**BORA PHARMACEUTICALS Co., LTD.**

**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**WITH REPORT OF INDEPENDENT AUDITORS**

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

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

Telphone：886-2-2790-1555

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

**Independent Auditors' Report**

To BORA PHARMACEUTICALS CO., LTD.

**Opinion**

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

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and parent company only 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.

**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 Parent Company Only Financial Statements* section of our report. We are independent of the Company 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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Operating revenue for the year ended 31 December 2023 was NT$466,605 thousand, mainly coming from contract development and manufacturing (CDMO). 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 parent company only 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 merger according to the International Finance Reporting standards. We have determined the transaction as a key audit matter as this transaction accounts for a reverse merger 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 exchagnes, 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 Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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.

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. 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 parent company only 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 to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only 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 to express an opinion on the parent company only 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 2023 parent company only financial statements 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.

Hong, Guo Sen

Chen, Ming Hung

Ernst & Young, Taiwan

7 March 2024

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of 31 December, 2023 and 2022

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 | $342,222 | 2 | $152,369 | 1 |
| Notes receivable,net | IV&VI.4.21 | 664 | - | 658 | - |
| Notes receivable-related party,net | IV&VI.4.21&VII | - | - | 5 | - |
| Accounts receivable,net | IV&VI.5.21 | 45,428 | - | 42,270 | - |
| Accounts receivable-related parties,net | IV&VI.5.21&VII | 65,652 | 1 | 66,513 | 1 |
| Other receivables | | 469 | - | 203 | - |
| Other receivables-related parties | VII | 162,183 | 1 | 51,015 | 1 |
| Current tax assets | IV | 21,338 | - | 36,927 | - |
| Inventories,net | IV&VI.6 | 36,171 | - | 20,165 | - |
| Prepayments | VI.7 | 6,534 | - | 9,526 | - |
| Other current assets | VI.8 | 46,833 | 1 | 39,485 | - |
| Total current assets | | 727,494 | 5 | 419,136 | 3 |
| Non-current assets | | | | | |
| Financial assets measured at fair value through profit or loss, non-current | IV&VI.2.15 | - | - | 2,336 | - |
| Financial assets measured at amortized cost, non-current | IV&VI.3&VIII | - | - | 38,522 | - |
| Investments accounted for using equity method | IV&VI.9 | 13,466,432 | 87 | 11,165,669 | 88 |
| Property, plant and equipment | IV&VI.10&VIII | 1,115,400 | 7 | 1,113,309 | 9 |
| Right-of-use assets | IV&VI.22&VIII | 4,229 | - | 6,900 | - |
| Investment property,net | IV&VI.11 | 23,339 | - | 24,172 | - |
| Intangible assets | IV | 1,476 | - | 1,757 | - |
| Deferred tax assets | IV&VI.26 | 80,489 | 1 | 37,054 | - |
| Prepayment for equipments | | 4,239 | - | 3,653 | - |
| Refundable deposits | | 3,419 | - | 3,399 | - |
| Other non-current assets | | 300 | - | - | - |
| Total non-current assets | | 14,699,323 | 95 | 12,396,771 | 97 |
| Total assets | | $15,426,817 | 100 | $12,815,907 | 100 |

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
As of 31 December, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| LIABILITIES AND EQUITY | Notes | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| Current liabilities | | | | | |
| Short-term loans | IV&VI.12 | $500,000 | 3 | $1,349,614 | 11 |
| Financial liabilities measured at fair value through profit or loss, current | IV&VI.13 | 1,584,841 | 10 | 694,943 | 5 |
| Contract liabilities,current | VI.20 | 8 | - | 8 | - |
| Notes payable | | - | - | - | - |
| Accounts payable | | 50,909 | 1 | 33,229 | - |
| Accounts payable-related parties | IV&VII | 19 | - | 356 | - |
| Other payables | IV&VI.14 | 349,530 | 2 | 584,717 | 5 |
| Other payables-related parties | IV&VI.14&VII | 354 | - | 3,303 | - |
| Income tax liability | IV&VI.26 | 43,515 | - | 15,631 | - |
| Lease liabilities,current | IV&VI.22 | 2,686 | - | 2,649 | - |
| Current portion of long-term loans | IV&VI.16 | 335,896 | 2 | 416,311 | 3 |
| Other current liabilities | | 2,121 | - | 1,809 | - |
| Total current liabilities | | 2,869,879 | 18 | 3,102,570 | 24 |
| Non-current liabilities | | | | | |
| Financial liabilities measured at fair value through profit or loss, non-current | IV&VI.13.15 | 359,604 | 2 | 928,206 | 7 |
| Bonds payable | IV&VI.15 | 1,538,361 | 10 | 642,363 | 5 |
| Long-term loans | IV&VI.16 | 1,066,130 | 7 | 2,935,332 | 23 |
| Deferred tax liabilities | IV&VI.26 | 281,752 | 2 | 265,827 | 2 |
| Lease liabilities, non-current | IV&VI.22 | 1,585 | - | 4,271 | - |
| Other non-current liabilities | | 224,719 | 2 | 409,016 | 3 |
| Total non-current liabilities | | 3,472,151 | 23 | 5,185,015 | 40 |
| Total liabilities | | 6,342,030 | 41 | 8,287,585 | 64 |
| | | | | | |
| Equity attributable to the parent company | | | | | |
| Capital | VI.18 | | | | |
| Common stock | | 1,014,128 | 7 | 753,815 | 6 |
| Advance receipts for capital stock | | 853 | - | 3,107 | - |
| Capital surplus | VI.15.18.19 | 3,318,350 | 22 | 1,236,380 | 10 |
| Retained earnings | VI.18 | | | | |
| Legal reserve | | 355,501 | 2 | 216,436 | 2 |
| Special reserve | | - | - | 23,919 | - |
| Unappropriated earnings | | 4,373,116 | 28 | 2,308,664 | 18 |
| Subtotal | | 4,728,617 | 30 | 2,549,019 | 20 |
| Other equity | VI.18 | 73,807 | - | 39,093 | - |
| Treasury stock | VI.18 | (50,968) | - | (53,092) | - |
| Total equity | | 9,084,787 | 59 | 4,528,322 | 36 |
| Total liabilities and equity | | $15,426,817 | 100 | $12,815,907 | 100 |

