**BORA PHARMACEUTICALS Co., LTD. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH**

**REPORT OF INDEPENDENT AUDITORS**

**FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022**

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

## Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

### Opinion

We have audited the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (together the "Group") as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

As of 31 December 2023, the Group’s net inventories amounted to NT$2,156,134 thousand, and constituted 9% of total consolidated assets, which were material to the consolidated financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventories aging.

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

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

Revenue Recognition

For the year ended 31 December 2023, the Group recognized NT$14,200,068 thousand as revenues, mainly coming from toll manufacturing, rendering services, prescription drug distribution and sales of consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

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

Business Combination

On November 1, 2023 (the “acquisition date”), in accordance with the Enterprise Mergers and Acquisitions Law and other relevant laws, the Group acquired the shares of SunWay Biotech Co., LTD. and obtained the control over SunWay Biotech Co., LTD. by exchange the shares of Bora Health Inc. This transaction accounts for a reverse acquisition according to the International Finance Reporting standards. We have determined the transaction as a key audit matter as this transaction accounts for a reverse acquisition and the transaction amount of business combinations is significant, which involved the identification of merger and acquisition transaction.

Our audit procedures included, but were not limited to, the following: obtaining agreements for share exchanges, evaluating the reasonableness of acquisition consideration under business combination and the fair value of identifiable net assets through business combination, confirming the acquisition date and related accounting treatments. We also evaluated the appropriateness of the disclosures of business combination. Please refer to Notes IV and VI to the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated financial statements for year ended 31 December 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Hung, Kuo Sen

Chen, Ming Hung

Ernst & Young, Taiwan

7 March 2024

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 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| Current assets | | | | | |
| Cash and cash equivalents | IV&VI.1 | $3,053,294 | 12 | $3,281,319 | 15 |
| Financial assets measured at fair value through profit or loss, current | IV&VI.2 | - | - | 14 | - |
| Financial assets at amortized cost, current | IV&VI.4&VIII | 342,627 | 1 | 247,617 | 1 |
| Contract assets, current | IV&VI.23 | 15,111 | - | 35,197 | - |
| Notes receivable, net | IV&VI.5.24 | 54,323 | - | 36,900 | - |
| Accounts receivable, net | IV&VI.6.24 | 3,890,584 | 16 | 6,028,343 | 27 |
| Accounts receivable-related parties, net | IV&VI.6.24&VII | 68,290 | - | 19,707 | - |
| Other receivables | | 82,614 | - | 286,376 | 1 |
| Inventories, net | IV&VI.7 | 2,156,134 | 9 | 1,946,818 | 9 |
| Prepayments | VI.8 | 801,425 | 3 | 291,419 | 1 |
| Other current assets | VI.9 | 138,626 | 1 | 67,096 | - |
| Total current assets | | 10,603,028 | 42 | 12,240,806 | 54 |
| Non-current assets | | | | | |
| Financial assets measured at fair value through profit or loss, non-current | IV&VI.2 | - | - | 2,336 | - |
| Financial assets measured at fair value through other comprehensive income, non-current | IV&VI.3 | 7,758 | - | - | - |
| Financial assets measured at amortized cost, non-current | IV&VI.4&VIII | 13,500 | - | 62,027 | - |
| Property, plant and equipment | IV&VI.10&VIII | 6,649,994 | 27 | 6,645,112 | 29 |
| Right-of-use assets | IV&VI.25 | 842,586 | 3 | 655,196 | 3 |
| Investment properties, net | IV&VI.11&VIII | 17,018 | - | 17,626 | - |
| Intangible assets | IV&VI.12.13 | 5,595,670 | 22 | 2,147,431 | 10 |
| Deferred tax assets | IV&VI.29 | 1,044,615 | 5 | 829,636 | 4 |
| Prepayment for equipments | | 149,991 | 1 | 37,803 | - |
| Refundable deposits | | 44,111 | - | 38,298 | - |
| Other non-current assets | | 83,734 | - | 84,944 | - |
| Total non-current assets | | 14,448,977 | 58 | 10,520,409 | 46 |
| Total assets | | $25,052,005 | 100 | $22,761,215 | 100 |

(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 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|---|
| Current liabilities | | | | | |
| Short-term loans | VI.14 | $767,508 | 3 | $2,161,065 | 9 |
| Financial liabilities measured at fair value through profit or loss, current | IV&VI.15 | 1,584,841 | 6 | 695,476 | 3 |
| Contract liabilities, current | IV&VI.23 | 224,597 | 1 | 85,692 | - |
| Notes payable | | 18,845 | - | 2,856 | - |
| Accounts payable | | 361,605 | 1 | 426,851 | 2 |
| Accounts payable-related party | VII | - | - | 25,031 | - |
| Other payables | VI.16 | 1,526,752 | 6 | 3,891,975 | 17 |
| Other payables-related party | | - | - | 1,129 | - |
| Income tax payable | IV&VI.29 | 987,430 | 4 | 238,651 | 1 |
| Provisions, current | IV&VI.20 | 144,523 | 1 | 134,381 | 1 |
| Lease liabilities, current | IV&VI.25 | 106,039 | 1 | 75,307 | - |
| Current portion of long-term loans | VI.18 | 630,502 | 3 | 725,627 | 3 |
| Refund liabilities | IV&VI.23 | 1,866,901 | 7 | 2,023,565 | 9 |
| Other current liabilities | | 9,518 | - | 7,917 | - |
| Total current liabilities | | 8,229,061 | 33 | 10,495,523 | 45 |
| Non-current liabilities | | | | | |
| Financial liabilities measured at fair value through profit or loss, non-current | IV&VI.15 | 359,604 | 1 | 928,206 | 4 |
| Contract liabilities, non-current | IV&VI.23 | - | - | 4,184 | - |
| Bonds payable | IV&VI.17 | 1,538,361 | 6 | 642,363 | 3 |
| Long-term loans | VI.18 | 1,185,260 | 5 | 3,394,474 | 15 |
| Provisions, non-current | IV&VI.20 | 216,805 | 1 | 341,716 | 2 |
| Deferred tax liabilities | IV&VI.29 | 701,736 | 3 | 742,848 | 3 |
| Lease liabilities, non-current | IV&VI.25 | 763,333 | 3 | 596,879 | 3 |
| Other non-current liabilities | | 292,034 | 1 | 474,566 | 2 |
| Total non-current liabilities | | 5,057,133 | 20 | 7,125,236 | 32 |
| Total liabilities | | 13,286,194 | 53 | 17,620,759 | 77 |
| Equity attributable to the parent company | VI.17.21 | | | | |
| Capital | | | | | |
| Common stock | | 1,014,128 | 4 | 753,815 | 3 |
| Advance receipts for ordinary share | | 853 | - | 3,107 | - |
| Capital surplus | | 3,318,350 | 13 | 1,236,380 | 6 |
| Retained earnings | | | | | |
| Legal reserve | | 355,501 | 1 | 216,436 | 1 |
| Special reserve | | - | - | 23,919 | - |
| Unappropriated earnings | | 4,373,116 | 18 | 2,308,664 | 10 |
| Subtotal | | 4,728,617 | 19 | 2,549,019 | 11 |
| Other equity | | 73,807 | - | 39,093 | - |
| Treasury stock | | (50,968) | - | (53,092) | - |
| Equity attributable to shareholders of the parent | | 9,084,787 | 36 | 4,528,322 | 20 |
| Non-controlling interests | VI.21 | 2,681,024 | 11 | 612,134 | 3 |
| Total equity | | 11,765,811 | 47 | 5,140,456 | 23 |
| Total liabilities and equity | | $25,052,005 | 100 | $22,761,215 | 100 |

(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

Unit: Thousands of New Taiwan Dollars

| | Notes | For the year ended 31 December 2023 | | For the year ended 31 December 2022 | |
|---|---|---|---|---|---|
| Operating revenue | IV&VI.23&VII | $14,200,068 | 100 | $10,494,470 | 100 |
| Operating costs | VI.7.24.25&VII | (7,208,830) | (51) | (7,581,695) | (72) |
| Gross profit | | 6,991,238 | 49 | 2,912,775 | 28 |
| Operating expenses | | | | | |
| Sales and marketing expenses | VI.22.24.25.26&VII | (447,093) | (3) | (260,115) | (2) |
| General and administrative expenses | | (996,846) | (7) | (601,406) | (6) |
| Research and development expenses | | (298,160) | (2) | (129,078) | (1) |
| Total operating expenses | | (1,742,099) | (12) | (990,599) | (9) |
| Operating income | | 5,249,139 | 37 | 1,922,176 | 19 |
| Non-operating income and expenses | VI.27 | | | | |
| Other revenue | | 93,392 | 1 | 30,684 | - |
| Other gains and losses | | (1,107,146) | (8) | (4,132) | - |
| Financial costs | | (171,239) | (1) | (108,727) | (1) |
| Total non-operating income and expenses | | (1,184,993) | (8) | (82,175) | (1) |
| Net income before income tax | | 4,064,146 | 29 | 1,840,001 | 18 |
| Income tax expense | IV&VI.29 | (992,225) | (7) | (438,476) | (4) |
| Net income | | 3,071,921 | 22 | 1,401,525 | 14 |
| Other comprehensive income | IV&VI.28.29 | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| Gains or losses on remeasurements of defined benefit plans | | (8,681) | - | 5,399 | - |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | | 2,489 | - | (1,430) | - |
| To be reclassified to profit or loss in subsequent periods | | | | | |
| Exchange differences resulting from translation foreign operations | | 50,758 | - | 73,805 | 1 |
| Income tax related to items to be reclassified subsequently to profit or loss | | (10,287) | - | (14,761) | - |
| Total other comprehensive income, net of tax | | 34,279 | - | 63,013 | 1 |
| Total comprehensive income | | $3,106,200 | 22 | $1,464,538 | 15 |
| Net income attributable to: | | | | | |
| Stockholders of the parent | | $3,030,142 | | $1,391,916 | |
| Non-controlling interests | | $41,779 | | $9,609 | |
| Comprehensive income attributable to: | | | | | |
| Stockholders of the parent | | $3,064,856 | | $1,454,929 | |
| Non-controlling interests | | $41,344 | | $9,609 | |
| Earnings per share (NTD) | IV&VI.30 | | | | |
| Earnings per share-basic | | $30.20 | | $14.26 | |
| Earnings per share-diluted | | $29.39 | | $14.13 | |

(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

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 (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 | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 74,974 | - | (74,974) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 19,019 | (19,019) | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | (238,802) | - | - | - | - | (238,802) | - | (238,802) |
| Stock dividends | 68,522 | - | - | - | - | (68,522) | - | - | - | - | - | - | - |
| Issuance of convertible bonds | - | - | 94,679 | - | - | - | - | - | - | - | 94,679 | - | 94,679 |
| Net income for the year ended 31 December 2022 | - | - | - | - | - | 1,391,916 | - | - | - | - | 1,391,916 | 9,609 | 1,401,525 |
| Other comprehensive income for the year ended 31 December 2022 | - | - | - | - | - | 15 | 59,044 | - | 3,969 | - | 63,028 | - | 63,028 |
| Total comprehensive income | - | - | - | - | - | 1,391,931 | 59,044 | - | 3,969 | - | 1,454,944 | 9,609 | 1,464,553 |
| Conversion of convertible bonds | - | 3,067 | 80,403 | - | - | - | - | - | - | - | 83,470 | - | 83,470 |
| Treasury stock purchases | - | - | - | - | - | - | - | - | - | (53,092) | (53,092) | - | (53,092) |
| Share-based payment transactions-exercise of stock option | 510 | 40 | 3,346 | - | - | - | - | - | - | - | 3,896 | - | 3,896 |
| Share-based payment transactions-stock based compensation | - | - | 29,790 | - | - | - | - | - | - | - | 29,790 | 2,036 | 31,826 |
| Share-based payment transactions-conversion of stock option | 660 | (660) | - | - | - | - | - | - | - | - | - | - | - |
| Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal | - | - | 2,177 | - | - | - | - | - | - | - | 2,177 | 21,823 | 24,000 |
| Adjustment to share of changes in equities of subsidiaries | - | - | - | - | - | (1,281) | - | - | - | - | (1,281) | 578,666 | 577,385 |
| Balance as of 31 December 2022 | $753,815 | $3,107 | $1,236,380 | $216,436 | $23,919 | $2,308,664 | $35,489 | ($4,900) | $8,504 | $(53,092) | $4,528,322 | $612,134 | $5,140,456 |
| 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 | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 139,065 | - | (139,065) | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | (619,134) | - | - | - | - | (619,134) | - | (619,134) |
| Stock dividends | 231,410 | - | - | - | - | (231,410) | - | - | - | - | - | - | - |
| Reversal of special reserve | - | - | - | - | (23,919) | 23,919 | - | - | - | - | - | - | - |
| Issuance of convertible bonds | - | - | 392,062 | - | - | - | - | - | - | - | 392,062 | - | 392,062 |
| Net income for the year ended 31 December 2023 | - | - | - | - | - | 3,030,142 | - | - | - | - | 3,030,142 | 41,779 | 3,071,921 |
| Other comprehensive income for the year ended 31 December 2023 | - | - | - | - | - | - | 40,906 | - | (6,192) | - | 34,714 | (435) | 34,279 |
| Total comprehensive income | - | - | - | - | - | 3,030,142 | 40,906 | - | (6,192) | - | 3,064,856 | 41,344 | 3,106,200 |
| Conversion of convertible bonds | 27,863 | (3,064) | 644,607 | - | - | - | - | - | - | - | 669,406 | - | 669,406 |
| Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal | - | - | 872,616 | - | - | - | - | - | - | - | 872,616 | 1,993,616 | 2,866,232 |
| Adjustment to share of changes in equities of subsidiaries | - | - | 47,125 | - | - | - | - | - | - | - | 47,125 | 29,375 | 76,500 |
| Share-based payment transactions-exercise of stock option | 1,000 | 850 | 24,594 | - | - | - | - | - | - | - | 26,444 | - | 26,444 |
| Share-based payment transactions-stock based compensation | - | - | 95,598 | - | - | - | - | - | - | - | 95,598 | 7,215 | 102,813 |
| Share-based payment transactions-conversion of stock option | 40 | (40) | - | - | - | - | - | - | - | - | - | - | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (2,660) | (2,660) |
| Other-treasury shares sold to employees | - | - | 5,368 | - | - | - | - | - | - | 2,124 | 7,492 | - | 7,492 |
| Balance as of 31 December 2023 | $1,014,128 | $853 | $3,318,350 | $355,501 | $- | $4,373,116 | $76,395 | ($4,900) | $2,312 | ($50,968) | $9,084,787 | $2,681,024 | $11,765,811 |

