Note 1	$-	Note 1	-
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Subsidiary	Other receivables $1,370,983	Note 2	Note 2	Note 2	$1,362,981	Note 2	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Other receivables $469,966	Note 2	Note 2	Note 2	$469,966	Note 2	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Parent/ subsidiary	$1,431,092	0.67	$-	-	$276,073	-	Note 3

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

Note 2: Not applicable as the claim arose from dividends payable by subsidiaries.

Note 3: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 7

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of 31 March 2023			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	$165,784	1,500,000	100%	$32,158	$347	$347	-
The Company	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$190,466	$190,466	18,918,880	90.44%	$224,309	$7,227	$6,536	(Note 1)
The Company	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical contract development and manufacturing	$1,156,810	$1,156,810	165,000,000	100%	$1,823,802	$110,599	$110,599	-
The Company	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	$59,969	$59,969	500,000	100%	$96,921	$35,062	$35,062	-
The Company	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$219,279	$219,279	100,000,000	50%	$1,207,269	$175,272	$87,636	-
The Company	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	$1,000	$1,000	100,000	100%	$2,946	$1,015	$1,015	-
The Company	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical services, research and development services and pharmaceutical manufacturing	$1,103,720	$1,103,720	39,425,000	65.70%	$1,133,902	$10,644	$6,993	(Note 2)
The Company	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	$100	$100	10,000	100%	$14	$(18)	$(18)	(Note 3)
The Company	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$5,676,416	$5,676,416	54,000,000	100%	$5,941,342	$969,048	$945,402	(Note 4)

Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	$213,100	$213,100	100,000,000	50%	$1,211,521	$175,272	$87,636	-
TWi Pharmaceuticals, Inc.	Synpac-Kingdom Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and Sales	$580,866	$580,866	54,252,492	98.64%	$94,172	$(30,162)	$(30,071)	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	State of New Jersey, USA	Pharmaceutical wholesale	$231,982	$231,982	38	100%	$650,317	$651,858	$651,858	-

Note 1: The Company sold partial of its shares of Bora Health Inc. in September 2022.

Note 2: The investment income recognized had deducted the depreciation and amortization expenses arose from the difference between the identifiable assets at fair value and carrying amount of interests in subsidiary as at the acquisition date.

Note 3: Bora Pharmaceutical and Consumer Health Inc. was renamed as Bora Biologics Co., Ltd. in March 2022.

Note 4: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical and Consumer Health Inc. in June 2022.

Attachment 8

Information on major shareholders

Shares / Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	14,400,561	18.56%
Reibaoshin Co., Ltd.	9,024,645	11.63%
Sheng Pao-Shi	4,123,996	5.31%

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.