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| Items | Notes | For the year ended 31 December 2023 | | For the year ended 31 December 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| Operating revenue | IV&VI.20&VII | $466,605 | 100 | $470,677 | 100 |
| Operating costs | IV&VI.6.23&VII | (362,624) | (78) | (374,869) | (80) |
| Gross profit | | 103,981 | 22 | 95,808 | 20 |
| Unrealized gross profit on sales | | (119,452) | (26) | (12,805) | (3) |
| Realized gross profit on sales | | 77,030 | 17 | 8,445 | 2 |
| Gross profit,net | | 61,559 | 13 | 91,448 | 19 |
| Operating expenses | IV&VI.19.21.22.23&VII | | | | |
| Sales and marketing expenses | | (1,693) | - | (12,523) | (3) |
| General and administrative expenses | | (288,773) | (62) | (199,511) | (42) |
| Research and development expenses | | (2,730) | (1) | (18,010) | (4) |
| Total operating expenses | | (293,196) | (63) | (230,044) | (49) |
| Operating loss | | (231,637) | (50) | (138,596) | (30) |
| Non-operating income and expenses | | | | | |
| Other revenue | VI.24&VII | 203,132 | 44 | 60,278 | 13 |
| Other (losses) | VI.24&VII | (1,084,999) | (233) | (58,871) | (13) |
| Financial costs | VI.24&VII | (110,797) | (24) | (55,930) | (12) |
| Share of profit of associates and joint ventures accounted for using the equity method | VI.9 | 4,196,815 | 899 | 1,653,363 | 351 |
| Total non-operating income | | 3,204,151 | 686 | 1,598,840 | 339 |
| Net income before income tax | | 2,972,514 | 636 | 1,460,244 | 309 |
| Income tax benefits and (expense) | VI.26 | 57,628 | 12 | (68,328) | (15) |
| Net income | | 3,030,142 | 648 | 1,391,916 | 294 |
| Other comprehensive income | | | | | |
| Not to be reclassified to profit or loss in subsequent periods | | | | | |
| Remeasurements of defined plans for subsidiaries, affiliates and joint ventures | VI.25 | (6,192) | 1 | 3,969 | 1 |
| To be reclassified to profit or loss in subsequent periods | | | | | |
| Exchange differences resulting from translating the financial statements of foreign operations | VI.25 | 27,554 | 6 | 35,084 | 7 |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | VI.25 | 18,863 | 4 | 30,977 | 7 |
| Income tax related to items to be reclassified subsequently to profit or loss | VI.25 | (5,511) | (1) | (7,017) | (1) |
| Total other comprehensive income, net of tax | | 34,714 | 10 | 63,013 | 14 |
| Total comprehensive income | | $3,064,856 | 658 | $1,454,929 | 308 |
| Earnings per share (NTD) | IV&VI.27 | | | | |
| 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 parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| Items | Capital | | | Retained earnings | | | Other equity | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Advance receipts for capital stock | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences resulting from translating the financial statements of foreign operations | Unrealized gain (Loss) on financial assets at fair value through other comprehensive income | Remeasurements of the net defined benefit plan | 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 |
| 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) |
| Stock dividends | 68,522 | - | - | - | - | (68,522) | - | - | - | - | - |
| Recognition of equity component of convertible bonds issued | - | - | 94,679 | - | - | - | - | - | - | - | 94,679 |
| Changes in subsidiaries, affiliates and joint ventures recognized using the equity method | - | - | 11,864 | - | - | - | - | - | - | - | 11,864 |
| Net income for the year ended 31 December 2022 | - | - | - | - | - | 1,391,916 | - | - | - | - | 1,391,916 |
| Other comprehensive income for the year ended 31 December 2022 | - | - | - | - | - | 15 | 59,044 | - | 3,969 | - | 63,028 |
| Total comprehensive income | - | - | - | - | - | 1,391,931 | 59,044 | - | 3,969 | - | 1,454,944 |
| Conversion of convertible bonds | - | 3,067 | 80,403 | - | - | - | - | - | - | - | 83,470 |
| Treasury stock acquired | - | - | - | - | - | - | - | - | - | (53,092) | (53,092) |
| Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal | - | - | 2,177 | - | - | - | - | - | - | - | 2,177 |
| Adjustment to share of changes in equities of subsidiaries | - | | - | - | - | (1,281) | - | - | - | - | (1,281) |
| Share-based payment transactions-exercise of stock option | 510 | 40 | 3,346 | - | - | - | - | - | - | - | 3,896 |
| Share-based payment transactions-stock based compensation | - | - | 17,926 | - | - | - | - | - | - | - | 17,926 |
| Share-based payment transactions-conversion of stock option | 660 | (660) | - | - | - | - | - | - | - | - | - |
| 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 |
| 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 |
| Appropriation and distribution of 2022 retained earning | | | | | | | | | | | |
| Legal Reserve | - | - | - | 139,065 | - | (139,065) | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | (619,134) | - | - | - | - | (619,134) |
| Stock dividends | 231,410 | - | - | - | - | (231,410) | - | - | - | - | - |
| Reversal of special reserve | - | - | - | - | (23,919) | 23,919 | - | - | - | - | - |
| Recognition of equity component of convertible bonds issued | - | - | 392,062 | - | - | - | - | - | - | - | 392,062 |
| Changes in subsidiaries, affiliates and joint ventures recognized using the equity method | - | - | 48,779 | - | - | - | - | - | - | - | 48,779 |
| Net income for the year ended 31 December 2023 | - | - | - | - | - | 3,030,142 | - | - | - | - | 3,030,142 |
| Other comprehensive income for the year ended 31 December 2023 | - | - | - | - | - | - | 40,906 | - | (6,192) | - | 34,714 |
| Total comprehensive income | - | - | - | - | - | 3,030,142 | 40,906 | - | (6,192) | - | 3,064,856 |
| Conversion of convertible bonds | 27,863 | (3,064) | 644,607 | - | - | - | - | - | - | - | 669,406 |
| Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal | - | - | 872,616 | - | - | - | - | - | - | - | 872,616 |
| Adjustment to share of changes in equities of subsidiaries | - | - | 47,125 | - | - | - | - | - | - | - | 47,125 |
| Share-based payment transactions-exercise of stock option | 1,000 | 850 | 24,594 | - | - | - | - | - | - | - | 26,444 |
| Share-based payment transactions-stock based compensation | - | - | 46,819 | - | - | - | - | - | - | - | 46,819 |
| Share-based payment transactions-conversion of stock option | 40 | (40) | - | - | - | - | - | - | - | - | - |
| Other-treasury shares sold to employees | - | - | 5,368 | - | - | - | - | - | - | 2,124 | 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 |

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

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 tax | $2,972,514 | $1,460,244 |
| Adjustments for: | | |
| Income and expense adjustments: | | |
| Depreciation | 24,796 | 23,780 |
| Amortization | 1,497 | 1,500 |
| Net loss on financial assets or liabilities measured at fair value through profit or loss | 1,044,671 | 47,724 |
| Interest expense | 110,797 | 55,930 |
| Interest revenue | (4,596) | (731) |
| Share-based payment expenses | 27,287 | 17,926 |
| Share of profit of associates and joint ventures accounted for using the equity method | (4,196,815) | (1,653,363) |
| Loss on disposal of property, plant and equipment | 30 | 198 |
| Unealized losses from inter-affiliate accounts | 119,452 | 12,805 |
| Realized (gain) from inter-affiliate accounts | (77,030) | (8,445) |
| Other | 7,202 | 1,810 |
| Total income and expense adjustments: | (2,942,709) | (1,500,866) |
| Changes in operating assets and liabilities: | | |
| Notes receivable,net | (6) | 23,658 |
| Notes receivable-related parties,net | 5 | (10,869) |
| Accounts receivables,net | (3,158) | 24,257 |
| Accounts receivables-related party,net | 861 | (2,191) |
| Other receivables | (266) | (280) |
| Other receivables-related parties | (13,739) | 7,045 |
| Inventories,net | (16,006) | 11,736 |
| Prepayments | 2,992 | 1,437 |
| Other current assets | (7,348) | (11,633) |
| Contract liabilities | - | (381) |
| Notes payable-related party | - | (5,141) |
| Accounts payable | 17,680 | 18,409 |
| Accounts payable-related parties | (337) | (25,262) |
| Other payables | 62,117 | 34,707 |
| Other payables-related parties | (2,949) | (16,652) |
| Other current liabilities | 312 | 814 |
| Cash generated from operations | 69,963 | 9,032 |
| Interest received | 4,596 | 731 |
| Income tax paid | (6,253) | (42,508) |
| Net cash provided by (used in) operating activities | 68,306 | (32,745) |

| Items | For the year ended 31 December 2023 | For the year ended 31 December 2022 |
|---|---|---|
| Cash flows from investing activities: | | |
| Acquisition of financial assets measured at amortized cost | - | (38,522) |
| Proceeds from disposal of financial assets measured at amortized cost | 38,522 | - |
| Acquisition of investments accounted for using equity method | - | (5,412,382) |
| Proceeds from disposal of investments accounted for using equity method | 31,557 | 24,000 |
| Acquisition of subsidiary (net of cash acquired) | (1,226,774) | - |
| Proceeds from return of capital of investments accounted for using equity method | - | 618,254 |
| Acquisition of property, plant and equipment | (23,876) | (22,685) |
| Proceeds from disposal of property, plant and equipment | 463 | 8 |
| Increase in refundable deposits | (20) | (3,106) |
| Increase in other receivables-related parties | (119,617) | (36,714) |
| Decrease in other receivables-related parties | 41,720 | 372,358 |
| Acquisition of intangible assets | (1,216) | (478) |
| Increase in other non-current assets | (300) | - |
| Increase in prepayment for equipments | (586) | (181) |
| Dividends received | 2,830,818 | 24,804 |
| Net cash provided by (used in) investing activities | 1,570,691 | (4,474,644) |
| Cash flows from financing activities: | | |
| Increase in short-term loans | - | 1,254,614 |
| Decrease in short-term loans | (849,614) | - |
| Issuance of convertible bonds | 2,023,360 | 844,998 |
| Proceeds from long-term loans | - | 4,172,400 |
| Repayment of long-term loans | (1,956,819) | (1,456,567) |
| Repayment of the principal of lease liabilities | (2,649) | (1,093) |
| Increase in other current liabilities | - | 572 |
| Cash dividends | (619,134) | (238,802) |
| Employee stock options exercised | 26,444 | 3,896 |
| Treasury stock purchases | - | (53,092) |
| Treasury stock sold to employees | 7,492 | - |
| Interest paid | (94,911) | (50,463) |
| Net cash (used in) provided by financing activities | (1,465,831) | 4,476,463 |
| Effect of exchange rate changes on cash and cash equivalents | 16,687 | - |
| Net increase (decrease) in cash and cash equivalents | 189,853 | (30,926) |
| Cash and cash equivalents at beginning of period | 152,369 | 183,295 |
| Cash and cash equivalents at end of period | $342,222 | $152,369 |

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended 31 December 2023 and 2022

(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 Parent Company Only Financial Statements

The parent company only financial statements of the Company ("the Company") 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. Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company 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 Company.