(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

Unit: Thousands of New Taiwan Dollars

| Items | For the year ended 31 December 2023 | For the year ended 31 December 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income before income tax | $4,064,146 | $1,840,001 |
| Adjustments for: | | |
| Income and expense adjustments: | | |
| Depreciation | 420,088 | 258,774 |
| Amortization | 186,198 | 66,412 |
| Net loss on financial assets or liabilities measured at fair value through profit or loss | 1,044,183 | 47,787 |
| Interest expense | 171,239 | 108,727 |
| Interest income | (62,954) | (11,364) |
| Share-based payment expenses | 102,813 | 31,826 |
| Loss on disposal of property, plant and equipment | 4,997 | 2,357 |
| Gains on disposal of other assets | - | 1,023 |
| Others | 8,398 | 16,607 |
| Total income and expense adjustments: | 1,874,962 | 522,149 |
| Changes in operating assets and liabilities: | | |
| Contract assets | 20,086 | (35,197) |
| Notes receivable, net | (17,423) | (12,575) |
| Notes receivable-related party, net | - | 2,233 |
| Accounts receivable, net | 2,138,609 | (1,469,620) |
| Accounts receivable-related parties, net | (1,419) | (4,002) |
| Other receivables | 8,045 | (37,655) |
| Inventories, net | (124,499) | 99,389 |
| Prepayments | (9,210) | (106,166) |
| Other current assets | (71,203) | (35,302) |
| Contract liabilities | 134,721 | (11,774) |
| Notes payable | 1,852 | 2,057 |
| Notes payable-related party | - | (7,596) |
| Accounts payable | (65,844) | 94,802 |
| Accounts payable-related party | (25,031) | 12,366 |
| Other payables | (2,185,681) | 1,447,498 |
| Refund liabilities | (156,664) | 163,338 |
| Provisions | (139,197) | (103,532) |
| Other current liabilities | 923 | 6,044 |
| Cash generated from operations | 5,447,173 | 2,366,458 |
| Interest received | 62,954 | 11,364 |
| Income tax paid | (896,470) | (367,748) |
| Net cash provided by operating activities | 4,613,657 | 2,010,074 |

| Items | For the year ended 31 December 2023 | For the year ended 31 December 2022 |
|---|---|---|
| Cash flows from investing activities: | | |
| Proceeds from disposal of financial assets measured at amortized cost | 53,648 | 323,981 |
| Acquisition of financial assets measured at amortized cost | (95,351) | - |
| Acquisition of subsidiary (net of cash acquired) | (1,288,413) | (4,514,398) |
| Proceeds from disposal of subsidiary | - | 24,000 |
| Acquisition of property, plant and equipment | (256,300) | (187,760) |
| Proceeds from disposal of property, plant and equipment | 3,372 | 37,953 |
| Increase in refundable deposits | - | (10,805) |
| Decrease in refundable deposits | 3,375 | - |
| Decrease in other receivables | - | 73,005 |
| Acquisition of intangible assets | (1,132,481) | (5,410) |
| Net cash inflows from business combination | 288,423 | - |
| Other non-current assets | 7,547 | (14,712) |
| Increase in prepayment for equipments | (41,405) | (7,045) |
| Net cash used in investing activities | (2,457,585) | (4,281,191) |
| Cash flows from financing activities: | | |
| Increase in short-term loans | - | 772,328 |
| Decrease in short-term loans | (1,397,782) | - |
| Issuance of convertible bonds | 2,023,360 | 844,998 |
| Proceeds from long-term borrowings | 2,781,000 | 4,709,273 |
| Repayment of long-term loans | (5,101,136) | (1,878,472) |
| Repayment of the principal of lease liabilities | (74,747) | (37,227) |
| Increase in other non-current liabilities | - | 557 |
| Decrease in other non-current liabilities | (3,119) | - |
| Cash dividends | (619,134) | (238,802) |
| Employee stock options exercised | 26,444 | 3,896 |
| Treasury stock purchases | - | (53,092) |
| Treasury shares sold to employees | 7,492 | - |
| Interest paid | (156,006) | (105,040) |
| Net change of non-controlling interests | 73,405 | 576,381 |
| Net cash (used in) provided by financing activities | (2,440,223) | 4,594,800 |
| Effect of exchange rate changes on cash and cash equivalents | 56,126 | 46,887 |
| Net (decrease) increase in cash and cash equivalents | (228,025) | 2,370,570 |
| Cash and cash equivalents at beginning of period | 3,281,319 | 910,749 |
| Cash and cash equivalents at end of period | $3,053,294 | $3,281,319 |

(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 12 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 of Sing'ai Rd., Neihu Dist., Taipei City, Republic of China (R.O.C.), and then relocated to 6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, Republic of China (R.O.C.) on 2 February 2021. The main activities of the Company focus on manufacturing and selling generic, brand, and over-the-counter (OTC) drugs, contract development and manufacturing (CDMO). The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 19 December 2023.

II. The Authorization of Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 7 March 2024.

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 2023. The adoption of these new standards and amendments had no material impact on the Group.

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

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|---|---|---|
| a | Classification of Liabilities as Current or Non-current – Amendments to IAS 1 | 1 January 2024 |
| b | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | 1 January 2024 |
| c | Non-current Liabilities with Covenants – Amendments to IAS 1 | 1 January 2024 |
| d | Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 | 1 January 2024 |

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The standards and interpretations have no material impact on the Group.

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

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|---|---|---|
| a | IFRS 10 "*Consolidated Financial Statements*" and IAS 28 "*Investments in Associates and Joint Ventures*" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB |
| b | IFRS 17 "*Insurance Contracts*" | 1 January 2023 |
| c | Lack of Exchangeability – Amendments to IAS 21 | 1 January 2025 |

(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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

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 new or amended standards and interpretations have no significant impact on the Group.

IV. <u>Summary of Significant Accounting Policies</u>

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 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

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

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

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

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

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

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

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Group, 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 December 2023 | Percentage of Ownership 31 December 2022 |
|---|---|---|---|---|
| The Company | Union Chemical & Pharmaceutical Co., Ltd. | Pharmaceutical manufacturing and wholesale | -% (Note 1) | 100% |
| The Company | Bora Health Inc. | Pharmaceutical wholesale and healthcare product wholesale | -% (Note 2) | 90.44% |
| The Company | Bora Pharmaceutical Laboratories Inc. | Pharmaceutical contract development and manufacturing | 100% | 100% |
| The Company | Bora Pharmaceuticals USA Inc. | Pharmaceutical wholesale | 100% | 100% |
| The Company | Bora Pharmaceutical Services Inc. | Pharmaceutical contract development and manufacturing | 50% | 50% |
| Bora Pharmaceutical Laboratories Inc. | Bora Pharmaceutical Services Inc. | Pharmaceutical contract development and manufacturing | 50% | 50% |
| The Company | Bora Management Consulting Co., Ltd. | Management & consulting | 100% | 100% |
| The Company | Bora Biologics Co., Ltd. | Biotechnical services, research and development services and pharmaceutical manufacturing | 65.7% | 65.7% |
| The Company | Bora Pharmaceutical and Consumer Health Inc. | Biotechnical research and management and consulting | 100% | 100% |
| The Company | TWi Pharmaceuticals, Inc. | Pharmaceutical manufacturing and wholesale | 100% | 100% |
| The Company | SunWay Biotech Co., LTD. | Healthcare product research and development and manufacturing and sales | 35.79% (Note 2) (Note 4) | -% |
| TWi Pharmaceuticals, Inc. | Bora Pharmaceuticals Ophthalmic Inc. | Pharmaceutical manufacturing and sales | -% (Note 3) | 98.64% |
| TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA Inc. | Pharmaceutical wholesale | 100% | 100% |
| Bora Pharmaceutical Laboratories Inc. | Bora Pharmaceuticals Ophthalmic Inc. | Pharmaceutical manufacturing and sales | 98.85% (Note 3) | -% |
| SunWay Biotech Co., LTD. | Sunway Group Holding Limited | Investment | 100% (Note 2) | -% |
| SunWay Biotech Co., LTD. | Chen Run Marketing Co., Ltd | Healthcare product sales | 51% (Note 2) | -% |
| SunWay Biotech Co., LTD. | Bora Health Inc. | Pharmaceutical and Healthcare product wholesale | 100% (Note 2) | -% |
| Bora Health Inc. | Union Chemical & Pharmaceutical Co., Ltd. | Pharmaceutical manufacturing and wholesale | 100% (Note 1) | -% |
| Sunway Group Holding Limited | Sunway Investment (H.K.) Limited | Investing | 100% (Note 2) | -% |
| Sunway Investment (H.K.) Limited | Sunway (Dongguan) Biotech Co., LTD. | Healthcare product wholesale and sales | 100% (Note 2) | -% |

Note 1: For the Group's future strategic integrations and the full utilization of Group resources, the Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. in July 2023.

Note 2: In order to enhance the efficiency of research and development as well as expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 35.79% of equity interests of SunWay Biotech Co., LTD. in exchange for all the Company’s equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company obtained the control over SunWay Biotech Co., LTD. and its subsidiaries. and they have been included in the consolidated financial statements.

Note 3: Due to the Group’s future strategic integrations and the full utilization of Group resources, Bora Pharmaceutical Laboratories Inc. was authorized by the board of directors’ meeting to acquire all the shares of Bora Pharmaceuticals Ophthalmic Inc. owned by TWi Pharmaceuticals, Inc. since July 2023.

Note 4: The Company holds less than 50% of the voting rights of SunWay Biotech Co., LTD. but still has control over it because the Company is the single largest shareholder of SunWay Biotech Co., LTD. since the acquisition date while the other shareholders are relatively dispersed. As the Company has the ability to dominate major relevant activities of SunWay Biotech Co., LTD., SunWay Biotech Co., LTD. becomes one of the Company’s subsidiary accordingly.

4. Foreign currency transactions

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

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

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

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

5. Translation of financial statements in foreign currency

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

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

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

6. Current and non-current distinction

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

All other assets are classified as non-current.

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

7. Cash and cash equivalents

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

8. Financial instruments

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

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

(1) Financial instruments: recognition and measurement

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

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

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

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivables, accounts receivables and other receivables etc., on balance sheet as of the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

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

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

(2) Impairment of financial assets

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

The Group measures expected credit losses of a financial instrument in a way that reflects:
A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:
A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(3) Derecognition of financial assets

A financial asset is derecognized when:
A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial instruments

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

9. Derivative instrument

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

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

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

10. Fair value measurement

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

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

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

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

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

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

11.Inventories, net

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted average basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are calculated on a weighted average basis.

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

12. Property, plant and equipment

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

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

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

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

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

13. Investment property, net

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

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

| | |
|---|---|
| Buildings | 30 years |

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

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

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

14. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:
(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

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

<u>Group as a lessee</u>

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

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

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

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

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Group as a lessor

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

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

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

15. Intangible assets

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

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

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

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

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

Research and development costs

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

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

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

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

| Category | Useful lives | Amortization methods |
|---|---|---|
| Trademark | 10 years | Straight line method |
| Patent | 9 to 20 years | Straight line method |
| Product distribution | 5 to 13 years | Straight line method |
| Computer software | 1 to 7 years | Straight line method |
| Drug license | 2 to 16 years | Straight line method |
| Customer relations | 12 years | Straight line method |
| Other intangible assets | 2 to 10 years | Straight line method |

16. Impairment of non-financial assets

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

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

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

17. Provisions

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

Provision for onerous contracts

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

Provisions for employee benefits

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

18. Treasury stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

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

<u>Sale of goods (Commercial Sales)</u>

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

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

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

<u>CDMO – Services Revenue</u>

The Group provides biopharmaceutical contract testing and development services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

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

CDMO – Manufacturing Revenue

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

20. Borrowing costs

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

21. Post-employment benefits

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

Defined contribution plan for overseas subsidiaries: Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and recognizes as an expenses when the employees have rendered service entitling them to the contribution.

For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations and are determined using the Projected Unit Credit Method. Remeasurement from net defined benefit liability (asset), comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Prior service cost resulting from the change of the present value of defined benefit obligation (assets) due to the amendment or the reduction of pension plan are recognized as expense at earlier of

(a) The amendment or reduction of pension plan or
(b) The Group recognizes restructuring cost or severance benefits.

Net interest on the net defined benefit liability (asset) is determined by the discount rate, contributions, and payments made in the reporting periods.

22. Shared-based payment transactions

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

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

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

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

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

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

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

23. Income taxes

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

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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

Deferred tax

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

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

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

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

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

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

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

The amendment in "*International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)*" has applied the exception. an exception to the requirements in IAS 12 that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the pillar two income taxes.

24. Business combinations and goodwill

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

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

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

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

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

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

In a reverse acquisition, the consolidated financial statements reflect the assets and liabilities of the legal subsidiary (the accounting acquirer) recognized and measured at their pre-combination carrying amounts, and reflect the retained earnings and other equity balances of the legal subsidiary (the accounting acquirer) at their pre-combination carrying amounts. The consolidated financial statements reflect the assets and liabilities of the legal parent (the accounting acquiree) recognized and measured at its fair value, and reflect the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.

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 CDMO 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.

(c) Reverse acquisition

The Company acquired 21,257,000 shares of SunWay Biotech Co., LTD. (share interest of 35.79%, approximately) in exchange of all the Company's equity interest of Bora Health Inc. and has obtained control over SunWay Biotech Co., LTD. and its subsidiaries. Because SunWay Biotech Co., LTD. and Bora Health Inc. were not under common control before the share exchange, when SunWay Biotech Co., LTD. and Bora Health Inc. determine the accounting acquirer, they should make a consistent judgment as the parent company of SunWay Biotech Co., LTD. Therefore, the share exchange transaction was account for a reverse acquisition, under which Bora Health Inc. is identified as the accounting acquirer, and accordingly, SunWay Biotech Co., LTD. is identified as legal acquiree in accordance with IFRS 3.

(2) Estimates and assumptions

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

(a) Inventory valuation

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

(b) Revenue recognition－sales returns and discounts

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

(c) Income tax

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

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

(d) Accounts receivable–estimation of impairment loss

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

(e) Share-based payment transactions

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

(f) Pension benefits

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

(g) Impairment of non-financial assets

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

(h) Goodwill assessment arising from business combinations

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

(i) Fair value measurement of contingent consideration

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

## VI. Details of Significant Accounts

### 1. Cash and cash equivalents

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash on hand | $1,034 | $871 |
| Checking accounts and demand deposits | 2,902,260 | 3,280,448 |
| Time deposits | 150,000 | - |
| Total | $3,053,294 | $3,281,319 |

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

| | 31 December 2023 | 31 December 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 | - | 2,336 |
| Total | $- | 2,350 |
| Current | $- | $14 |
| Non-current | $- | $2,336 |

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

### 3. Financial assets at fair value through other comprehensive income

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Equity instrument investments measured at fair value through other comprehensive income – Non-current: | | |
| Stocks – private entity | $7,758 | $- |

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income and none were pledged.

4. Financial assets at amortized cost

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Time deposits | $334,951 | $76,775 |
| Restricted deposits | 21,176 | 232,869 |
| Total | $356,127 | $309,644 |
| Current | $342,627 | $247,617 |
| Non-current | $13,500 | $62,027 |

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.24 for more details on credit loss, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

5. Notes receivable, net

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Notes receivable from operation, gross | $54,323 | $36,900 |
| Less: loss allowance | - | - |
| Subtotal | 54,323 | 36,900 |
| Notes receivable from related party, gross | - | - |
| Less: loss allowance | - | - |
| Subtotal | - | - |
| Total | $54,323 | $36,900 |

Notes receivable were not overdue and not pledged. The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.24 for more details on credit loss and Note XII for details on credit risk management.

6. Accounts receivable

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Accounts receivables, gross | $3,907,992 | $6,038,657 |
| Less: loss allowance | (17,408) | (10,314) |
| Subtotal | 3,890,584 | 6,028,343 |
| Accounts receivable from related party, gross | 68,290 | 19,707 |
| Less: loss allowance | - | - |
| Subtotal | 68,290 | 19,707 |
| Total | $3,958,874 | $6,048,050 |

(1) Accounts receivable were not pledged.

(2) The terms of accounts receivable are generally on 30 to 180 days. The total carrying amount as of 31 December 2023 and 2022 are NT$3,976,282 thousand and NT$6,058,364 thousand, respectively. Please refer to Note VI.24 for more details on credit loss of accounts receivable as of 31 December 2023 and 2022. Please refer to Note XII for more details on credit risk management.

7. Inventories, net

(1) Details on net inventories are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Raw materials | $961,801 | $810,560 |
| Supplies and spares parts | 113,986 | 154,196 |
| Work in progress | 100,390 | 46,080 |
| Semi-finished goods | 303,814 | 343,926 |
| Finished goods | 576,456 | 500,178 |
| Merchandise | 99,687 | 91,878 |
| Total | $2,156,134 | $1,946,818 |

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Cost of goods sold | $7,104,316 | $7,516,909 |
| Inventories (overage) shortage | (838) | 5,876 |
| Loss on valuation of inventories | 105,352 | 58,910 |
| Total | $7,208,830 | $7,581,695 |

(3) The cost of inventories recognized in operating costs amounted to NT$7,208,830 thousand and NT$7,581,695 thousand for the years ended 31 December 2023 and 2022, respectively, including the loss on valuation of inventories of NT$105,352 thousand and NT$58,910 thousand, respectively.

(4) No inventories were pledged.

8. Prepayments

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Advances to vendors | $115,595 | $44,488 |
| Prepaid insurance | 19,426 | 9,544 |
| Prepaid rent | 1,009 | 904 |
| Prepaid inspection fee | 48,668 | 32,970 |
| Prepaid business tax | 37,858 | 136,868 |
| Prepaid income tax | 499,138 | 4,465 |
| Others | 79,731 | 62,180 |
| Total | $801,425 | $291,419 |

9. Other current assets

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Payment on behalf of others (Note) | $91,831 | $51,593 |
| Temporary payments | 5,276 | 4,435 |
| Others | 41,519 | 11,068 |
| Total | $138,626 | $67,096 |

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

## 10. Property, plant and equipment

| | Land | Buildings | Machinery & equipment | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| 1 January 2023 | $3,397,207 | $1,905,066 | $2,321,376 | $2,751 | $63,351 | $205,288 | $65,894 | $76,723 | $8,037,656 |
| Addition | - | 39,856 | 109,356 | - | 3,536 | 14,933 | 8,527 | 89,548 | 265,756 |
| Acquisitions through business combinations | - | - | 97,561 | 481 | 1,550 | 23,193 | - | 31,902 | 154,687 |
| Disposals | - | (37,302) | (169,643) | - | (863) | - | (2,980) | - | (210,788) |
| Reclassification | - | 22,396 | 45,573 | - | (13,134) | 8,397 | 15,417 | (83,898) | (5,249) |
| Exchange differences | 26,816 | 14,502 | 11,809 | - | 158 | - | - | 1,563 | 54,848 |
| 31 December 2023 | $3,424,023 | $1,944,518 | $2,416,032 | $3,232 | $54,598 | $251,811 | $86,858 | $115,838 | $8,296,910 |
| 1 January 2022 | $1,983,704 | $1,392,590 | $776,695 | $570 | $9,286 | $- | $82,522 | $11,725 | $4,257,092 |
| Addition | - | 18,054 | 89,237 | 630 | 12,089 | 6,851 | 5,847 | 55,052 | 187,760 |
| Acquisitions through business combinations | 1,360,377 | 468,510 | 1,553,171 | 1,551 | 42,123 | 198,512 | 6,406 | 10,369 | 3,641,019 |
| Disposals | - | (11,827) | (146,465) | - | (223) | (75) | (358) | - | (158,948) |
| Reclassification | - | 9,196 | 27,013 | - | - | - | (28,523) | (462) | 7,224 |
| Exchange differences | 53,126 | 28,543 | 21,725 | - | 76 | - | - | 39 | 103,509 |
| 31 December 2022 | $3,397,207 | $1,905,066 | $2,321,376 | $2,751 | $63,351 | $205,288 | $65,894 | $76,723 | $8,037,656 |
| Depreciation and impairment: | | | | | | | | | |
| 1 January 2023 | $- | $406,660 | $898,878 | $1,269 | $34,111 | $15,021 | $36,605 | $- | $1,392,544 |
| Depreciation | - | 81,304 | 232,206 | 226 | 6,438 | 13,205 | 7,684 | - | 341,063 |
| Acquisitions through business combinations | - | - | 86,248 | 441 | 1,525 | 23,193 | - | - | 111,407 |
| Disposals | - | (31,447) | (167,188) | - | (863) | - | (2,921) | - | (202,419) |
| Reclassification | - | - | - | - | (12,140) | - | 12,140 | - | - |
| Exchange differences | - | 944 | 3,368 | - | 9 | - | - | - | 4,321 |
| 31 December 2023 | $- | $457,461 | $1,053,512 | $1,936 | $29,080 | $51,419 | $53,508 | $- | $1,646,916 |
| 1 January 2022 | $- | $164,447 | $270,723 | $478 | $4,122 | $- | $67,341 | $- | $507,111 |
| Depreciation | - | 63,086 | 141,223 | 70 | 3,864 | 5,609 | 5,774 | - | 219,626 |
| Acquisitions through business combinations | - | 189,768 | 554,657 | 721 | 26,242 | 9,429 | - | - | 780,817 |
| Disposals | - | (11,800) | (106,335) | - | (223) | (17) | (263) | - | (118,638) |
| Reclassification | - | 452 | 36,247 | - | - | - | (36,247) | - | 452 |
| Exchange differences | - | 707 | 2,363 | - | 106 | - | - | - | 3,176 |
| 31 December 2022 | $- | $406,660 | $898,878 | $1,269 | $34,111 | $15,021 | $36,605 | $- | $1,392,544 |

| | Land | Buildings | Machinery & equipment | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Net carrying amount as at: | | | | | | | | | |
| 31 December 2023 | $3,424,023 | $1,487,057 | $1,362,520 | $1,296 | $25,518 | $200,392 | $33,350 | $115,838 | $6,649,994 |
| 31 December 2022 | $3,397,207 | $1,498,406 | $1,422,498 | $1,482 | $29,240 | $190,267 | $29,289 | $76,723 | $6,645,112 |

(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 years ended 31 December 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.11 for the investment properties disclosure for the building acquired by the Group in 2019 for business operation which partial is for lease while the remaining portion is owner-occupied. Leasing portion were recognized as investment properties.

11. 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 three to nine years which include a clause for annual rate adjustment to reflect the change in market conditions.

| | Buildings |
|---|---|
| Cost: | |
| 1 January 2023 | $19,449 |
| Additions | - |
| 31 December 2023 | $19,449 |
| 1 January 2022 | $26,673 |
| Reclassification | (7,224) |
| 31 December 2022 | $19,449 |
| | |
| Depreciation and impairment: | |
| 1 January 2023 | $1,823 |
| Depreciation | 608 |
| 31 December 2023 | $2,431 |
| 1 January 2022 | $1,667 |
| Reclassification | (452) |
| Depreciation | 608 |
| 31 December 2022 | $1,823 |
| | |
| Net carrying amount as of: | |
| 31 December 2023 | $17,018 |
| 31 December 2022 | $17,626 |

| | 2023 | 2022 |
|---|---|---|
| Net income from investment properties | $4,690 | $6,294 |

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$53,094 thousand and NT$54,405 thousand as of 31 December 2023 and 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 December 2023 | 31 December 2022 |
|---|---|---|
| Net income margin | $110,741 | $110,269 |
| Capitalization rate | 2.11% | 2.07% |

Comparison approach:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Regional factors | 98%-100% | 100% |
| Individual factors | 89%-91% | 90%-94% |

12. Intangible assets

| | Trademark | Patent | Product distribution | Goodwill | Software | Drug License | Customers Relationship | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| 1 January 2023 | $- | $- | $250,366 | $983,585 | $228,945 | $1,009,383 | $- | $64,827 | $2,537,106 |
| Addition | - | - | - | - | 9,326 | 1,244,969 | - | - | 1,254,295 |
| Acquisitions through business combinations | $5,296 | 275,396 | - | 1,797,803 | 2,061 | - | 321,000 | 7,689 | 2,409,245 |
| Disposals | - | - | (25,922) | - | (519) | - | - | - | (26,441) |
| Reclassification | - | - | - | - | 5,249 | - | - | - | 5,249 |
| Exchange differences | - | - | - | - | 4,132 | - | - | - | 4,132 |
| 31 December 2023 | $5,296 | $275,396 | $224,444 | $2,781,388 | $249,194 | $2,254,352 | $321,000 | $72,516 | $6,183,586 |
| 1 January 2022 | $- | $- | $- | $- | $195,510 | $- | $- | $36,839 | $232,349 |
| Addition | - | - | - | - | 4,339 | - | - | 1,071 | 5,410 |
| Acquisitions through business combinations | - | - | 250,366 | 983,585 | 22,131 | 1,009,383 | - | 31,679 | 2,297,144 |
| Disposals | - | - | - | - | (1,235) | - | - | (4,762) | (5,997) |
| Exchange differences | - | - | - | - | 8,200 | - | - | - | 8,200 |
| 31 December 2022 | $- | $- | $250,366 | $983,585 | $228,945 | $1,009,383 | $- | $64,827 | $2,537,106 |
| Amortization and impairment: | | | | | | | | | |
| 1 January 2023 | $- | $- | $248,555 | $- | $100,106 | $21,417 | $- | $19,597 | $389,675 |
| Amortization | 14 | 4,101 | 1,605 | - | 42,756 | 106,685 | 4,458 | 26,579 | 186,198 |
| Acquisitions through business combinations | 4,543 | 29,564 | - | - | 2,031 | - | - | 832 | 36,970 |
| Disposals | - | - | (25,922) | - | (519) | - | - | - | (26,441) |
| Exchange differences | - | - | - | - | 1,514 | - | - | - | 1,514 |
| 31 December 2023 | $4,557 | $33,665 | $224,238 | $- | $145,888 | $128,102 | $4,458 | $47,008 | $587,916 |
| 1 January 2022 | $- | $- | $- | $- | $41,829 | $- | $- | $19,475 | $61,304 |
| Amortization | - | - | 843 | - | 39,952 | 21,417 | - | 4,200 | 66,412 |
| Acquisitions through business combinations | - | - | 247,712 | - | 18,764 | - | - | - | 266,476 |
| Disposals | - | - | - | - | (1,235) | - | - | (4,078) | (5,313) |
| Exchange differences | - | - | - | - | 796 | - | - | - | 796 |
| 31 December 2022 | $- | $- | $248,555 | $- | $100,106 | $21,417 | $- | $19,597 | $389,675 |
| Net book value: | | | | | | | | | |
| 31 December 2023 | $739 | $241,731 | $206 | $2,781,388 | $103,306 | $2,126,250 | $316,542 | $25,508 | $5,595,670 |
| 31 December 2022 | $- | $- | $1,811 | $983,585 | $128,839 | $987,966 | $- | $45,230 | $2,147,431 |

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

| | For the years ended 31 December | |
|---|---|---|
| Amortization recognized in | 2023 | 2022 |
| Operating costs | $156,967 | $55,239 |
| Operating expenses | $29,231 | $11,173 |

In August 2023, the Group acquired six brand drug licenses and related right form a third party in the United States at a total purchase price US$38,500 thousand (NT$1,218,140 thousand, approximately). As of 31 December 2023, US$3,850 thousand (NT$ 121,814 thousand, approximately) was outstanding and recognized as other payables.

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

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

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

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

| | CDMO Segment CGU A | Commercial Sales Segment CGU B | Total |
|---|---|---|---|
| 31 December 2023 | $928,880 | $54,705 | $983,585 |
| 31 December 2022 | $928,880 | $54,705 | $983,585 |

CGU A: CDMO segment

This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. As of 31 December 2023, the pre-tax discount rate applied to cash flow projections is 14.80%. As a result of this analysis, management considers there is no impairment loss of goodwill.

Key assumptions used in value-in-use calculations

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

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

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

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

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

Sensitivity to changes in assumptions

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

14. Short-term loans

| | Interest rates (%) | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Unsecured bank loans | 1.2%~2.4% | $767,508 | $724,365 |
| Secured bank loans | - | - | 1,436,700 |
| Total | | $767,508 | $2,161,065 |

The unused available line from short-term loans as of 31 December 2023 and 2022 are NT$5,057,720 thousands and NT$1,961,665 thousands.

Information related to 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.