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 Company 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.

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

(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 above standards and interpretations have no significant impact on the Company's financial condition and financial performance based on the Company assessment.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of 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 Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no significant impact on the Company.

## IV. Summary of material accounting policies

1. Statement of compliance

The parent company only financial statements of the Company 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").

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the parent company only financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the parent company only financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company 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.

4. 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.

5. Current and non-current distinction

An asset is classified as current when:
(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company 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 Company expects to settle the liability in its normal operating cycle
(b) The Company 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 Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current

6. 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.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Company accounts for regular way purchase or sales of financial assets on the trade date.

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

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company 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 Company 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 Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Company 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

<u>Classification between liabilities or equity</u>

The Company 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.

<u>Equity instruments</u>

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 Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company 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 Company 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.

8. Derivative instrument

The Company 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.

9. 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 Company.

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 Company 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.

10.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.

11. Investments accounted for using the equity method

The Company presented the investment of subsidiaries as *" investments accounted for using the equity method"* in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the parent company only financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the parent company only financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments mainly consider the treatment of the investments in subsidiaries in accordance with IFRS 10 *"Consolidated Financial Statements"* and the difference of adopting International Financial Reporting Standards by different entities. The adjustments may debit or credit accounts such as: "investments accounted for using the equity method", "share of profit of associates and joint ventures accounted for using the equity method", or "share of other comprehensive income of associates and joint ventures accounted for using the equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorata basis.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

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 Company 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 | 2～15 years |
| Transportation equipment | 5～ 6 years |
| Office equipment | 3～10 years |
| Other equipment | 2～16 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 Company'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 Company transfers properties to or from investment properties according to the actual use of the properties.

The Company 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 Company 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 Company 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 Company 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 Company 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 Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

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

At the commencement date, the Company 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 Company 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 Company 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 Company 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 Company 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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company 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 Company accounted for as short-term leases or leases of low-value assets, the Company 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 Company 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 Company 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.

Company as a lessor

At inception of a contract, the Company 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 Company 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 Company allocates the consideration in the contract applying IFRS 15.

The Company 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 Company 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 Company's intangible assets is as follows:

| Category | Software | Exclusive technology |
|---|---|---|
| Useful lives | 1 to 5 years | 5 years |
| Amortization methods | Straight line method | Straight line method |

16. Impairment of non-financial assets

The Company 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 Company 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 Company 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 Company 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 Company 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.

Provisions for employee benefits

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

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

Sales of goods (Commercial Sales)

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 Company 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 Company 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 Company 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 Company 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 Company has the obligation to provide the products subsequently; accordingly, these amounts are recognized as contract liabilities.

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

CDMO – Manufacturing Revenue

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

20. Borrowing costs

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

21. Post-employment benefits

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

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

22. Shared-based payment transactions

The cost of equity-settled transactions between the Company 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 Company'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 Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

23. Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company 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 acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. Critical accounting judgements, estimates and assumptions

The preparation of the Company's parent company only 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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

(a) Revenue recognition

For certain CDMO contracts with customers, the Company 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 Company's recognition of revenue.

(b) Operating lease commitment－company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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) 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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

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

(b) Share-based payment transactions

The Company 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.

(c) 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 Company 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.

(d) Fair value measurement of contingent consideration

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

## VI. Details of significant accounts

1. Cash and cash equivalents

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash on hand | $196 | $246 |
| Checking accounts and demand deposits | 342,026 | 152,123 |
| Total | $342,222 | $152,369 |

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: | | |
| Embedded derivative－Right of redemption of convertible bonds | $- | $2,336 |
| Current | $- | $- |
| Non-current | $- | $2,336 |

3. Financial assets measured at amortized cost, non-current

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Restricted deposits | $- | $38,522 |
| Current | $- | $- |
| Non-current | $- | $38,522 |

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.21 for more details on loss allowance, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

4.Notes receivable, net and notes receivable – related parties, net

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Notes receivable, gross | $664 | $658 |
| Less: loss allowance | - | - |
| Subtotal | 664 | 658 |
| Notes receivable - related parties, gross | - | 5 |
| Less: loss allowance | - | - |
| Subtotal | - | 5 |
| Total | $664 | $663 |

Notes receivable were not overdue and not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.21 for more details on loss allowance and Note XII for details on credit risk management.

5. Accounts receivable, net and accounts receivable-related parties, net

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Accounts receivable, gross | $45,677 | $42,270 |
| Less: loss allowance | (249) | - |
| Subtotal | 45,428 | 42,270 |
| Accounts receivable-related parties, gross | 65,652 | 66,513 |
| Less: loss allowance | - | - |
| Subtotal | 65,652 | 66,513 |
| Total | $111,080 | $108,783 |

(1) Accounts receivables were not pledged.

(2) The terms of accounts receivable are generally on net 30 to 120 days. The total carrying amount as of 31 December 2023 and 2022 are NT$111,329 thousand and NT$108,783 thousand, respectively. Please refer to Note Ⅵ.21 for more details on loss allowance of accounts receivable at 31 December 2023 and 2022. Please refer to Note XII for more details on credit risk management.

6. Inventories, net

(1) Details on net inventories are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Raw materials | $7,759 | $10,559 |
| Supplies and spares parts | 1,058 | 1,041 |
| Work in progress | 6,071 | 6,192 |
| Semi-finished goods | 638 | 875 |
| Finished goods | 3,142 | 1,498 |
| Merchandise | 17,503 | - |
| Total | $36,171 | $20,165 |

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

| | For the year ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Cost of goods sold | $361,111 | $375,231 |
| Inventories shortage (overage) | 167 | (142) |
| Write-down of inventories loss (gains) | 1,346 | (220) |
| Total | $362,624 | $374,869 |

(3) The cost of inventories recognized in expenses amounted to NT$362,624 thousand and NT$374,869 thousand for the years ended 31 December 2023 and 2022, respectively, including the write-down of inventories loss to the net realizable value of NT$1,346 thousand and gains from the reversal of write-down of obsolete inventorie of NT$(220) thousand for the years ended 31 December 2023 and 2022, respectively.

(4) No inventories were pledged.

7. Prepayments

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Advances to vendors | $2,506 | $344 |
| Prepaid insurance | 1,757 | 1,512 |
| Others | 2,271 | 7,670 |
| Total | $6,534 | $9,526 |

8. Other current assets

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Temporary receipts | $238 | $58 |
| Payment on behalf of others (Note) | 46,595 | 39,427 |
| Total | $46,833 | $39,485 |

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

9. Investments accounted for using the equity method

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| Investees | Carrying amount | Ownership (%) | Carrying amount | Ownership (%) |
| Investments in associates: | | | | |
| Union Chemical & Pharmaceutical Co., Ltd.(NOTE1) | $- | -% | $45,689 | 100% |
| Bora Health Inc. (NOTE2) (NOTE3) | - | -% | 218,754 | 90.44% |
| Bora Pharmaceutical Laboratories Inc. | 2,270,850 | 100% | 2,221,250 | 100% |
| Bora Pharmaceuticals USA Inc. | 70,098 | 100% | 62,047 | 100% |
| Bora Pharmaceutical Services Inc. | 1,418,525 | 50% | 1,132,798 | 50% |
| Bora Management Consulting Co., Ltd. | 4,389 | 100% | 1,931 | 100% |
| Bora Biologics Co., Ltd. | 1,194,554 | 65.70% | 1,124,489 | 65.70% |
| Bora Pharmaceutical and Consumer Health Inc. | (41) | 100% | 31 | 100% |
| TWi Pharmaceuticals, Inc. | 7,364,161 | 100% | 6,358,680 | 100% |
| SunWay Biotech Co., LTD. (NOTE3) | 1,143,896 | 35.79% | - | - |
| Total | $13,466,432 | | $11,165,669 | |

(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.