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

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Held for trading purpose: | | |
| Derivatives not designated as hedging instruments - | | |
| Forward foreign exchange agreements | $- | $501 |
| Contingent consideration from business combination | 1,935,436 | 1,623,181 |
| Embedded derivatives - | | |
| Put Option on convertible bonds | 9,009 | - |
| Total | $1,944,445 | $1,623,682 |
| Current | $1,584,841 | $695,476 |
| Non-current | $359,604 | $928,206 |

16.Other payables

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Investments payable | 184,230 | $521,538 |
| Salaries payable | 106,398 | 84,399 |
| Employees' and directors' remuneration payable | 190,972 | 94,268 |
| Equipment payable | 18,206 | 8,747 |
| Bonus payable | 220,311 | 208,595 |
| Repair and maintenance payable | 122,191 | 60,136 |
| Professional service fees payable | 24,739 | 54,076 |
| Facility management fees payable | 209 | 4,540 |
| Business tax payable | 19,757 | 74,538 |
| Interests payable | 1,230 | 2,767 |
| Royalty fees payable | 305,658 | 2,565,502 |
| Intangible assets payables | 127,426 | - |
| Other payables | 205,425 | 213,998 |
| Total | $1,526,752 | $3,893,104 |

17. Domestic convertible bonds payable

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Liability component: | | |
| Principal amount | $1,699,800 | $708,000 |
| (Discounts) on convertible bonds payable | (161,439) | (65,637) |
| Subtotal | 1,538,361 | 642,363 |
| Less: current portion | - | - |
| Net | $1,538,361 | $642,363 |
| Embedded derivative (shown as "Financial (liabilities) assets measured at fair value through profit or loss, non-current) | $(9,009) | $2,336 |
| Equity component (shown as "Capital Surplus, net of tax) | $392,017 | $83,791 |

Please refer to Note VII.27 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.

All of the convertible bonds were converted into 2,787 thousands of common shares as of 31 December 2023.

On 4 August 2023, the Company issued 3rd 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$1,700,000 thousand

Period: 4 August 2023 ~ 4 August 2028

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 4 August 2026.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after 5 November 2023 and prior to 4 August 2028 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$808 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.

As of 31 December 2023, the bonds of NT$200 thousand were converted into 320 thousands of common shares and were recognized as advance receipts for capital stock.

18. Long-term loans

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

| Lenders | 31 December 2023 | Interest Rate (%) | Maturity date and terms of repayment |
|---|---|---|---|
| Chang Hwa secured bank loan *(Note 1)* | $459,196 | 1.90% | From 23 December 2019 to 23 December 2034; 156 monthly instalments (principal and interests), starting from 23 January, 2022. |
| KGI Bank unsecured bank loan | 200,000 | 2.29% | From 4 December 2023 to 4 December 2025; 5 quarterly instalments (principal and interests), starting from 4 December 2024. |
| CTBC unsecured bank loan | 164,000 | 2.34% | From 17 June 2022 to 17 June 2027; 17 quarterly instalments (principal), starting from 17 June 2023. |
| CTBC secured bank loan *(Note 2)* | 600,000 | 2.49% | From 27 June 2023 to 27 June 2026；5 semi-annual instalments (principal), starting from 27 June 2024. |
| CTBC secured bank loan *(Note 3)* | 52,500 | 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 | 189,273 | 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, 28 April 2025. Repay the remaining outstanding principal at maturity date with floating interest rate |
| CTBC secured bank loan *(Note 4)* | 174,610 | 6.68% | From 27 November 2022 to 27 November 2025；12 quarterly instalments (principal and interests), starting from 27 February 2023. |
| Subtotal | 1,839,579 | | |
| Less: unamortized issuance cost | (23,817) | | |
| Subtotal | 1,815,762 | | |
| Less: current portion | (630,502) | | |
| Total | $1,185,260 | | |

| 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 *(Note 2)* | 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 quarterly instalments (principal), starting from 17 June 2023. |
| CTBC syndicated bank loan *(Note 3)* | 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 4)* | 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 5)* | 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 | | |

(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 entered into a Facility Agreement at the amount of NT$2,581,000 thousand with CTBC Bank to replaces the original syndicated facility with 7 banks. The syndicated loan was pledged by all the shares of TWi Pharmaceuticals, Inc. and was terminated on June 2023. Please refer to Note VIII for the details on pledges for the loan. 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 starting from 31 December, 2023:

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, CTBC Bank 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 CTBC Bank (collectively, "Liabilities") to become immediately due and payable.

c. The deposits the Borrowers maintain at CTBC Bank and all of the Borrower's claims from CTBC Bank 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. 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.

There is no violation of the financial covenant at 31 December 2023.

(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 instalment 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$689,009 thousand (CAD$30,789 thousand) which includes a term loan in the principal amount of NT$ 357,948 thousand (CAD$15,789 thousand) and a revolving loan facility in the amount of NT$340,061 thousand (CAD $15,000 thousand) with the pledges of real estates as mortgage. Please refer to Note VIII 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$340,061 thousand (CAD$15,000 thousand) as of 31 December, 2023. 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.

There is no violation of the financial covenant at 31 December 2023.

19. Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 are NT$93,275 thousand and NT$70,821 thousand, respectively.

Defined benefits plan

Bora Pharmaceutical Services Inc.

Bora Pharmaceutical Services Inc., a subsidiary of the Company, provides post-retirement medical benefits for employees who have completed ten years of service and are 55 years old. This post-retirement medical benefit scheme is a defined benefits plan which is funded on a pay-as-you-go basis by contributions from the Company and includes prescription drugs, extended health, vision, dental and life insurance benefits, and the plan was cancelled in 2023, which resulted in a loss of 8,411 thousand and was recognized in the consolidated statements of comprehensive income.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current period service costs *(Note)* | $- | $ 8,421 |
| Interest expense | - | 538 |
| Total | $- | $ 8,959 |

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

Changes in the defined benefit obligation and fair value of plan assets are as follows:

| | 31 December 2023 | 31 December 2022 | 1 January 2022 |
|---|---|---|---|
| Defined benefit obligation | $- | $ 12,389 | $8,453 |
| Plan assets at fair value | - | - | - |
| Provisions-non-current | $- | $12,389 | $8,453 |

Reconciliation of liability (asset) of the defined benefit plan is as follows:

| | Defined benefit obligation | Fair value of plan assets | Benefit liability (asset) |
|---|---|---|---|
| As at 1 January 2022 | $8,453 | - | $8,453 |
| Current period service costs | 8,421 | - | 8,421 |
| Net interest expense (income) | 538 | - | 538 |
| Subtotal | 17,412 | - | 17,412 |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in financial assumptions | (4,811) | - | (4,811) |
| Experience adjustments | (535) | - | (535) |
| Remeasurement of the defined benefit assets | - | - | - |
| Subtotal | (5,346) | - | (5,346) |
| Benefit paid by the employer | - | - | - |
| Employer Contribution | - | - | - |
| Exchange differences | 323 | - | 323 |
| As at 31 December 2022 | 12,389 | - | 12,389 |
| Current period service costs | - | - | - |
| Net interest expense (income) | - | - | - |
| Past service cost and gains and losses arising from settlements | (8,411) | - | (8,411) |
| Subtotal | 3,978 | - | 3,978 |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Return on defined benefit assets(excluding net interest expense (income)) | - | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | 11,570 | - | 11,570 |
| Subtotal | 11,570 | - | 11,570 |
| Benefits paid to employees | (16,245) | - | (16,245) |
| Exchange differences | 697 | - | 697 |
| As at 31 December 2023 | $- | $- | $- |

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Discount rate | - | 5.10% |
| Initial trend rate | - | 5.18% |
| Ultimate trend rate | - | 4.00% |

Sensitivity analysis when main actuarial assumption change was as follows:

| | For the years ended 31 December | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Defined benefit obligations | | Defined benefit obligations | |
| | Increase by | Decrease by | Increase by | Decrease by |
| Discount rate increase/ decrease by 1% | $- | $- | $2,158 | $(1,775) |
| Trend rate decrease/increase by 1% | - | - | 428 | (510) |

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

TWi Pharmaceuticals, Inc.

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. Treasury Funds can be used 53 to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. As of 31 December 2023, TWi Pharmaceuticals, Inc. expects to contribute NT$0 to its defined benefit plan in 2024.

As of 31 December 2023 and 2022, the average duration of the defined benefits plan obligation are both 14 years.

Pension costs recognized in profit or loss are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current service cost | $396 | $- |
| Net interest on the net defined benefit liabilities (assets) | (53) | (24) |
| Total | $343 | $(24) |

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

| | 31 December 2023 | 31 December 2022 | 1January 2022 |
|---|---|---|---|
| Defined benefit obligation | $2,735 | $5,133 | $4,534 |
| Plan assets at fair value | (9,271) | (8,943) | (7,905) |
| Net defined benefit assets | $(6,536) | $(3,810) | $(3,371) |

Reconciliation of liability (asset) of the defined benefit plan is as follows:

| | Defined benefit obligation | Fair value of plan assets | Benefit liability (asset) |
|---|---|---|---|
| As at 1 January 2022 | 4,534 | (7,905) | (3,371) |
| Pension costs recognized in profit or loss: | | | |
| Interest expense (revenue) | 32 | (55) | (23) |
| Subtotal | 4,566 | (7,960) | (3,394) |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in financial assumptions | (422) | - | (422) |
| Experience adjustments | 989 | - | 989 |
| Remeasurement of the defined benefit assets | - | (587) | (587) |
| Subtotal | 5,133 | (8,547) | (3,414) |
| Employer Contribution | - | (396) | (396) |
| As at 31 December 2022 | $5,133 | $(8,943) | $(3,810) |
| Pension costs recognized in profit or loss: | | | |
| Current service cost | 396 | - | 396 |
| Net interest expense (income) | 72 | (125) | (53) |
| Subtotal | 5,601 | (9,068) | (3,467) |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in financial assumptions | 37 | - | 37 |
| Experience adjustments | (2,903) | - | (2,903) |
| Remeasurement of the defined benefit assets | - | (23) | (23) |
| Subtotal | (2,866) | (23) | (2,889) |
| Employer Contribution | - | (180) | (180) |
| As at 31 December 2023 | $2,735 | $(9,271) | $(6,536) |

The principal assumptions used in determining the TWi Pharmaceuticals, Inc.'s defined benefit plan are shown below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Discount rate | 1.40% | 1.40% |
| Expected rate of salary increases | 4.00% | 4.00% |

Sensitivity analysis when main actuarial assumption change was as follows:

| | For the years ended 31 December | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Defined benefit obligations | | Defined benefit obligations | |
| | Increase by | Decrease by | Increase by | Decrease by |
| Discount rate increase by 0.25% | $- | $(91) | $- | $(140) |
| Discount rate decrease by 0.25% | 95 | - | 146 | - |
| Future salary increase by 0.25% | 85 | - | 129 | - |
| Future salary decrease by 0.25% | - | (83) | - | (125) |

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

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

20. Provisions

| | Onerous contracts | Decommissioning, restoration and rehabilitation costs | Employee benefits | Total |
|---|---|---|---|---|
| 1 January 2023 | $311,484 | $- | $164,613 | $476,097 |
| Acquisitions through business combinations | - | 5,000 | 1,744 | 6,744 |
| Arising during the period | - | - | - | - |
| Utilized | (108,156) | - | (31,771) | (139,927) |
| Reversal during the period | - | - | (3,673) | (3,673) |
| Discount rate adjustment and unwinding of discount from the passage of time | - | - | 11,570 | 11,570 |
| Exchange differences | 6,779 | - | 3,738 | 10,517 |
| 31 December 2023 | $210,107 | $5,000 | $146,221 | $361,328 |

| | Onerous contracts | Decommissioning, restoration and rehabilitation costs | Employee benefits | Total |
|---|---|---|---|---|
| 1 January 2022 | $397,980 | $- | $154,206 | $552,186 |
| Acquisitions through business combinations | - | - | 3,880 | 3,880 |
| Arising during the period | - | - | 17,717 | 17,717 |
| Utilized | (106,880) | - | (14,648) | (121,528) |
| Discount rate adjustment and unwinding of discount from the passage of time | - | - | (5,399) | (5,399) |
| Exchange differences | 20,384 | - | 8,857 | 29,241 |
| 31 December 2022 | $311,484 | $- | $164,613 | $476,097 |
| | | | | |
| Current-31 December 2023 | $108,660 | $5,000 | $30,863 | $144,523 |
| Non-current-31 December 2023 | 101,447 | $- | $115,358 | $216,805 |
| | | | | |
| Current-31 December 2022 | $106,177 | $- | $28,204 | $134,381 |
| Non-current-31 December 2022 | $205,307 | $- | $136,409 | $341,716 |

Onerous contracts

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from the costs incurring after the decommissioning of a facility in accordance with the term of the contract.

Employee benefits

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

21. Equity

(1) Common stock

① As of 31 December 2023 and 2022, the Company's authorized capital was NT$2,000,000 and NT$1,200,000 thousand, consisting of 200,000 thousand shares and 120,000 thousand shares of ordinary stock with par value at NT$10 per share, respectively. The outstanding shares amounted to NT$1,014,128 thousand and NT$753,815 thousand consisting of 101,413 thousand shares and 75,382 thousand shares, respectively. Each share has one voting right and a right 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. All the converted shares have completed the registration process.

③ Stock dividends 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$3,067 thousand recognized as cpaital. All the converted shares have completed the registration process on 10 April 2023.

⑤ For the year ended 31 December 2023, the company's 2nd convertible bond amounted to NT$708,000 thousand had been converted to 2,480 thousand of ordinary shares with an amount of NT$24,796 thousand recognized as capital. All the converted shares have completed the registration process.

⑥ For the year ended 31 December 2023, the company's 3th convertible bond amounted to NT$200 thousand had been converted to 320 of ordinary shares with an amount of NT$3 thousand recognized as captial. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share at 31 December 2023.

⑦ For the year ended 31 December 2023, the company's employee stock option holders have converted 185 thousand shares at the exercise price from NT$106.8 to NT$150.4 per share, of which 85 thousand shares amounted to NT$850 thousand have not completed the registration process. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share at 31 December 2023.

⑧ Stock dividends of NT$231,410 thousand with par value at NT$10 per share was approved and 23,141 thousand common shares were authorized for issue by shareholders on 6 June 2023. The capital injection was approved by the Financial Supervisory Commission on 30 August 2023 and the amendment registration was completed.

⑨ As of 31 December 2023, there are 85 thousand shares amounted to NT$853 thousand recognized as capital - advance receipts for ordinary share.

(2) Capital surplus

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Additional paid-in capital | $936,839 | $896,503 |
| Conversion premium from convertible bonds | 908,017 | 179,574 |
| Employee stock option | 118,876 | 39,020 |
| Treasury stock | 40,683 | 35,315 |
| Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of | 874,793 | 2,177 |
| Increase through changes in ownership interests in subsidiaries | 47,125 | - |
| Equity component of convertible bonds issued | 392,017 | 83,791 |
| Total | $3,318,350 | $1,236,380 |

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

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the year ended 31 December 2023: (Unit: thousand shares)

| Cause | Beginning balance | Addition | Decrease | Ending balance |
|---|---|---|---|---|
| Transfer to employees | 300 | - | (12) | 288 |

For the year ended 31 December 2022:

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

b. As of 31 December 2023 and 2022, the treasury stock held by the Company were NT$50,986 and NT$53,092 thousand, respectively, and the number of treasury stock held by the Company was 288 thousand and 300 thousand shares, respectively.

c. The treasury stock transferred by the Company to employees on 31 December 2023 was 12 thousand shares amounted to NT$2,124 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 semi-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 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting on 7 March 2024 and shareholders' meeting on 6 June 2023, respectively, are as follows:

| | Appropriation of earnings | | Dividend per share (NT$) | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | $303,014 | $139,065 | $- | $- |
| Special reserve (Reversal) | - | (23,919) | - | - |
| Common stock－cash dividend (Note) | 1,214,798 | 619,134 | 12 | 8 |
| Common stock－stock dividend (Note) | - | 231,410 | - | 3 |

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 and 2nd convertible bonds into ordinary shares.

Please refer to Note VI.26 for details on employees' compensation and remuneration to directors.

(5) Non-controlling interests

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Beginning balance | $612,134 | $- |
| Profit attributable to non-controlling interests | 41,779 | 9,609 |
| Translation differences of foreign operations | (435) | - |
| Acquisition of new shares in a subsidiary not in proportionate to ownership interest | 29,375 | 577,662 |
| Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of | 1,993,616 | 21,823 |
| Acquisition through business combinations | - | 1,004 |
| Issuance of employee stock option by subsidiaries | 7,215 | 2,036 |
| Distribution of cash dividend by subsidiaries | (2,660) | - |
| Ending balance | $2,681,024 | $612,134 |

22. Share-based payment plans

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

(1) Share-based payment plan of the parent company

On 4 November 2020,10 January 2022, and 17 May 2023, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 1,000, 1,000,000 and 1,000,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000, 1,and 1 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 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 | $106.8 |
| 13 August 2021 | 598 | $150.4 |
| 11 May 2022 | 477 | $109.3 |
| 31 August 2022 | 160 | $258.1 |
| 8 December 2022 | 345 | $295.0 |
| 19 September 2023 | 535 | $646.0 |
| 14 November 2023 | 10 | $608.0 |

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:

| | 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 |

| | 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 |

| | 2023 | |
|---|---|---|
| Dividend yield (%) | - | - |
| Expected volatility (%) | 48.72% ~ 49.56% | 48.72% ~ 49.56% |
| Risk-free interest rate (%) | 1.081% ~ 1.123% | 1.081% ~ 1.123% |
| Expected option life (Years) | 3.5 ~ 4.5 | 3.5 ~ 4.5 |
| Weighted average share price ($) | $646 | $608 |
| 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:

| | 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 | 545 | 645.3 | 982 | 261.1 |
| Forfeited | (50) | 225.6 | (102) | 197.5 |
| Exercised | (185) | 134.6 | (55) | 70.8 |
| Expired | - | - | (35) | 65.4 |
| Outstanding, ending | 2,035 | $300.4 | 1,725 | $225.2 |
| Exercisable, ending | 90 | - | 78 | - |

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

| | Range of exercise price per share | Weighted average remaining contractual life (Years) |
|---|---|---|
| As of 31 December 2023 share options outstanding | $106.8~$646 | 1.19~3.92 |
| As of 31 December 2022 share options outstanding | $140.3~$387.5 | 2.04~3.19 |

(2) Share-based payment plan 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 unit. 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 full-time 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 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 |
| 15 May 2023 | 96 | $28 |

Note: Except for various securities issued by Bora Bio 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 Bora Bio (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 Bora Bio's plan.

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 |

| | 2023 |
|---|---|
| Dividend yield (%) | - |
| Expected volatility (%) | 51% ~ 57.49% |
| Risk-free interest rate (%) | 1.057% ~ 1.105% |
| Expected option life (Years) | 3.0 ~ 4.5 |
| Weighted average share price ($) | $28 |
| 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:

| | 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 | 96 | 28 | 5,187 | 28 |
| Forfeited | (397) | 28 | - | - |
| Exercised | - | - | - | - |
| Expired | - | - | - | - |
| Outstanding, ending | 4,886 | $28 | 5,187 | $28 |
| Exercisable, ending | 1,158 | - | - | - |

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

| | Range of exercise price per share | Weighted average remaining contractual life (Years) |
|---|---|---|
| As of 31 December 2023 | | |
| share options outstanding | $28 | 2.31~2.68 |
| As of 31 December 2022 | | |
| share options outstanding | $28 | 3.24~3.48 |

(3) Share-based payment plan 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 unit. 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$104 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 | $48.4 |
| 1 February 2023 | 565 | $48.4 |

Note: Except for various securities issued by TWi 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 TWi (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 TWi's plan.

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

| | 2023 | |
|---|---|---|
| Dividend yield (%) | - | - |
| Expected volatility (%) | 33.06%~32.76% | 33.06%~32.76% |
| Risk-free interest rate (%) | 1.1503% ~ 1.1506% | 1.1503% ~ 1.1506% |
| Expected option life (Years) | 3.73~ 3.88 | 3.73~ 3.88 |
| Weighted average share price ($) | $104 | $104 |
| 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:

| | 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 | 95.0 | - | - |
| Forfeited | (140) | 48.4 | - | - |
| Exercised | - | - | - | - |
| Expired | - | - | - | - |
| Outstanding, ending | 1,734 | $48.4 | - | $- |
| Exercisable, ending | - | - | - | - |

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

| | Range of exercise price per share | Weighted average remaining contractual life (Years) |
|---|---|---|
| As of 31 December 2023 share options outstanding | $48.4 | 3.25 |
| As of 31 December 2022 share options outstanding | - | - |

(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 years ended 31 December 2023 and 2022.

The expense recognized for employee services received during the years ended 31 December 2023 and 2022 is shown in the following table:

| | 2023 | 2022 |
|---|---|---|
| Total expense arising from equity-settled share-based payment transactions | $102,813 | $31,826 |

23. Operating revenue

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

(1) Disaggregation of revenue

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Commercial sales | $9,235,525 | $5,689,865 |
| CDMO – services and manufacturing | 4,951,059 | 4,796,110 |
| Others | 13,484 | 8,495 |
| Total | $14,200,068 | $10,494,470 |

| | 2023 | 2022 |
|---|---|---|
| Timing of revenue recognition: | | |
| At a point in time | $13,598,099 | $10,245,716 |
| Over time | 601,969 | 248,754 |
| Total | $14,200,068 | $10,494,470 |

(2) Contract assets – current

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| CDMO – services and manufacturing | $15,111 | $35,197 |

The significant changes in the Group's balances of contract assets for the year ended 31 December 2023 are mainly due to the stage of completion assessed in accordance with the terms of the contracts, and the major changes in the balances of contract assets for the year ended 31 December 2022 are mainly due to business combinations and the stage of completion assessed in accordance with the terms of the contracts.

(3) Contract liabilities

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Commercial sales | $44,189 | $14,866 |
| CDMO – services and manufacturing | 180,408 | 69,290 |
| Others | - | 5,720 |
| Total | $224,597 | $89,876 |
| Current | $224,597 | $85,692 |
| Non-current | - | $4,184 |
| Total | $224,597 | $89,876 |

The major changes in the Group's balances of contract liabilities for the year ended 31 December 2023 are mainly due to the increase in advance receipts, and the major changes in the balances of contract liabilities for the year ended 31 December 2022 are mainly due to business combinations and 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) | 9,880,016 |
| Payment | (10,039,200) |
| Exchange differences | 2,520 |
| Balance as of 31 December 2023 | $1,866,901 |
| | |
| Balance as of 1 January 2022 | $65,372 |
| Business combinations | 1,794,855 |
| Addition/(reversal) | 3,972,208 |
| Payment | (3,830,924) |
| Exchange differences | 22,054 |
| Balance as of 31 December 2022 | $2,023,565 |

Refund liabilities represents the estimated sales discounts and allowance.

24. Expected credit losses/ (gains)

| | 2023 | 2022 |
|---|---|---|
| Operating expenses – expected credit losses/(gains) | | |
| Accounts receivable | $6,547 | $5,919 |
| Other receivables | (342) | - |
| Total | $6,205 | $5,919 |

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 at 31 December 2023 and 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 December 2023

Group 1

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | Total |
| Gross | $3,207,333 | $15,347 | $687 | $957 | $66 | $852 | $3,225,242 |
| Loss rate | 0% | 0% | 0% | 0% | 0% | 0% | |
| Lifetime expected credit losses | - | - | - | - | - | - | - |
| Net | $3,207,333 | $15,347 | $687 | $957 | $66 | $852 | $3,225,242 |

Group 2

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | Total |
| Gross | $720,338 | $58,752 | $7,924 | $3,857 | $1,340 | $13,152 | $805,363 |
| Loss rate | 0.03%~ 0.07% | 0.03%~ 1.15% | 0.03%~ 10.10% | 0.03%~ 14.96% | 0.03%~ 100% | 0.03%~ 100% | |
| Lifetime expected credit losses | (468) | (987) | (1,429) | (163) | (1,209) | (13,152) | (17,408) |
| Net | $719,870 | $57,765 | $6,495 | $3,694 | $131 | $- | $787,955 |
| Receivables, net | | | | | | | $4,013,197 |

As of 31 December 2022

Group 1

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

Group 2

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | Total |
| Gross | $802,115 | $14,015 | $23,365 | $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 | $801,524 | $13,002 | $22,039 | $34,200 | $- | $33,533 | $904,298 |
| Receivables, net | | | | | | | $6,084,950 |

The movement of loss allowance for accounts receivable for the years ended 31 December 2023 and 2022 is as follows:

| | Accounts receivable | Contract assets |
|---|---|---|
| Balance as of 1 January 2023 | $10,314 | $- |
| Provision/(reversal) | 483 | - |
| Others | 6,547 | - |
| Exchange differences | 64 | - |
| Balance as of 31 December 2023 | $17,408 | $- |

| | Accounts receivable | Contract assets |
|---|---|---|
| Balance as of 1 January 2022 | $2,294 | $- |
| Business combinations | 2,104 | - |
| Provision/(reversal) | 5,919 | - |
| Exchange differences | (3) | |
| Balance as of 31 December 2022 | $10,314 | $- |

25. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings and transportation 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 consolidated balance sheets

(a)Right-of-use assets

The carrying amount of right-of-use assets

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Land | $279,326 | $294,523 |
| Buildings | 556,674 | 352,710 |
| Transportation equipment | 4,768 | 7,963 |
| Decommissioning liabilities | 1,818 | - |
| Total | $842,586 | $655,196 |

During the year ended 31 December 2023, the Group's additions to right-of-use assets from acquisitions amounting to NT$264 thousand and amounting to NT$264,786 thousand through business combinations, respectively.

During the year ended 31 December 2022, the Group's additions to right-of-use assets from acquisitions amounting to NT$169,970 thousand and amounting to NT$205,428 thousand through business combinations, respectively.

(b) Lease liabilities

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Lease liabilities | $869,372 | $672,186 |
| Current | $106,039 | $75,307 |
| Non-current | $763,333 | $596,879 |

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

B. Amounts recognized in the consolidated statements of comprehensive income

Depreciation charge for right-of-use assets

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Land | $15,196 | $1,799 |
| Buildings | 59,407 | 35,497 |
| Transportation equipment | 3,511 | 1,244 |
| Decommissioning liabilities | 303 | - |
| Total | $78,417 | $38,540 |

C. Income and costs relating to leasing activities

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $7,045 | $3,378 |
| Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets) | 1,429 | 359 |

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounted to NT$95,878 thousand and NT$49,693 thousand, respectively.

(2) Group as a lessor

Please refer to Note VI.11 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.

| | For the years ended 31 December | |
|---|---|---|
| | 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 | $9,142 | $8,990 |

Please refer to Note VI.1 for the disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years at 31 December 2023 and 2022 are as follow:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Not later than one year | $8,991 | $8,886 |
| Later than one year but not later than two years | 8,991 | 8,571 |
| Later than two years but not later than three years | 8,991 | 8,571 |
| Later than three years but not later than four years | 8,991 | 8,571 |
| Later than four years but not later than five years | 7,467 | 8,571 |
| Later than five years | - | 7,257 |
| Total | $43,431 | $50,427 |

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

| Function / Character | For the years ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expense: | | | | | | |
| Wages and salaries | $1,327,545 | $786,409 | $2,113,954 | $1,006,747 | $467,600 | $1,474,347 |
| Labor and health insurance | 90,227 | 46,469 | 136,696 | 86,588 | 16,111 | 102,699 |
| Pension costs | 72,199 | 21,418 | 93,617 | 54,723 | 16,098 | 70,821 |
| Other employee benefits expense | 64,251 | 35,655 | 99,906 | 74,813 | 24,078 | 98,891 |
| Depreciation | 363,936 | 56,152 | 420,088 | 217,551 | 41,223 | 258,774 |
| Amortization | 156,967 | 29,231 | 186,198 | 55,239 | 11,173 | 66,412 |

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 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 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 year ended 31 December 2023 to be NT$61,228 thousand and NT$30,644 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 year ended 31 December 2022 to be NT$37,829 thousand and NT$15,131 thousand, respectively.

A resolution was approved at a Board of Directors meeting held on 7 March 2024 to distribute NT$61,288 thousand and NT$30,644 thousand in cash as employees' compensation and remuneration to directors for year 2023, respectively. There is no differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023.

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.

27. Non-operating income and expenses

(1) Other revenue

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest income | $62,954 | $11,364 |
| Others | 30,438 | 19,320 |
| Total | $93,392 | $30,684 |

(2) Other gains and losses

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (Losses) on disposal of property, plant and equipment | $(4,997) | $(2,357) |
| Foreign exchange (losses) gains | (67,505) | 47,923 |
| Gains (Losses) on financial assets at fair value through profit or loss (Note 1) | (1,044,183) | (47,787) |
| Others gains (losses) | 9,539 | (1,911) |
| Total | $(1,107,146) | $(4,132) |

Note 1: Primarily resulted from the changes in fair value of contingent consideration after the acquisition date in accordance with the agreement entered with the sellers of Eden Biologics, Inc. and TWi Pharmaceuticals, Inc. and its subsidiaries (the "TWi Group"). The fair value of contingent considerations was determined using the discounted cash flow model and was recognized as financial liabilities at acquisition date. If the amount of contingent consideration changes subsequent to the acquisition date, gains and losses are recognized as (losses) or gain on financial assets at fair value through profit or loss. Please refer to Note VI.31 for more details.