(2) On 11 April, 2022, in order to realize the synergy from merger and acquisition, consolidate group resources, and achieve operating efficiency for the execution of the Company's due-engine strategy, Global CDMO and Global Commercial Sales business, the Company's Board of Directors resolved the spin-off of the Company's pharmaceutical commercial sales department to a wholly owned subsidiary, Bora Health Inc. by exchange new shares issued by Bora Health Inc. as the consideration. The spin-off date was at 31 May, 2022.

(3) 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 conversation, the Company became the single largest shareholder of SunWay Biotech Co., LTD. with effective share exchange date at 1 November, 2023. This transaction accounts for a reverse merger according to IFRS 3 "*Business Combination*" which caused an increase of capital reserve by 872,616 thousand. For details about the merger transaction, refer to Note VI of the Company's consolidated financial statements for the

year ended December 31, 2023.

(4) Share of profit of associates and joint ventures accounted for using the equity methods amounted to NT$4,196,815 thousand and NT$1,653,363 thousand for the years ended 31 December 2023 and 2022, respectively.

(5) The investment in subsidiaries is presented as “investments accounted for using equity method” with necessary adjustments.

(6) The Company’s Board of Directors resolved the spin off its pharmaceutical commercial sales department to the 100% ownership subsidiary, Bora Health Inc. The fair values of the identifiable assets and liabilities at the spin-off date were as follow:

| | |
|---|---|
| Assets: | |
| Accounts receivable | $48,247 |
| Inventories | 16,036 |
| Other receivables | 14,322 |
| Other current assets | 544 |
| Subtotal | 79,149 |
| Liabilities | |
| Accounts payable | 16,222 |
| Other payables | 3,665 |
| Other non-current liabilities | 72 |
| Subtotal | 19,959 |
| Identifiable net assets | $59,190 |

10. Property, plant and equipment

| | Land | Buildings | Machinery and equipment | Transportation equipment | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|---|
| 1 January 2023 | $889,813 | $210,829 | $113,596 | $1,200 | $12,419 | $36,543 | $1,264,400 |
| Additions | - | 21,458 | 2,056 | - | - | 362 | 23,876 |
| Disposals | - | (23) | (808) | - | (111) | (212) | (1,154) |
| Reclassification | - | - | - | - | - | - | - |
| 31 December 2023 | $889,813 | $232,264 | $114,844 | $1,200 | $12,308 | $36,693 | $1,287,122 |
| 1 January 2022 | $889,813 | $195,247 | $110,952 | $570 | $8,258 | $37,501 | $1,242,341 |
| Additions | - | 13,695 | 2,827 | 630 | 4,161 | 1,372 | 22,685 |
| Disposals | - | (85) | (183) | - | - | (358) | (626) |
| Reclassification | - | 1,972 | - | - | - | (1,972) | - |
| 31 December 2022 | $889,813 | $210,829 | $113,596 | $1,200 | $12,419 | $36,543 | $1,264,400 |
| | | | | | | | |
| 1 January 2023 | $- | $57,015 | $68,920 | $514 | $4,724 | $19,918 | $151,091 |
| Depreciation | - | 10,362 | 6,706 | 105 | 1,762 | 2,357 | 21,292 |
| Disposals | - | (19) | (357) | - | (111) | (174) | (661) |
| 31 December 2023 | $- | $67,358 | $75,269 | $619 | $6,375 | $22,101 | $171,722 |
| 1 January 2022 | $- | $46,717 | $61,699 | $479 | $3,229 | $17,554 | $129,678 |
| Depreciation | - | 10,356 | 7,320 | 35 | 1,495 | 2,627 | 21,833 |
| Disposals | - | (58) | (99) | - | - | (263) | (420) |
| 31 December 2022 | $- | $57,015 | $68,920 | $514 | $4,724 | $19,918 | $151,091 |
| | | | | | | | |
| Net carrying amount as of: | | | | | | | |
| 31 December 2023 | $889,813 | $164,906 | $39,575 | $581 | $5,933 | $14,592 | $1,115,400 |
| 31 December 2022 | $889,813 | $153,814 | $44,676 | $686 | $7,695 | $16,625 | $1,113,309 |

(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, plants, and equipment
(4) Please refer to Note Ⅵ. 11 for the investment properties disclosure for the building acquired by the Company in 2019 for business operation which partial is for lease while the remaining is owner-occupied. Leasing portion were recognized as investment properties.

11. Investment property, net

The Company owned investment properties. The Company has entered into commercial property leases on its owned investment properties with terms between 2 to 10 years which include a clause for annual rate adjustment to reflect the change in market conditions.

| | Buildings |
|---|---|
| Cost: | |
| 1 January 2023 | $26,673 |
| Additions | - |
| 31 December 2023 | $26,673 |
| 1 January 2022 | $26,673 |
| Additions | - |
| 31 December 2022 | $26,673 |
| | |
| Depreciation and impairment: | |
| 1 January 2023 | $2,501 |
| Depreciation | 833 |
| 31 December 2023 | $3,334 |
| 1 January 2022 | $1,667 |
| Depreciation | 834 |
| 31 December 2022 | $2,501 |
| | |
| Net carrying amount as of: | |
| 31 December 2023 | $23,339 |
| 31 December 2022 | $24,172 |

| | For the year ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Net income from investment property | $8,995 | $7,862 |

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

Investment property held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment property is categorized within Level 3. The fair value of investment properties is NT$72,815 thousand and NT$74,613 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 used are the income approach and comparison approach, and the inputs used 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. Short-term loans

| | Interest rates (%) | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| Unsecured bank loans | 1.90% | $500,000 | $658,803 |
| Secured bank loans | -% | - | 290,000 |
| Unsecured loans – related party | -% | - | 400,811 |
| Total | | $500,000 | $1,349,614 |

The unused available line from short-term loans as of 31 December 2023 and 2022 are NT$2,900,000 thousand and NT$1,270,000 thousand.

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

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Held for trading purpose: | | |
| Contingent consideration from business combination | $1,935,436 | $1,623,149 |
| Embedded derivatives - | | |
| Put Option on convertible bonds | 9,009 | - |
| Total | $1,944,445 | $1,623,149 |
| Current | $1,584,841 | $694,943 |
| Non-current | $359,604 | $928,206 |

14. Other payables and other payables-related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Investments payable | $184,230 | $460,650 |
| Professional service fees payable | 5,417 | 6,202 |
| Employees' and directors' remuneration payable | 94,377 | 52,961 |
| Bonus payable | 29,817 | 39,705 |
| Salaries payable | 10,404 | 7,894 |
| Other payable | 25,639 | 20,608 |
| Total | $349,884 | $588,020 |

15.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) | ($9,009) | $2,336 |
| Equity component (shown as “Capital Surplus, net of tax) | $392,017 | $83,791 |

Please refer to Note VI.24 for the 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 to 320 thousands of common shares and were recognized as advance receipts for capital stock.

16. Long-term loans

Details of long-term loans as of 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 instalment (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 30 June 2024. |
| Subtotal | 1,423,196 | | |
| Less: unamortized issuance cost | (21,170) | | |
| Subtotal | 1,402,026 | | |
| Less: current portion | (335,896) | | |
| Total | $1,066,130 | | |

| 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 instalment (principal and interests) starting from 23 January, 2022. |
| O-bank unsecured bank loan | 100,000 | 1.70% | From 29 November 2021 to 1 November 2024. 7 quarterly instalments (principal), starting from 1 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 2) | 2,581,000 | 2.56% | From 30 September 2022 to 30 September 2027. 9 semi-annually instalments (principal), starting from 30 September 2023. |
| Subtotal | 3,377,434 | | |
| Less: unamortized issuance cost | (25,791) | | |
| Subtotal | 3,351,643 | | |
| Less: current portion | (416,311) | | |
| Total | $2,935,332 | | |

(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 in June 2023. Please refer to Note VIII for the details on pledges for the loan. During the term of the contract, the Company 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.

17. Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company 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$5,523 thousand and NT$5,421 thousand, respectively.

18. 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 in equity by bondholders. 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 in equity by bondholders. 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 in equity by bondholders. The converted shares that have not completed the registration process were recognized as share 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 range 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 share 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 share 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 (decrease) through changes in ownership interests in subsidiaries | 47,125 | - |
| Due to recognition of 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 reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

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

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

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

| 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$50,968 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 and amounted to NT$2,124 thousand.

(4) Retained earnings and dividend policies

According to the 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, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

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

According to the R.O.C. Company Act, 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 make good 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 by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from 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 reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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, any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

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 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.23 for details on employees' compensation and remuneration to directors.

19. Share-based payment plans

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

(1) Share-based payment plan for employees

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 share options granted (in thousand) | Exercise price per sahres (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 execution 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 share options outstanding (in thousands) | Weighted average exercise price of share options (NT$) | Number of share options outstanding (in thousands) | Weighted average exercise price of share options (NT$) |
| Outstanding, beginning | 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 | 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) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the years ended 31 December 2023 and 2022.

(3) 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 | $27,287 | $17,926 |

20. Operating revenue

| | 2023 | 2022 |
|---|---|---|
| Commercial sales | $- | $93,902 |
| CDMO – services and manufacturing | 205,859 | 183,467 |
| Others | 260,746 | 194,372 |
| Subtotal | 466,605 | 471,741 |
| Less: sales returns and discounts | - | (1,064) |
| Total | $466,605 | $470,677 |

For the years ending 31 December 2023 and 2022, the timing of recognizing revenue from contracts with clients is recognized at a point in time.

Contract liabilities－current

| | Opening balance | Ending balance | Net Change |
|---|---|---|---|
| Commercial sales | $8 | $8 | $- |

21. Expected credit losses (gains)

| | 2023 | 2022 |
|---|---|---|
| Operating expenses – Expected credit (gains) | | |
| Accounts receivable | $249 | $(20) |

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

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

Provisions for receivables, including notes receivable, notes receivables-related parties, accounts receivable, and accounts receivable-related parties are estimated at an amount equal to lifetime expected credit losses. Notes receivable, note receivables-related party, accounts receivable, and accounts receivable-related parties as of 31 December 2023 and 2022 are NT$66,316 thousand and NT$67,176 thousand, respectively. Both are not yet due and not recognize any provision as of 31 December 2023 and 2022, respectively. The relevant explanation in the evaluation to the amount of provisions for the year ended 31 December 2023 and 2022 is as follows:

The information on measuring provisions for receivables using a provision matrix by considering counterparties' credit ratings, regions, industries, and other factors, is as follows:

112.12.31

| | Not yet due | Overdue | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | |
| Gross carrying amount | $45,428 | $- | $- | $- | $- | $249 | $45,677 |
| Loss rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100%% | |
| Lifetime expected credit losses | - | - | - | - | - | (249) | (249) |
| Total | $45,428 | $- | $- | $- | $- | $- | $45,428 |

111.12.31

| | Not yet due | Overdue | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | |
| Gross carrying amount | $42,270 | $- | $- | $- | $- | $- | $42,270 |
| Loss rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Lifetime expected credit losses | - | - | - | - | - | - | - |
| Total | $42,270 | $- | $- | $- | $- | $- | $42,270 |

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

| | Accounts receivable |
|---|---|
| Balance as of 1 January 2023 | $- |
| Addition/(reversal) for the current period | 249 |
| Write off | - |
| Balance as of 31 December 2023 | $249 |
| Balance as of 1 January 2022 | $20 |
| Addition/(reversal) for the current period | (20) |
| Write off | - |
| Balance as of 31 December 2022 | $- |

22. Leases

(1) Company as a lessee

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

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

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Transportation equipment | $4,229 | $6,900 |

There was no addition to right-of-use assets for the year ended 31 December 2023. For the year ended 31 December 2022, the additions to right-of-use assets were NT$8,013 thousand.

(b) Lease liabilities

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Lease liabilities | $4,271 | $6,920 |
| Current | $2,686 | $2,649 |
| Non-current | $1,585 | $4,271 |

Please refer to NoteⅥ.24 for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note XII.5 liquidity risk management analysis for lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Transportation equipment | $2,671 | $1,113 |

C. Income and costs relating to leasing activities

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $- | $111 |
| Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets) | 169 | 112 |

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Company’s total cash outflows for leases amounted to NT$2,895 thousand and NT$1,359 thousand, respectively.

(2) Company as a lessor

Please refer to Note Ⅵ.11 for the disclosures of the Company's 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 | $17,141 | $11,146 |

Please refer to Note Ⅵ.11 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 December 2023 and 2022 are as follow:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Not later than one year | $16,940 | $14,300 |
| Later than one year but not later than two years | 14,300 | 14,300 |
| Later than two years but not later than three years | 11,840 | 14,300 |
| Later than three years but not later than four years | 11,840 | 11,840 |
| Later than four years but not later than five years | 10,526 | 11,840 |
| Later than five years | 11,440 | 21,966 |
| Total | $76,886 | $88,546 |

23. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2023 and 2022:

| Function / Character | For the years ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expense: | | | | | | |
| Salaries | $57,097 | $170,658 | $227,755 | $52,246 | $136,349 | $188,595 |
| Labor and health insurance | 6,488 | 5,926 | 12,414 | 5,670 | 5,461 | 11,131 |
| Pension | 3,000 | 2,523 | 5,523 | 2,717 | 2,704 | 5,421 |
| Directors' remuneration | - | 30,644 | 30,644 | - | 13,155 | 13,155 |
| Other employee benefits expense | 3,696 | 1,709 | 5,405 | 3,195 | 1,773 | 4,968 |
| Depreciation | 10,539 | 14,257 | 24,796 | 11,473 | 12,307 | 23,780 |
| Amortization | - | 1,497 | 1,497 | - | 1,500 | 1,500 |

Note：The number of the Company's employees were 159 and 142, including 6 directors and 5 directors who are not concurrently employees, as of December 31, 2023 and 2022, respectively.

(1) The Company's average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT$1,641 thousand and NT$1,534 thousand, respectively.
(2) The Company's average salary expenses for the years ended December 31, 2023 and 2022 were NT$1,489 thousand and NT$1,377 thousand, respectively.
(3) The Company's average annual increment for the year ended December 31, 2023 was 8.13%.
(4) The Company has established the Audit Committee in place of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2023 and 2022 were both nil.
(5) The Company's remuneration policies are as follows:
   A. The Company's policy for remuneration of directors and independent directors was formulated according to the Company's Articles of Incorporation and the Remuneration Committee's Articles of Incorporation; the policy for remuneration of managers was formulated according to the Rules for Managers' Remuneration. The Remuneration Committee determines remuneration based on the evaluations on the industry's future risks, remuneration level of the peer companies, the Company's operating performance, individual contribution, etc. The remuneration will be executed when the proposal is approved by the Board of Directors.
   B. The Company took part in the international remuneration survey to establish a remuneration policy with both external competitiveness and internal fairness. The talents can compete with the world in terms of career progression, ranking, fixed salary, variable salary, allowances and benefits, etc. The Company promotes and adjusts the salary based on individual performance, career planning and potential for development. The Company hopes to maintain and promote the Company's overall operating performance and competitiveness via both long-term and short-term incentives and feedback programs.

According to the Articles of Incorporation, no less than 2% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is 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 a report of such distribution is submitted to 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.

24. Non-operating income and expenses

(1) Other revenue

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest income | $4,596 | $731 |
| Guarantee fee income | 29,304 | 36,236 |
| Remuneration of directors income | 85,015 | - |
| Share Service revenue | 66,131 | 9,349 |
| Others | 18,086 | 13,962 |
| Total | $203,132 | $60,278 |

(2) Other gains and (losses)

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (Losses) on disposal of property, plant and equipment | $(30) | $(198) |
| Foreign exchange (losses) | (40,276) | (10,920) |
| (Losses) from financial assets or liabilities measured at fair value through profit or loss *(Note 1)* | (1,044,671) | (47,724) |
| Others | (22) | (29) |
| Total | $(1,084,999) | $(58,871) |

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 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. For more details, refer to Note VI to the Company's consolidated financial statements for the year ended December 31, 2023.