(3) Financial costs

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest expenses from bank borrowings | $141,238 | $95,580 |
| Interest expenses from bonds payable | 16,770 | 3,825 |
| Interest expenses from lease liabilities | 12,657 | 8,729 |
| Others | 574 | 593 |
| Total | $171,239 | $108,727 |

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

As of 31 December 2023

| | Arising | Reclassification | before tax | Tax benefit (Expense) | Net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss: | | | | | |
| Remeasurement of the defined benefit plan | $(8,681) | $- | $(8,681) | $2,489 | $(6,192) |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences of foreign operations | 50,758 | - | 50,758 | (10,287) | 40,471 |
| Total comprehensive income | $42,077 | $- | $42,077 | $(7,798) | $34,279 |

As of 31 December 2022

| | Arising | Reclassification | before tax | Tax (Expense) | Net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss: | | | | | |
| Remeasurement of the defined benefit plan | $5,399 | $- | $5,399 | $(1,430) | $3,969 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences of foreign operations | 73,805 | - | 73,805 | (14,761) | 59,044 |
| Total comprehensive income | $79,204 | $- | $79,204 | $(16,191) | $63,013 |

29. Income tax

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

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Current income tax expense (income): | | |
| Current income tax expense | $1,351,845 | $316,375 |
| Adjustments in respect of prior periods | (15,047) | (1,938) |
| Deferred tax expense (income): | | |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | (553,109) | 89,974 |
| Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit | 208,536 | 34,065 |
| Total income tax expense | $992,225 | $438,476 |

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax expense (income): | | |
| Translation differences of foreign operations | $10,287 | $14,761 |
| Remeasurement of the defined benefit plan | (2,489) | 1,434 |
| Income tax relating to other comprehensive income | $7,798 | $16,195 |

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Net income before income tax | $4,064,146 | $1,840,001 |
| Income tax expense at the statutory rate | $1,910,349 | $860,441 |
| Unused tax losses | 179,287 | - |
| Revenues exempt from income tax | (760,323) | (258,099) |
| Expenses disallowed for tax purposes | 6,588 | 8,245 |
| Change in deferred income assets/liabilities | (614,677) | (185,867) |
| Tax on undistributed retained earnings | 16,530 | 15,694 |
| Prior year income tax (over)underestimation | (15,047) | (1,938) |
| Others | 269,518 | - |
| Total income tax expense recognized in profit or loss | $992,225 | $438,476 |

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

For the year ended 31 December 2023

| | 1 January 2023 | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in Equity | Exchange differences | 31 December 2023 |
|---|---|---|---|---|---|---|
| Temporary differences | | | | | | |
| Unrealized loss on inventories | $24,846 | $8,478 | $- | $- | $(93) | $33,231 |
| Unrealized sales returns and discounts | 105,814 | 63,976 | - | - | (944) | 168,846 |
| Equity element of convertible bond | (23,670) | - | - | $(74,334) | - | (98,004) |
| Unrealized expense | 113,932 | 16,323 | - | - | (252) | 130,003 |
| Land Value Increment Tax | (54,908) | - | - | - | - | (54,908) |
| Foreign investment income under equity method | (355,833) | 127,840 | - | - | - | (227,993) |
| Business combination – negative goodwill | (60,931) | - | - | - | - | (60,931) |
| Impairment loss of property, plant and equipment | 247,902 | (23,075) | - | - | - | 224,827 |
| Exchange differences on translation of foreign operations | (10,636) | - | (10,287) | - | - | (20,923) |
| Fair value adjustments arising in business combinations | 121,143 | (43,236) | 3,066 | - | 2,769 | 83,742 |
| Depreciation of property, plant and equipment | (345,165) | 32,197 | - | - | (7,920) | (320,888) |
| Unrealized intragroup profits and losses | 54,984 | 335,830 | - | - | - | 390,814 |
| Others | 467 | 34,777 | (577) | - | 91 | 34,758 |
| Unused tax losses | 192,842 | (132,537) | - | - | - | 60,305 |
| Unused tax credits | 76,000 | (76,000) | - | - | - | - |
| Deferred tax (expense) | | $344,573 | $(7,798) | $(74,334) | $(6,349) | |
| Net deferred tax assets/(liabilities) | $86,787 | | | | | $342,879 |
| Balance sheets: | | | | | | |
| Deferred tax assets | $829,636 | | | | | $1,044,615 |
| Deferred tax liabilities | $742,849 | | | | | $701,736 |

For the year ended 31 December 2023

| | 1 January 2022 | Recognized in profit or loss | Recognized in other comprehensive income | Acquired in business combinations | Recognized in Equity | Exchange differences | 31 December 2022 |
|---|---|---|---|---|---|---|---|
| Temporary differences | | | | | | | |
| Unrealized loss on inventories | $3,245 | $197 | $- | $21,351 | $- | $53 | $24,846 |
| Unrealized sales returns and discounts | 1,631 | 28,086 | - | 74,542 | - | 1,555 | 105,814 |
| Equity element of convertiblebond | - | - | - | - | (23,670) | - | (23,670) |
| Unrealizedexpense | 2,048 | (956) | - | 111,902 | - | 938 | 113,932 |
| Land Value Increment Tax | - | - | - | (54,908) | - | - | (54,908) |
| Foreign investment income under equity method | (207,819) | (148,014) | - | - | - | - | (355,833) |
| Business combination – negative goodwill | (60,931) | - | - | - | - | - | (60,931) |
| Impairment loss of property, plant and equipment | 213,631 | 22,264 | - | 12,007 | - | - | 247,902 |
| Exchange differences on translation of foreign operations | 5,889 | - | (14,761) | (1,764) | - | - | (10,636) |
| Fair value adjustments arising in business combinations | 140,930 | (24,751) | (1,430) | - | - | 6,394 | 121,143 |
| Depreciation of property, plant and equipment | (482,741) | 160,175 | - | - | - | (22,599) | (345,165) |
| Unrealized intragroup profits and losses | 208 | (39,951) | - | 94,727 | - | - | 54,984 |
| Others | 2,615 | (45,997) | - | 45,628 | (4) | (1,775) | 467 |
| Unused tax losses | 15,300 | (75,092) | - | 252,634 | - | - | 192,842 |
| Unused tax credits | - | - | - | 76,000 | - | - | 76,000 |
| Deferred tax income/ (expense) | | $(124,039) | $(16,191) | $632,119 | (23,674) | $(15,434) | |
| Net deferred tax assets/(liabilities) | $(365,994) | | | | | | $86,787 |
| Balance sheets: | | | | | | | |
| Deferred tax assets | $243,775 | | | | | | $829,636 |
| Deferred tax liabilities | $609,769 | | | | | | $742,849 |

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

| | | Unused tax losses as of | | |
|---|---|---|---|---|
| Year | Tax losses for the period (Note) | 31 December 2023 | 31 December 2022 | Expiration year |
| 2018 | 495,447 | 164,826 | 366,501 | 2028 |
| 2019 | 159,599 | 115,798 | 115,798 | 2029 |
| 2020 | 204,227 | 149,975 | 170,629 | 2030 |
| 2021 | 660,763 | 158,070 | 597,216 | 2031 |
| 2022 | 246,868 | 246,841 | 94,522 | 2032 |
| 2023 | 121,547 | 121,547 | - | 2033 |
| | | $957,057 | $1,344,666 | |

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

(5) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized amounted to NT$182,913 thousand and NT$144,650 thousand, respectively.

(6) The assessment of income tax returns

As of 31 December 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

| | The assessment of income tax returns |
|---|---|
| The Company | Assessed and approved up to 2021 |
| 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（Note 1) |
| Bora Pharmaceuticals Ophthalmic Inc. | Assessed and approved up to 2021 |
| 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 |
| SunWay Biotech Co., LTD. | Assessed and approved up to 2021 |
| Chen Run Marketing Co., Ltd. | Assessed and approved up to 2021 |

Note 1: 2020 income tax return has not approved.
Note 2: Bora Pharmaceutical and Consumer Health Inc. was set up in June 2022. 2022 initial year tax return has not assessed and approved at 31 December 2023.

30. Earnings per share

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

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (1) Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company (in thousand NT$) | $3,030,142 | $1,391,916 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 100,341 | 97,600 |
| Basic earnings per share (NT$) | $30.20 | $14.26 |

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (2) Diluted earnings per share | | |
| Profit attributable to ordinary shareholders of the Company (in thousand NT$) | $3,030,142 | $1,391,916 |
| Interest expense from convertible bonds (in thousand NT$) | 13,416 | 3,060 |
| Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$) | 3,043,558 | 1,394,976 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 100,341 | 97,600 |
| Effect of dilution: | | |
| Employee compensation－stock (in thousands) | 107 | 113 |
| Employee stock options (in thousands) | 1,046 | 291 |
| Convertible bonds (in thousands) | 2,066 | 694 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 103,560 | 98,698 |
| Diluted earnings per share (NT$) | $29.39 | $14.13 |

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.

31. 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 | 9,514 |
| 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 | $1,491,203 |

| | |
|---|---|
| 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 purchase considerations of this acquisition includes a holdback of US$2,000 thousand which was fully paid in July 2023.

Contingent considerations

As part of the asset purchase agreement, Bora Bio shall make an additional purchase price to Eden Bio 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. There is no subsequent payment because Bora Bio did not achieve the Target Revenue threshold.

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 payable | 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 risk is low.

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

The unpaid purchase considerations, including a holdback of US$28,250 thousand. As of 31 December 2023, US$15,000 thousand was paid and outstanding balance of US$13,250 thousand (NT$406,841 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 audited 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. Please refer to Note XII. 9 for the Information on significant unobservable inputs to valuation.

Subsequent the acquisition date, the performance of TWi Group is better than the estimated performance at acquisition date. As of 31 December 2023, the Company paid earn-out consideration for year 2022 at the amount of US$25,201 thousand (NT$770,684 thousand approximately). The estimated fair value of the contingent considerations for year 2023 and 2024 was US$63,033 thousand (NT$1,935,436 thousand approximately) 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. Please refer to Note XII. 10 for the reconciliation of contingent considerations.

Acquisition of SunWay Biotech Co., LTD. and its subsidiaries (the “Sunway Group”)

In order to enhance the efficiency of research and development and expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 21,257 thousand shares (35.79% of equity interests, approximately) of SunWay Biotech Co., LTD. in exchange for all the Company’s equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company became the single largest shareholder of SunWay Biotech Co., LTD. This transaction accounts for a reverse acquisition according to IFRS 3 "*Business Combination*". For the acquisition, SunWay Biotech Co., LTD. is a legal acquirer (accounting acquiree) while Bora Health Inc. is the legal acquiree (accounting acquirer).

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

| | Fair value recognized at the acquisition date (Provisional amount) |
|---|---|
| Asset: | |
| Cash and cash equivalents | $288,423 |
| Financial assets at amortized cost - current | 4,800 |
| Accounts receivable and Accounts receivable- Related parties | 48,014 |
| Inventories | 84,817 |
| Prepayments | 6,123 |
| Other current assets - current | 327 |
| Financial assets measured at fair value through other comprehensive income, non-current | 7,758 |
| Property, plant and equipment | 43,280 |
| Right-of-use assets | 264,788 |
| Intangible assets | 574,472 |
| Prepayment for equipments | 70,783 |
| Other non-current assets | 15,772 |
| Subtotal | 1,409,357 |
| | |
| Liabilities | |
| Contract liabilities | $ 660 |
| Notes payable and Accounts payable | 14,734 |
| Other payables | 26,904 |
| Income tax payable | 15,845 |
| Other current liabilities - current | 6,762 |
| Lease liabilities - non-current | 270,890 |
| Other non-current liabilities | 4,885 |
| Subtotal | 340,680 |
| Identifiable net assets | $1,068,677 |

| | |
|---|---|
| Goodwill is as follows: | |
| Purchase considerations | $2,863,379 |
| Non-controlling interests | 3,101 |
| Less: identifiable net assets at fair value | (1,068,677) |
| Goodwill | $1,797,803 |

Intangible assets include distribution rights, outstanding contracts, and software amortized on a straight-line basis over the estimated economic lives.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of 31 December 2023, the Group reports the fair value of the identified net assets at a provisional amounts as the 3rd party report is incomplete at the approval date for the Group's 2023 consolidated financial statements.

The operating revenue and net income before income tax included in the consolidated statement of comprehensive income for the period from acquisition date (1 November 2023) to 31 December 2023 contributed by Sunway Group was $43,382 thousand and $1,793 thousand, respectively. If the acquisition date was 1 January 2023, the operating revenue and net income before income tax of the Group would be $14,452,271 thousand and $4,095,479, respectively. The pro forma information is based on that the acquisition date is 1 January 2024 and apply the same assumption for the provisional amount of acquired net assets at acquisition date. The information is for supplemental reference purpose only which does not reflect the Group's actual operating revenue or financial performance after the acquisition and shall not be used for future projection of the Group.

## 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 (NOTE 1) |
| 3T TECHNOLOGY CO., LTD. | Substantive related party (NOTE 2) |

NOTE 1: Hoan Pharmaceuticals, Ltd. is not a substantial related party since November 2023. Therefore, the Group only disclose the transactions with Hoan Pharmaceuticals, Ltd. occurred before 1November 2023.

NOTE 2: The Group completed the acquisition of SunWay Biotech Co., LTD. on 1 November 2023. Since then, SunWay Biotech Co., LTD. and its subsidiaries have been included in the consolidated financial statements and 3T TECHNOLOGY CO., LTD. became the Group's substantive related party. Therefore, the Group only discloses the transactions with 3T TECHNOLOGY CO., LTD. after 1 November 2023.

Significant transactions with the related parties

1. Operating revenue

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Hoan Pharmaceuticals, Ltd. | $34,779 | $35,419 |
| 3T TECHNOLOGY Co., Ltd. | 40,740 | - |
| Total | $75,519 | $35,419 |

The sales prices to the above related party were not significantly different from those of sales to third parties. The collection period with is net 60 to 120 days, which is close to the term offered to third parties.