(3) Financial costs

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest expenses from bank borrowings | $(91,530) | $(51,238) |
| Interest expenses from bonds payable | (16,770) | (3,825) |
| Interest expenses from lease liabilities | (77) | (43) |
| Others | (2,420) | (824) |
| Total | $(110,797) | $(55,930) |

25. Components of other comprehensive income

Year ended 31 December 2023

| | Arising | Reclassification | before tax | Tax Benefit (Expense) | Net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss: | | | | | |
| Remeasurements of defined plans for subsidiaries, affiliates and joint ventures | $ (6,192) | $- | $(6,192) | $- | $ (6,192) |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences of foreign operations | 27,554 | - | 27,554 | (5,511) | 22,043 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 18,863 | - | 18,863 | - | 18,863 |
| Total | $40,225 | $- | $40,225 | $(5,511) | $34,714 |

Year ended 31 December 2022

| | Arising | Reclassification | before tax | Tax Benefit (Expense) | Net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss: | | | | | |
| Remeasurements of defined plans for subsidiaries, affiliates and joint ventures | $3,969 | $- | $3,969 | $- | $3,969 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences of foreign operations | 35,084 | - | 35,084 | (7,017) | 28,067 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 30,977 | - | 30,977 | - | 30,977 |
| Total | $70,030 | $- | $70,030 | $(7,017) | $63,013 |

26. 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 recognized in current year | $49,708 | $15,650 |
| Income tax adjustments on prior periods | 19 | (605) |
| Deferred tax (benefit) expense: | | |
| Deferred tax (benefit) expense relating to reversal or origination of temporary differences | (79,777) | 70,515 |
| Reversal of allowance of deferred tax asset | (27,578) | (17,232) |
| Total income tax expense | $(57,628) | $68,328 |

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

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax expense: | | |
| Translation differences of foreign operations | $5,511 | $7,017 |

(3) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Net income before income tax | $2,972,514 | $1,460,244 |
| Income tax expense at the statutory rate | $594,502 | $292,049 |
| Revenues exempt from income tax | (776,353) | (258,099) |
| Expenses disallowed for tax purposes | 3,293 | 1,246 |
| Tax on undistributed retained earnings | 16,530 | 15,650 |
| Tax effect of deferred tax assets/liabilities | (142,928) | 18,087 |
| Prior year income tax over-estimation | 19 | (605) |
| Others | 247,309 | - |
| Total income tax (benefit) expense recognized in profit or loss | $(57,628) | $68,328 |

(4) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

| | 1 January 2023 | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in equity | 31 December 2023 |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Provision for inventory valuation | $324 | $35 | $- | $- | $359 |
| Exchange differences on translation of foreign operations | (3,310) | - | (5,511) | - | (8,821) |
| Compensated absences provisions | 116 | - | - | - | 116 |
| Unused tax losses | 32,531 | 27,578 | - | - | 60,109 |
| Unrealized gains from affiliate transaction | 1,533 | 8,371 | - | - | 9,904 |
| Unrealized foreign exchange gain | 2,551 | 7,451 | - | - | 10,002 |
| Equity element of convertible bond | (23,670) | - | - | (74,334) | (98,004) |
| Unrealized investment gains and losses | (177,917) | 63,920 | - | - | (113,997) |
| Business combination – negative goodwill | (60,931) | - | - | - | (60,931) |
| Deferred tax (expense) | | $107,355 | $(5,511) | $(74,334) | |
| Net deferred tax assets/(liabilities) | $(228,773) | | | | $(201,263) |
| | | | | | |
| Reflected in balance sheets as follows | | | | | |
| Deferred tax assets | $37,054 | | | | $80,489 |
| Deferred tax liabilities | $265,827 | | | | $281,752 |

For the year ended 31 December 2022

| | 1 January 2022 | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in equity | 31 December 2022 |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Provision for inventory valuation | $707 | $(383) | $- | $- | $324 |
| Exchange differences on translation of foreign operations | 3,707 | - | (7,017) | - | (3,310) |
| Compensated absences provisions | 116 | - | - | - | 116 |
| Unused tax losses | 15,299 | 17,232 | - | - | 32,531 |
| Unrealized gains from affiliate transaction | 208 | 1,325 | - | - | 1,533 |
| Unrealized foreign exchange gain | - | 2,551 | - | - | 2,551 |
| Equity element of convertible bond | - | - | - | (23,670) | (23,670) |
| Unrealized investment gains and losses | (103,909) | (74,008) | - | - | (177,917) |
| Business combination – negative goodwill | (60,931) | - | - | - | (60,931) |
| Deferred tax (expense) | | $(53,283) | $(7,017) | $(23,670) | |
| Net deferred tax assets/(liabilities) | $(144,803) | | | | $(228,773) |
| | | | | | |
| Reflected in balance sheets as follows | | | | | |
| Deferred tax assets | $20,037 | | | | $37,054 |
| Deferred tax liabilities | $164,840 | | | | $265,827 |

(5)Unrecognized deferred tax assets

As of 31 December 2023 and 2022, deferred tax assets have not been recognized amounted to NT$44,145 thousand and NT$32,531 thousand, respectively.

(6)The assessment of income tax returns

As of 31 December 2023, the assessment and approval of the income tax returns was up to 2021.

27. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company 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 equity holders of the Company 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 | | |
| Net income (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 year ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (2) Diluted earnings per share | | |
| Net income (in thousand NT$) | $3,030,142 | 1,391,916 |
| Interest expense from convertible bonds (in thousand NT$) | 13,416 | 3,060 |
| Net income after dilution (in thousand NT$) | 3,043,558 | 1,394,976 |
| Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands) | 100,342 | 97,600 |
| Effect of dilution: | | |
| Employee compensation－stock (shares in thousands) | 107 | 113 |
| Employee stock options (shares in thousands) | 1,046 | 291 |
| Convertible bonds (shares in thousands) | 2,066 | 694 |
| Weighted average number of ordinary shares outstanding after dilution (shares in thousands) | 103,560 | 98,698 |
| Diluted earnings per share (NT$) | $29.39 | $14.13 |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

## VII. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting periods are as follows:

Name and nature of relationship of the related parties

| Name of the related parties | Nature of relationship of the related parties |
|---|---|
| Union Chemical & Pharmaceutical Co., Ltd. | Sub-subsidiaries |
| Bora Health Inc. | Sub-subsidiaries |
| Bora Pharmaceutical Laboratories Inc. | Subsidiary |
| Bora Pharmaceuticals USA Inc. | Subsidiary |
| Bora Pharmaceutical Services Inc. | Subsidiary |
| Bora Biologics Co., Ltd. | Subsidiary |
| Bora Management Consulting Co., Ltd. | Subsidiary |
| TWi Pharmaceuticals, Inc. | Subsidiary |
| Bora Pharmaceuticals Ophthalmic Inc. | Subsidiary |
| TWi Pharmaceuticals USA, Inc. | Subsidiary |
| Hoan Pharmaceuticals Ltd. | Substantive related party (Note) |

Note：As Hoan Pharmaceuticals Ltd. is not a substantive related party after November 2023, the Company only discloses the transactions with the Company before November 2023.

Significant transactions with the related parties

1. Sales

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Hoan Pharmaceuticals Ltd. | $- | $13,416 |
| Bora Health Inc. | 10,125 | 19,845 |
| Union Chemical & Pharmaceutical Co., Ltd. | 11 | 5,854 |
| Bora Pharmaceutical Laboratories Inc. | 259,891 | 194,353 |
| Total | $270,027 | $233,468 |

The sales prices to the above related parties were not significantly different from those of sales to third party. The payment term is from 60 days from the date of invoice or net 120 days, which is very close to the term offered to third parties.

2. Purchases

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Hoan Pharmaceuticals Ltd. | $- | $18,003 |
| Bora Health Inc. | - | 526 |
| Union Chemical & Pharmaceutical Co., Ltd. | - | 9,673 |
| TWi Pharmaceuticals, Inc. | 18 | - |
| Bora Pharmaceutical Laboratories Inc. | 13 | 500 |
| Total | $31 | $28,702 |

The purchase prices to the above related parties was based by costs plus expenses that are necessary. The purchase price and payment terms to the related parties were not significantly different from those offered to third party suppliers and are 60 days from the date of invoice or net 120 days.

3. Notes Receivables - related party

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bora Health Inc. | $- | $5 |

4. Accounts receivable-related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bora Pharmaceutical Laboratories Inc. | $64,309 | 60,666 |
| Bora Health Inc. | 1,343 | 5,847 |
| Net | $65,652 | $66,513 |

5. Other receivables-related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| TWi Pharmaceuticals, Inc. *(Note)* | $95,756 | $- |
| Bora Pharmaceutical Services Inc. | 25,952 | 37,243 |
| Bora Pharmaceutical Laboratories Inc. | 17,430 | 8,270 |
| The subsidiaries of the Company | 23,045 | 5,502 |
| Total | $162,183 | $51,015 |

Note: Includes remuneration of directors income 85,047 thousand.