2. Purchases

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Hoan Pharmaceuticals, Ltd. | $71,876 | $68,778 |

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 net 120 days.

3. Accounts receivable-related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Hoan Pharmaceuticals, Ltd. | $- | $19,707 |
| 3T TECHNOLOGY Co., Ltd. | 68,290 | - |
| Total | 68,290 | 19,707 |
| Less: loss allowance | - | - |
| Net | $68,290 | $19,707 |

4. Accounts payable -related party

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Hoan Pharmaceuticals, Ltd. | $- | $25,031 |

5. Sales and marketing expenses

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Hoan Pharmaceuticals, Ltd. | $12,925 | $10,409 |

6. Key management personnel compensation

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Short-term employee benefits | $85,307 | $37,190 |
| Post-employment benefits | 450 | 238 |
| Total | $85,757 | $37,428 |

## VIII. Assets Pledged as Security

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

| Items | Carrying amount 31 December 2023 | Carrying amount 31 December 2022 | Secured liabilities |
|---|---|---|---|
| Financial assets measured at amortized cost | $21,176 | $232,869 | Customs deposit; guarantee deposit for corporate credit card, short-term loans and long-term loans |
| Property, plant and equipment - land | 2,204,356 | 2,423,373 | Short-term loans and long-term loans |
| Property, plant and equipment - buildings | 813,467 | 1,414,086 | Short-term loans and long-term loans |
| Investment properties | 17,018 | 17,626 | long-term loans |
| Total | $3,056,017 | $4,087,954 | |

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

## IX. Significant Contingencies and Unrecognized Contractual Commitments

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. After negotiation, both parties entered into a settlement agreement and Pu Ying Interior Decoration Design Co., Ltd. withdrew its litigation from Taiwan Taipei District Court on September 28, 2023.

## X. Losses due to Major Disasters

None.

## XI. Significant Subsequent Events

In order to strengthen CDMO business, Bora Pharmaceutical Holding Inc., a 100% indirectly owned subsidiary of the Company, purchases from Sawai Group Holdings Co., Ltd. (the "Sawai Japan"), all of Sawai Japan's right, title and interest in and to the shares of Sawai America Holding, Inc. (the "SAH") where, SAH owns 80% of the outstanding limited liability company interest of, Sawai America LLC (the "SAL") and purchase 20% of limited liability company interest of SAL from Sumitomo Corporation of Americas (the "Sumitomo") with total purchase price of USD $210,000 thousand (approximately NT$6,610,000 thousand). As SAL is the beneficial owner of all the outstanding limited liability company interest in Upsher-Smith Laboratories, LLC (the "USL"), the Company will own 100% of USL upon the completion of the transactions.

## XII. Others

### 1. Financial instruments

| Financial assets | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets measured at fair value through profit or loss: | | |
| Mandatorily measured at fair value through profit or loss | $- | $2,350 |
| Financial assets measured at fair value through other comprehensive income | 7,758 | - |
| Financial assets measured at amortized cost: | | |
| Cash and cash equivalents (exclude cash on hand) | 3,052,260 | 3,280,447 |
| Financial assets measured at amortized cost | 356,127 | 309,644 |
| Notes receivable | 54,323 | 36,900 |
| Accounts receivable (include related parties) | 3,958,874 | 6,048,050 |
| Other receivables | 82,614 | 286,376 |
| Refundable deposits | 44,111 | 38,298 |
| Subtotal | 7,548,309 | 9,999,715 |
| Total | $7,556,067 | $10,002,065 |

| Financial liabilities | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Financial liabilities measured at amortized cost: | | |
| Short-term loans | $767,508 | $2,161,065 |
| Accounts and other payables (including amount recognized in other non-current liabilities) | 2,129,814 | 4,754,749 |
| Bonds payable | 1,538,361 | 642,363 |
| Long-term loans (including current portion) | 1,815,762 | 4,120,101 |
| Lease liabilities | 869,372 | 672,186 |
| Subtotal | 7,120,817 | 12,350,464 |
| Financial liabilities at fair value through profit or loss: | | |
| Held for trading | 9,009 | 501 |
| Contingent considerations from business combinations | 1,935,436 | 1,623,181 |
| Subtotal | 1,944,445 | 1,623,682 |
| Total | $9,065,262 | $13,974,146 |

### 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 years ended 31 December 2023 and 2022 will be increased/decreased by NT$20,951 thousand and decreased/increased NT$13,821 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 years ended 31 December 2023 and 2022 to decrease by NT$1,344 thousand and NT$4,588 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the years ended 31 December 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 receivable) and from its financing activities, including bank deposits and other financial instruments.

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

As of 31 December 2023 and 2022, accounts receivable from top ten customers represent 90% and 74% of the total accounts receivable of the Group, respectively. The credit concentration risk of rest of customers is insignificant.

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

5. Liquidity risk management

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

Non-derivative financial liabilities

| | <= 1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| 31 December 2023 | | | | | |
| Borrowings | $1,446,804 | $878,394 | $112,747 | $277,753 | $2,715,698 |
| Accounts and other payables | 1,907,203 | 225,889 | - | - | 2,133,092 |
| Convertible bonds | - | - | 1,699,800 | - | 1,699,800 |
| Lease liabilities (Note) | 112,489 | 184,928 | 119,527 | 586,674 | 1,003,618 |

| | <= 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 |

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

| | Maturities | | | | | |
|---|---|---|---|---|---|---|
| | Less than 5 year | 6 to 10 years | 11 to 15 years | 16 to 20 years | >21 years | Total |
| 31 December 2023 | $416,944 | $206,582 | $210,058 | $84,071 | $85,963 | $1,003,618 |
| 31 December 2022 | $374,615 | $112,251 | $112,251 | $77,504 | $98,242 | $774,863 |

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

| | Short-term loans | Long-term loans | Leases liabilities | Bonds Payable | Total liabilities from financing activities |
|---|---|---|---|---|---|
| 1 January 2023 | $2,161,065 | $4,120,101 | $672,186 | $642,363 | $7,595,715 |
| Cash flows | (1,397,782) | (2,320,136) | (74,747) | 2,023,360 | (1,769,305) |
| Non-cash changes | | | | | |
| Acquisitions | - | - | 270,890 | - | 270,890 |
| Conversion | - | - | - | (1,135,802) | (1,135,802) |
| Others | 4,225 | 15,797 | 1,043 | 8,440 | 29,505 |
| 31 December 2023 | $767,508 | $1,815,762 | $869,372 | $1,538,361 | $4,991,003 |

Reconciliation of liabilities for the year ended 31 December 2022:

| | Short-term loans | Long-term loans | Leases liabilities | Bonds Payable | Total liabilities from financing activities |
|---|---|---|---|---|---|
| 1 January 2022 | $645,475 | $1,250,185 | $323,509 | $- | $2,219,169 |
| Cash flows | 772,327 | 2,830,800 | (37,227) | 844,998 | 4,410,898 |
| Non-cash changes | | | | | |
| Acquisitions | 720,000 | - | 213,704 | - | 933,704 |
| Conversion | - | - | - | (201,820) | (201,820) |
| Others | 23,263 | 39,116 | 172,200 | (815) | 233,764 |
| 31 December 2022 | $2,161,065 | $4,120,101 | $672,186 | $642,363 | $7,595,715 |

7. Fair values of financial instruments

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

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

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

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

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

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

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

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

| | Carrying amount as of | |
|---|---|---|
| | 31 December 2023 | 31 December 2022 |
| Financial liabilities: | | |
| Bonds payable | $1,538,361 | $642,363 |

| | Carrying amount as of | |
|---|---|---|
| | 31 December 2023 | 31 December 2022 |
| Financial liabilities: | | |
| Bonds payable | $1,538,829 | $657,166 |

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.10 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 at 31 December 2023 and 2022 is as follows:

Forward currency contracts

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

| Items (by contract) | Notional Amount | Contract Period |
| --- | --- | --- |
| As of 31 December 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 |

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 December 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Equity instruments | $- | $- | $7,758 | $7,758 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial liabilities: | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Embedded derivatives | $- | $- | $9,009 | $9,009 |
| Contingent considerations from business combinations | - | - | 1,935,436 | 1,935,436 |
| Total | $- | $- | $1,944,445 | $1,944,445 |

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 |

Transfers between Level 1 and Level 2 during the period

During the nine months ended 31 December 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:

For the period from 1 January 2023 to 31 December 2023:

| | 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) |
| Disposal/settlements | - | 770,684 |
| Acquisition/issuance | (8,330) | - |
| Gains (losses) recognized in profit or loss: (presented in "Net loss on financial assets or liabilities measured at fair value through profit or loss") | (3,015) | (1,041,623) |
| Exchange differences | - | (41,316) |
| As of 31 December 2023 | $(9,009) | $(1,935,436) |

For the period from 1 January 2022 to 31 December 2022:

| | Financial liabilities Measured at fair value through profit or loss | |
|---|---|---|
| | Embedded derivatives | Contingent considerations |
| As of 1 January 2023 | $- | $- |
| Acquisition/issuance | (4,640) | (1,558,968) |
| Gains (losses) recognized in profit or loss: (presented in "other gains or losses") | 6,976 | (64,213) |
| As of 31 December 2023 | $2,336 | $(1,623,181) |

Information on significant unobservable inputs to valuation

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

31 December 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$47 thousand |
| Stocks | Market approach | discount for lack of marketability | 34.16% | 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$776 thousand |
| Financial liabilities: | | | | | |
| At fair value through profit and loss: | | | | | |
| Embedded derivatives | Binomial tree pricing method for convertible bond | Volatility | 50.90% | 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$170 thousand or an decrease by NT$510 in the Group's profit or loss |
| 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$3,080 thousand or an increase of NT$3,135 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: | | | | | |
| At fair value through profit and loss: | | | | | |
| 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 |

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 December 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 | $- | $- | $53,094 | $53,094 |

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 |

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

| | 31 December 2023 | | |
|---|---|---|---|
| | Foreign currencies | Foreign exchange rate | NTD |
| Financial assets | | | |
| Monetary items: | | | |
| USD | $165,379 | 30.71 | $5,078,789 |
| Financial liabilities | | | |
| Monetary items: | | | |
| USD | $97,156 | 30.71 | $2,983,661 |

| | 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 |

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2023 and 2022, the foreign exchange (loss) gain on monetary financial assets and financial liabilities amounted to NT$(67,505) thousand and NT$47,923 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.

12. Other

Some accounts reported in the previous financial statements have been reclassified for the comparison of the consolidated financial statements.

## XIII. Other Disclosure

1. Information at significant transactions
   (a) Financing provided to others: Please refer to Table 2.
   (b) Endorsement/Guarantee provided to others: Please refer to Table 3.
   (c) Marketable securities held at the end of the reporting period: Please refer to Table 4.
   (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: Please refer to Table 5.
   (e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital: None.
   (f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of paid-in capital: None.
   (g) Total purchases from or sales to related parties which exceeding the lower of NT$100 million or 20 percent of paid-in capital: Please refer to Table 6.
   (h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of paid-in capital: Please refer to Table 7.
   (i) Financial instruments and derivative transactions: Please refer to Note VI.2 and Note VI.15.
   (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Table 1.

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

3. Investment in Mainland China: Please refer to Table 9.

4. Information on major shareholders: Please refer to Table 10.

## XIV. Segment information

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

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

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

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

1. Segment information.

Year ended 31 December 2023

| | Commercial Sales segment | CDMO segment | Other segment | Adjustment and elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| External customer | $9,235,525 | $4,951,059 | $13,484 | $- | $14,200,068 |
| Inter-segment (Note) | 15,608 | 485,689 | 259,891 | (761,188) | - |
| Total revenue | $9,251,133 | $5,436,748 | $273,375 | $(761,188) | $14,200,068 |
| Segment profit | $4,282,227 | $1,186,054 | $(1,307,859) | $(96,276) | $4,064,146 |

Year ended 31 December 2022

| | Commercial Sales segment | CDMO segment | Other segment | Adjustment and elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| External customer | $5,689,865 | $4,796,110 | $8,495 | $- | $10,494,470 |
| Inter-segment (Note) | 70,676 | 38,968 | 194,353 | (303,997) | - |
| Total revenue | $5,760,541 | $4,835,078 | $202,848 | $(303,997) | $10,494,470 |
| Segment profit | $1,033,788 | $1,102,137 | $(263,834) | $(32,090) | $1,840,001 |

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

2. Product information:

| Product | For the years ended 31 December 2023 | 2022 |
|---|---|---|
| Sale for pharmaceuticals, generic and healthcare products | $9,251,133 | $5,760,541 |
| CDMO | 5,436,748 | 4,835,078 |
| Others | 273,375 | 202,847 |
| Adjustment and elimination | (761,188) | (303,996) |
| Total | $14,200,068 | $10,494,470 |

3. Geographic information:

Revenue from external clients:

| | For the years ended 31 December | |
|---|---|---|
| Country | 2023 | 2022 |
| Europe | $2,080,540 | $3,129,288 |
| U.S.A | 10,955,390 | 6,514,496 |
| Taiwan | 1,053,207 | 850,686 |
| Others | 110,931 | - |
| Total | $14,200,068 | $10,494,470 |

Non-current assets:

| Country | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Canada | $2,327,667 | $2,332,129 |
| U.S.A | 323,218 | 247,549 |
| Taiwan | 11,797,792 | 7,940,731 |
| Others | 300 | - |
| Total | $14,448,977 | $10,520,409 |

4. Important client information:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Client A | $2,778,896 | $1,256,515 |
| Client B | 2,442,094 | 1,423,393 |
| Client C | 1,934,120 | 3,033,299 |
| Client D | 1,590,407 | 486,458 |
| Client E | 504,331 | 506,421 |
| Client F | 467,927 | 500,599 |
| Total | $9,717,775 | $7,206,685 |

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 1

Significant inter-company transactions during the period

For the year ended 31 December 2023

| No. (Note 1) | Company Name | Counter-party | Relationship with the Company (Note 2) | Transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial statement account | Amount | Terms | Percentage of consolidated operating revenue or consolidated total assets (Note 3) |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Laboratories Inc. | 1 | Accounts receivable | 64,309 | 60 days from the date of invoice | 0.26% |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Laboratories Inc. | 1 | Operating revenue | 259,891 | 60 days from the date of invoice | 1.83% |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Services Inc. | 1 | Other receivables | 25,952 | 60 days from the date of invoice | 0.10% |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Services Inc. | 1 | Other revenue | 44,394 | 60 days from the date of invoice | 0.31% |
| 0 | Bora Pharmaceuticals Co., Ltd. | TWi Pharmaceuticals, Inc. | 1 | Other receivables | 94,907 | 60 days from the date of invoice | 0.38% |
| 0 | Bora Pharmaceuticals Co., Ltd. | TWi Pharmaceuticals, Inc. | 1 | Other revenue | 106,740 | 60 days from the date of invoice | 0.75% |
| 1 | Bora Pharmaceutical Laboratories Inc. | TWi Pharmaceuticals, Inc. | 3 | Accounts receivable | 60,072 | 60 days from the date of invoice | 0.24% |
| 1 | Bora Pharmaceutical Laboratories Inc. | TWi Pharmaceuticals, Inc. | 3 | Operating revenue | 365,087 | 60 days from the date of invoice | 2.57% |
| 1 | Bora Pharmaceutical Laboratories Inc. | Bora Health Inc. | 3 | Operating revenue | 28,912 | 60 days from the date of invoice | 0.20% |
| 1 | Bora Pharmaceutical Laboratories Inc. | TWi Pharmaceuticals USA, Inc. | 3 | Operating revenue | 60,502 | 60 days from the date of invoice | 0.43% |
| 2 | Bora Pharmaceuticals USA Inc. | Bora Pharmaceutical Services Inc. | 3 | Other receivables | 28,740 | Net 30 days | 0.11% |
| 2 | Bora Pharmaceuticals USA Inc. | Bora Pharmaceutical Services Inc. | 3 | Other revenue | 110,105 | Net 30 days | 0.78% |
| 2 | Bora Pharmaceuticals USA Inc. | TWi Pharmaceuticals USA, Inc. | 3 | Other revenue | 14,402 | 60 days from the date of invoice | 0.10% |
| 3 | TWi Pharmaceuticals, Inc. | Bora Pharmaceutical Laboratories Inc. | 3 | Operating revenue | 14,881 | 60 days from the date of invoice | 0.10% |
| 3 | TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA, Inc. | 3 | Accounts receivable | 3,603,451 | 120 days from the date of invoice | 14.38% |
| 3 | TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA, Inc. | 3 | Operating revenue | 7,476,832 | 120 days from the date of invoice | 52.65% |
| 4 | Bora Pharmaceuticals Ophthalmic Inc. | TWi Pharmaceuticals, Inc. | 3 | Operating revenue | 14,899 | 60 days from the date of invoice | 0.10% |

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

(1) Parent Company is "0".

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

Note 2: Transactions are categorized as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

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

Table 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 | $- | $- | -% | 2 | $- | Need for operation | $- | None | $- | $927,959 | $1,159,948 |
| 1 | Bora Pharmaceutical Laboratories Inc. | Bora Pharmaceuticals Ophthalmic Inc. | Other receivables-related parties | Yes | $200,000 | $- | $- | -% | 2 | $- | Need for operation | $- | None | $- | $927,959 | $1,159,948 |

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 accumulated business transaction amounts of the past 12 months. 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.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 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 Health Inc. | 2 | $45,423,935 | $25,000 | $- | $- | $- | - | $45,423,935 | Y | N | N |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Laboratories Inc. | 2 | $45,423,935 | $717,500 | $- | $- | $- | - | $45,423,935 | Y | N | N |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Biologics Co., Ltd. | 2 | $45,423,935 | $360,000 | $240,000 | $- | $- | 2.64 | $45,423,935 | Y | N | N |
| 0 | Bora Pharmaceuticals Co., Ltd. | TWi Pharmaceuticals, Inc. | 2 | $45,423,935 | $1,050,000 | $- | $- | $- | - | $45,423,935 | Y | N | N |
| 0 | Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Services Inc. | 2 | $45,423,935 | $2,868,000 | $2,784,000 | $2,784,000 | $- | 30.64 | $45,423,935 | Y | N | N |
| 1 | TWi Pharmaceuticals, Inc. | Bora Pharmaceuticals Ophthalmic Inc. | 4 | $1,049,453 | $200,000 | $- | $- | $- | - | $2,623,632 | N | N | N |
| 2 | Bora Pharmaceutical Laboratories Inc. | Bora Pharmaceuticals Ophthalmic Inc. | 4 | $23,298,720 | $200,000 | $200,000 | $200,000 | $- | 8.62 | $23,198,970 | 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.

Limit of guarantee/endorsement amount for each receiving party of Bora Pharmaceuticals Laboratories Inc. is 10 times 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 TWi Pharmaceuticals, Inc is 50% of its net worth.

Ceiling on total guarantee/ endorsement amount of Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

Table 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 December 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousand) | Carrying amount | Percentage of ownership | Fair value | |
| Bora Pharmaceuticals Co., Ltd. | 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 |
| SunWay Biotech Co., LTD. | Preferred stock－CMC PharmaSolutions Group, Inc. | None | Financial assets measured at fair value through other comprehensive income, non-current | 1,200 | $7,758 | 7% | $7,758 | No pledged or collateral |

Note 1：Securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities specified in IFRS 9 "*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.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 5

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock of the Company as at the end of the reporting period.

| Type of securities | Name of the securities | Financial statement account | Counter-party | Nature of Relationship | Beginning balance | | Addition | | Disposal | | | | Ending balance | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (thousand) | Amount | Shares (thousand) | Amount | Shares (thousand) | Amount | Cost | Gain (Loss) from disposal | Shares (thousand) | Amount | |
| Stock | SunWay Biotech Co., LTD. | Investments accounted for using equity method | SunWay Biotech Co., Ltd. | Investee company | - | $- | 21,257,169 | $1,138,633 | - | $- | $- | $- | 21,257,169 | $1,143,895 | - |
| Stock | Bora Health Inc. | Investments accounted for using equity method | SunWay Biotech Co., Ltd. | Investee company | 18,918,880 | $218,754 | - | $- | 18,918,880 | $1,138,633 | $266,017 | $- | - | $- | Note 1 |

Note1: SunWay Biotech Co., LTD. exchanged shares with Bora Health Inc. by issuing new shares on November 1, 2023, and acquired 100% of the equity interest of Bora Health Inc. The difference between the purchase consideration and the carrying amount was recorded as capital surplus due to the difference between the consideration received and the carrying amount of the subsidiaries' net assets.

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 6

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) | |
| Bora Pharmaceuticals Co., Ltd. | Bora Pharmaceutical Laboratories Inc. | Parent/ subsidiary | Sales | $259,891 | 55.70% | 60 days from the date of invoice | Unit price and terms were not significantly different from transactions with third parties | | Accounts receivable $64,309 | 57.55% | - |
| Bora Pharmaceutical Laboratories Inc. | TWi Pharmaceuticals, Inc. | Other related party | Sales | $365,087 | 34.47% | 60 days from the date of invoice | Unit price and terms were not significantly different from transactions with third parties | | Accounts receivable $60,072 | 42.67% | - |
| TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA, Inc. | Parent/ subsidiary | Sales | $7,476,832 | 99.58% | 120 days from the date of invoice | Unit price and terms were not significantly different from transactions with third parties | | Accounts receivable $3,603,451 | 99.83% | - |

Table 7

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) | Turnover Rate | Overdue | | Amount received in subsequent period | Allowance for doubtful debts | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action Taken | | | |
| TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA, Inc. | Parent/ subsidiary | $3,603,451 | 2.85 | $1,645,640 | Collected in subsequent reporting period | $1,375,775 | $- | Note 1 |

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

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 8

Information on investees

| Investor | Investee company | Location | Main businesses | Initial investment amount | | Balance as of 31 December 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 | $- | $165,874 | - | -% | $- | $155 | $311 | (Note 3) |
| The Company | Bora Health Inc. | Taipei City, Taiwan | Pharmaceutical wholesale and healthcare product wholesale | $- | $190,466 | - | -% | $- | $41,810 | $24,037 | (Note 1) (Note 4) |
| The Company | Bora Pharmaceutical Laboratories Inc. | Miaoli County, Taiwan | Pharmaceutical contract development and manufacturing | $1,156,810 | $1,156,810 | 165,000,000 | 100% | $2,270,850 | $540,128 | $540,128 | - |
| The Company | Bora Pharmaceuticals USA Inc. | State of Delaware, USA | Pharmaceutical wholesale | $59,969 | $59,969 | 500,000 | 100% | $70,098 | $5,889 | $5,889 | - |
| The Company | Bora Pharmaceutical Services Inc. | Province of Ontario, Canada | Pharmaceutical contract development and manufacturing | $219,279 | $219,279 | 100,000,000 | 50% | $1,418,525 | $630,101 | $315,051 | - |
| The Company | Bora Management Consulting Co., Ltd. | Taipei City, Taiwan | Management and consulting | $1,000 | $1,000 | 100,000 | 100% | $4,389 | $2,458 | $2,458 | - |
| 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% | $1,194,554 | $85,611 | $56,246 | - |
| The Company | Bora Pharmaceutical and Consumer Health Inc. | Taipei City, Taiwan | Biotechnical research and management and consulting | $100 | $100 | 10,000 | 100% | $(41) | $(72) | $(72) | - |
| The Company | TWi Pharmaceuticals, Inc. | Taipei City, Taiwan | Pharmaceutical manufacturing and wholesale | $5,676,416 | $5,676,416 | 60,000,000 | 100% | $7,364,161 | $3,343,391 | $3,246,787 | (Note 2) |

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

| Investor | Investee company | Location | Main businesses | Initial investment amount | | Balance as of 31 December 2023 | | | Net income (loss) of investee | Investment income (loss) recognized | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Ending balance | Beginning balance | Shares | Percentage of ownership | Carrying amount | | | |
| The Company | SunWay Biotech Co., LTD. | Taipei City, Taiwan | Healthcare product wholesale and retail | $1,138,633 | $- | 21,257,168 | 35.79% | $1,143,896 | $73,107 | $5,981 | (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% | $1,418,525 | $630,101 | $315,050 | - |
| Bora Pharmaceutical Laboratories Inc. | Bora Pharmaceuticals Ophthalmic Inc. | Taipei City, Taiwan | Pharmaceutical contract development and manufacturing | $160,126 | $- | 64,252,492 | 98.85% | $101,364 | $(123,608) | $(57,618) | (Note 1) (Note 3) |
| TWi Pharmaceuticals, Inc. | Bora Pharmaceuticals Ophthalmic Inc. | Taipei City, Taiwan | Pharmaceutical contract development and manufacturing | $- | $580,866 | - | -% | $- | $(123,608) | $(64,117) | (Note 3) |
| TWi Pharmaceuticals, Inc. | TWi Pharmaceuticals USA, Inc. | State of New Jersey, USA | Pharmaceutical wholesale | $231,982 | $231,982 | 38 | 100% | $(999,107) | $256,797 | $256,797 | - |
| SunWay Biotech Co., LTD. | Sunway Group Holding Limited | Republic of Seychelles | Investment holding | $18,947 | $18,947 | 1,000,000 | 100% | $4,788 | $(2,076) | $(672) | (Note 4) |
| SunWay Biotech Co., LTD. | Chen Run Marketing Co., Ltd. | Taipei City, Taiwan | Healthcare product wholesale and retail | $2,550 | $2,550 | 255,000 | 51% | $2,988 | $586 | $39 | (Note 4) |
| SunWay Biotech Co., LTD. | Bora Health Inc. | Taipei City, Taiwan | Pharmaceutical wholesale and healthcare product wholesale | $2,141,932 | $- | 22,618,880 | 100% | $332,497 | $41,810 | $14,447 | (Note 4) |
| Sunway Group Holding Limited | Sunway Investment(H.K.) Limited | Hong Kong | Investment holding | $18,776 | $18,776 | 3,500,000 | 100% | $4,789 | $(2,044) | $(640) | (Note 4) |
| Bora Health Inc. | Union Chemical & Pharmaceutical Co., Ltd. | Taipei City, Taiwan | Pharmaceutical manufacturing and wholesale | $31,558 | $- | 1,500,000 | 100% | $31,401 | $311 | $(156) | (Note 3) |

Note 1: Investment income (loss) includes the effect of unrealized or realized gross profit on intercompany transactions.

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: Due to the restructuring of the Group, Bora Pharmaceutical Laboratories Inc. has acquired all the shares of Bora Pharmaceuticals Ophthalmic Inc. owned by TWi Pharmaceuticals, Inc. (98.64%) since July, 2023. The Company sold all the shares of Union Chemical & Pharmaceutical Co., Ltd. to Bora Health Inc. Please refer to Note VI for the details.

Note 4: The Company's board of directors passed a resolution on August 21, 2023, to exchange the entire equity interest of Bora Health Inc. with SunWay Biotech Co., LTD. and acquire 35.79% of ownership of SunWay Biotech Co., LTD. and its subsidiaries. Since November 1, 2023, the Company obtained the control over SunWay Biotech Co., LTD. and its subsidiaries. and consolidate the profit of SunWay Biotech Co., LTD. and its subsidiaries.

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

Table 9

Investment in Mainland China at the end of the reporting period.

| Investee company | Main businesses and products | Total amount of paid-in capital | Method of investment *(Note 1)* | Accumulated outflow of investment from Taiwan as of January 1, 2023 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (loss) of investee company | % Ownership of direct or indirect Investment | Investment income (loss) recognized *(Note 2)* | Carrying amount as of December 31, 2023 | Accumulated inward remittance of earnings as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Sunway (Dongguan) Biotech Co., LTD. | Healthcare product wholesale and retail | $17,654 | (ii) | $17,654 | $- | $- | $17,654 | $(1,995) | 100% | $(1,995) | $4,178 | $7,725 |

| Accumulated outward remittance for investments in Mainland China as of December 31, 2023 | Investment amounts authorized by Investment Commission, MOEA | Upper limit on the amount of investments stipulated by the Investment Commission, MOEA *(Note 3)* |
|---|---|---|
| $17,654 | $19,547 | 1,918,477 |

Note 1 : The methods for engaging in investment in Mainland China include the following:

(i) Direct investment in Mainland China

(ii) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region)

(iii) Other methods.

Note 2：The basis of investment income (loss) recognition is from the financial statements audited by the R.O.C. parent company’s CPA.

Note 3：The consent to invest in SunWay Biotech Co., LTD.'s investment has been approved by the Investment Commission, MOEA with the Limit of amount of 60% of its net worth.

Table 10

Information on major shareholders

| Name of major shareholders \ Shares | Shares | Percentage of Ownership |
|---|---|---|
| Baolei Co., Ltd. | 18,704,939 | 18.43% |
| Reibaoshin Co., Ltd. | 11,436,676 | 11.26% |
| Sheng Pao-Shi | 5,356,672 | 5.27% |

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.