6. Accounts payable -related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| TWi Pharmaceuticals, Inc. | $19 | $- |
| The subsidiaries of the Company | - | 356 |
| Total | $19 | $356 |

7. Other payables-related parties

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bora Pharmaceutical Laboratories Inc. | $204 | $3,165 |
| Bora Health Inc. | 150 | - |
| The subsidiaries of the Company | - | 138 |
| Total | $354 | $3,303 |

8. Sales and marketing expenses

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Hoan Pharmaceuticals Ltd. | $- | $2,100 |

9.Others

a. The Company entered into Service Agreements with the subsidiaries to provide shared service during the contract term. For the years ended December 31, 2023, and 2022, the shared services charged to the subsidiaries were recorded as other revenue as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bora Pharmaceutical Services Inc. | $16,749 | $8,149 |
| Bora Pharmaceutical Laboratories Inc. | 11,500 | - |
| TWi Pharmaceuticals, Inc. | 20,500 | - |
| The subsidiaries of the Company | 1,400 | - |
| The sub-subsidiaries of the Company | 15,982 | 1,200 |
| Total | $66,131 | $9,349 |

b. Refer to Attachment 1~2 for details of the loan, endorsements, and guarantees by the Company for subsidiaries. The Company collected guarantee fee income from its subsidiaries as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bora Pharmaceutical Services Inc. | $27,645 | $33,913 |
| The subsidiaries of the Company | 1,589 | 2,101 |
| The sub-subsidiaries of the Company | 70 | 222 |
| Total | $29,304 | $36,236 |

10. Key management personnel compensation

| | Years Ended December 31 | |
|---|---|---|
| | 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 Company pledged as security:

| Items | Carrying amount 31 December 2023 | Carrying amount 31 December 2022 | Secured liabilities |
|---|---|---|---|
| Financial assets measured at amortized cost | $- | $38,522 | Long-term loans |
| Property, plant and equipment - land | 889,813 | 889,813 | Long-term loans |
| Property, plant and equipment - buildings | 164,906 | 153,814 | Long-term loans |
| Investments accounted for using the equity method –Twi shares | 5,247,264 | 4,145,179 | Long-term loans |
| Investment property | 23,339 | 24,172 | Long-term loans |
| Total | $6,325,322 | $5,251,500 | |

## 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. Financial instruments

1. Categories of 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 | $- | $2,336 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents (exclude cash on hand) | 342,026 | 152,123 |
| Financial assets measured at amortized cost | - | 38,522 |
| Notes receivable (including related party) | 664 | 663 |
| Accounts receivable (including related parties) | 111,080 | 108,783 |
| Other receivables (including related parties) | 162,652 | 51,218 |
| Refundable deposits | 3,419 | 3,399 |
| Subtotal | 619,841 | 354,708 |
| Total | $619,841 | $357,044 |

| Financial liabilities | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Financial liabilities at amortized cost | | |
| Short-term loans | $500,000 | $1,349,614 |
| Accounts and other payables (including amount recognized in other non-current liabilities) | 623,423 | 1,028,513 |
| Bonds payable | 1,538,361 | 642,363 |
| Long-term loans (including current portion) | 1,402,026 | 3,351,643 |
| Lease liabilities | 4,271 | 6,920 |
| Subtotal | 4,068,181 | 6,379,053 |
| Financial liabilities at fair value through profit or loss: | | |
| Held for trading | 9,009 | - |
| Contingent considerations from business combinations | 1,935,436 | 1,623,149 |
| Subtotal | 1,944,445 | 1,623,149 |
| Total | $6,012,626 | $8,002,202 |

2. Financial risk management objectives and policies

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

The Company 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 Company 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 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company 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 Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the year ended 31 December 2023 and 2022 will be decreased/increased by NT$23,159 thousand and NT$24,327 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase/decrease 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/increase by NT$3,121 thousand and NT$4,779 thousand, respectively.

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 Company is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company'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 Company'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 31 December 2022, accounts receivable from top ten customers represent 100% and 99% of the total receivables of the Company, 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 Company's finance department in accordance with the Company's policy. The Company only transacts with counterparties the Company entered with shall be in compliance with internal control procedures. The Company 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 Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank loans and convertible bond. The table below summarizes the maturity profile of the Company'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 |
|---|---|---|---|---|---|
| As of 31 December 2023 | | | | | |
| Borrowings | $871,528 | $755,017 | $112,747 | $277,753 | $2,017,045 |
| Accounts and other payables | 400,812 | 222,611 | - | - | 623,423 |
| Convertible bonds | - | - | 1,699,800 | - | 1,699,800 |
| Lease liabilities | 2,726 | 1,590 | - | - | 4,316 |

| | <=1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| As of 31 December 2022 | | | | | |
| Borrowings | $1,844,243 | $1,537,644 | $1,268,142 | $321,735 | $4,971,764 |
| Accounts and other payables | 621,605 | 406,908 | - | - | 1,028,513 |
| Convertible bonds | - | - | 708,000 | - | 708,000 |
| Lease liabilities | 2,726 | 4,316 | - | - | 7,042 |

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 | $1,349,614 | $3,351,643 | $6,920 | $642,363 | $5,350,540 |
| Cash flows | (849,614) | (1,956,819) | (2,649) | 2,023,360 | (785,722) |
| Non-Cash flows | | | | | |
| Conversion | - | - | - | (1,135,802) | (1,135,802) |
| Others | - | 7,202 | - | 8,440 | 15,642 |
| 31 December 2023 | $500,000 | $1,402,026 | $4,271 | $1,538,361 | $3,444,658 |

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 | $95,000 | $634,000 | $- | $- | $729,000 |
| Cash flows | 1,254,614 | 2,715,833 | (1,093) | 844,998 | 4,814,352 |
| Non-Cash flows | | | | | |
| Conversion | - | - | - | (201,820) | (201,820) |
| Others | - | 1,810 | 8,013 | (815) | 9,008 |
| 31 December 2022 | $1,349,614 | $3,351,643 | $6,920 | $642,363 | $5,350,540 |

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 Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, receivables, accounts payable and 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 Taipei Exchange, 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 Company’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 |

| | Fair value 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.8 for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company'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 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: | | | | |
| Embedded derivatives | - | - | $2,336 | $2,336 |
| Total | $- | $- | $2,336 | $2,336 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial liabilities: | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Contingent considerations from business combinations | - | - | $1,623,149 | $1,623,149 |
| Total | $- | $- | $1,623,149 | $1,623,149 |

Transfers between Level 1 and Level 2 during the period

During the year 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:

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 | $(1,623,149) |
| 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) | (1,041,656) |
| Exchange differences | - | (41,315) |
| As of 31 December 2023 | $(9,009) | $(1,935,436) |

31 December 2022:

| | Financial assets (liabilities) | |
|---|---|---|
| | Measured at fair value through profit or loss | |
| | Embedded derivatives | Contingent considerations |
| As of 1 January 2022 | $- | $- |
| Acquisition/issuance | (4,640) | (1,558,937) |
| Gains (losses) recognized in profit or loss: | | |
| (presented in "Net loss on financial assets or liabilities measured at fair value through profit or loss") | 6,976 | (64,212) |
| As of 31 December 2022 | $2,336 | $(1,623,149) |

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 Company's equity by NT$47 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 Company'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 Company'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 Company'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 Company '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 Company's profit or loss |

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

The Company'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 Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Company'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 | $- | $- | $72,815 | $72,815 |

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 | $- | $- | $74,613 | $74,613 |

9. Significant assets and liabilities denominated in foreign currencies

At 31 December 2023 Unit: thousands

| | 31 December 2023 | | |
|---|---|---|---|
| | Foreign currencies | Foreign exchange rate | NTD |
| Financial assets | | | |
| Monetary items: | | | |
| USD | $2,432 | 30.71 | $74,687 |
| Financial liabilities | | | |
| Monetary items: | | | |
| USD | 77,844 | 30.71 | 2,390,589 |

At 31 December 2022 Unit: thousands

| | 31 December 2022 | | |
|---|---|---|---|
| | Foreign currencies | Foreign exchange rate | NTD |
| Financial assets | | | |
| Monetary items: | | | |
| USD | $1,978 | 30.71 | $60,757 |
| Financial liabilities | | | |
| Monetary items: | | | |
| USD | 81,192 | 30.71 | 2,493,409 |

The Company mainly uses USD as transaction currency. The Company only disclosures monetary financial assets and financial liabilities of USD. For the years ended 31 December 2023 and 2022, the foreign exchange losses on monetary financial assets and financial liabilities amounted to NT$40,276 thousand and NT$10,920 thousand, respectively.

10. Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

11. Capital management

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

XIII. Other disclosure

1. Information at significant transactions
   (a) Financing provided to others: Please refer to Table 1.

   (b) Endorsement/Guarantee provided to others: Please refer to Table 2.

   (c) Marketable securities held the end of the reporting period (excluding investments in subsidiaries, associates, and joint ventures): Please refer to Table 3.

   (d) Marketable securities acquired or disposed of at accumulated amount for the period exceeding NT$300 million or 20 percent of paid-in capital: Please refer to Table 4.

   (e) Acquisition of individual real estate with amount exceeding NT$300 million or 20 percent of paid-in capital: None.

   (f) Disposal of individual real estate with amount exceeding NT$300 million or 20 percent of paid-in capital: None.

   (g) Total purchases from or sales to related parties which exceeding NT$100 million or 20 percent of paid-in capital: Please refer to Table 5.

   (h) Receivables from related parties with amounts exceeding NT$100 million or 20 percent of paid-in capital: Please refer to Table 6.

   (i) Financial instruments and derivative transactions: None.

2. Information on investees: Please refer to Table 7.

3. Investments in Mainland China: Please refer to Table 8.

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

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

Table 1

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

Table 2

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.

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

Table 3

Marketable securities held the end of the reporting period (excluding investments in 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 |

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

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

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

Table 4

Marketable securities acquired or disposed of at accumulated amount for the period exceeding NT$300 million or 20 percent of paid-in capital:

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

Table 5

Total purchases from or sales to related parties which exceeding NT$100 million or 20 percent of paid-in capital:

| 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. | 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. | 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% | - |

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

Table 6

Receivables from related parties with amounts exceeding NT$100 million or 20 percent of paid-in capital:

| 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. | Subsidiary | $3,603,451 | 2.85 | $1,645,640 | Collected in subsequent reporting period | $1,375,775 | $- | - |

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

Table 7

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.
(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.

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

Table 8

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 | | | | | | |
| Chentai Biotechnology (Dongguan) 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.

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Table 9

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.

BORA PHARMACEUTICALS CO., LTD

The content of statements of major accoutning items

For the year ended 31 December 2023

BORA PHARMACEUTICALS CO., LTD

1.Statement of cash and cash equivalents

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Items | Description (in dollar) | | Amount | Note |
|---|---|---|---|---|
| Cash on hand | | | $196 | |
| Bank deposits - NTD | | | 225,614 | |
| Bank deposits - Foreign currency | USD | 1,688,724.62 | 51,861 | Exchange Rate: 30.71 |
| Bank deposits - Foreign currency | CAD | 2,782,350.05 | 64,551 | Exchange Rate: 23.20 |
| Total | | | $342,222 | |

BORA PHARMACEUTICALS CO., LTD

2.Statement of accounts receivable, net and accounts receivable-related parties, net

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Client | Description | Amount | Note |
|---|---|---|---|
| Client A | CDMO | $45,428 | 1.The amount of individual client |
| Client B | Centralized Procurement | 64,309 | included in others does not exceed |
| Others | | 1,592 | 5% of the account balance. |
| Subtotal | | 111,329 | |
| Less: Loss allowance | | (249) | 2.The allowance for loss is |
| Total | | $111,080 | estimated based on the collectability. |

BORA PHARMACEUTICALS CO., LTD

3.Statement of inventories,net

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Items | Amount | | Note |
|---|---|---|---|
| | Cost | Net Realized Value | |
| Raw materials | $5,007 | $4,969 | Net realizable value |
| Supplies and spares parts | 1,404 | 1,389 | represents the market price. |
| Work in process | 6,071 | 6,071 | |
| Semi-finished goods | 1,700 | 1,700 | |
| Finished goods | 3,142 | 3,142 | |
| Merchandise in transit | 17,503 | 17,503 | |
| Raw materials in transit | 3,137 | 3,137 | |
| Subtotal | 37,964 | $37,911 | |
| Less: Allowance for inventory valuation losses | (1,793) | | |
| Total | $36,171 | | |

BORA PHARMACEUTICALS CO., LTD

4.Statement of changes in investments accounted for using the equity method

From 1 January 2023 to 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Investees | Balance, 1 January 2022 | | Increase | | | Decrease | | | Balance, 31 December 2022 | | | Fair Value or Net Asset Value | | Collateral | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares (thousand) | Amount | Shares (thousand) | Amount | | Shares (thousand ) | Amount | | Number of shares (thousand) | Ownership % | Amount | Unit Price (NTD) | Total Price | | |
| 1.Union Chemical & Pharmaceutical Co., Ltd. | 1,500 | $45,689 | | 311 | (NOTE1) | 1,500 | 31,557 | (NOTE10) | - | - | $- | - | - | - | |
| | | | | 388 | (NOTE3) | | 14,831 | (NOTE2) | | | | | | | |
| 2.Bora Health Inc. | 18,919 | 218,754 | | 24,037 | (NOTE1) | | 265,462 | (NOTE10) | - | - | - | - | - | - | |
| | | | | 48,270 | (NOTE11) | | 25,163 | (NOTE2) | | | | | | | |
| | | | | | | | 436 | (NOTE3) | | | | | | | |
| 3.Bora Pharmaceutical Laboratories Inc. | 165,000 | 2,221,250 | | 540,128 | (NOTE1) | | 42,453 | (NOTE3) | 165,000 | 100.00% | 2,270,850 | 14.06 | 2,319,897 | None | (NOTE6) |
| | | | | 22,156 | (NOTE5) | | 469,966 | (NOTE2) | | | | | | | |
| | | | | 5,132 | (NOTE9) | | 4,252 | (NOTE8) | | | | | | | |
| | | | | | | | 1,145 | (NOTE11) | | | | | | | |
| 4.Bora Pharmaceuticals USA Inc. | 500 | 62,047 | | 5,889 | (NOTE1) | | 141 | (NOTE5) | 500 | 100.00% | 70,098 | 140.20 | 70,098 | None | |
| | | | | 2,303 | (NOTE9) | | | | | | | | | | |
| 5.Bora Pharmaceutical Services Inc. | 100,000 | 1,132,798 | | 315,050 | (NOTE1) | | 4,252 | (NOTE8) | 100,000 | 50.00% | 1,418,525 | 14.19 | 2,837,051 | None | (NOTE7) |
| | | | | 27,695 | (NOTE5) | | 57,898 | (NOTE2) | | | | | | | |
| | | | | 5,132 | (NOTE9) | | | | | | | | | | |
| 6.Bora Management Consulting Co., Ltd | 100 | 1,931 | | 2,458 | (NOTE1) | | | | 100 | 100.00% | 4,389 | 43.89 | 4,389 | None | |
| 7.Bora Biologics Co., Ltd. | 39,425 | 1,124,489 | | 56,246 | (NOTE1) | | | | 39,425 | 65.70% | 1,194,554 | 30.30 | 1,818,418 | None | (NOTE12) |
| | | | | 13,819 | (NOTE9) | | | | | | | | | | |
| 8.Bora Pharmaceutical and Consumer Health Inc. | 10 | 31 | | | | | 72 | (NOTE1) | 10 | 100.00% | (41) | (4.10) | (41) | None | |
| 9.TWi Pharmaceuticals, Inc. | 54,000 | 6,358,680 | 6,000 | | (NOTE13) | | 3,051 | (NOTE5) | 60,000 | 100.00% | 7,364,161 | 87.45 | 5,247,264 | VIII | |
| | | | | 2,312 | (NOTE8) | | 2,262,960 | (NOTE2) | | | | | | | |
| | | | | 3,246,787 | (NOTE1) | | | | | | | | | | |
| | | | | 22,393 | (NOTE9) | | | | | | | | | | |
| 10.SunWay Biotech Co., LTD. | - | - | 21,257 | 1,138,078 | (NOTE4) | | 242 | (NOTE5) | 21,257 | 35.79% | 1,143,896 | 131.17 | 7,790,064 | None | (NOTE14) |
| | | | | 5,981 | (NOTE1) | | | | | | | | | | |
| | | | | 79 | (NOTE3) | | | | | | | | | | |
| Total | | $11,165,669 | | $5,484,644 | | | $3,183,881 | | | | $13,466,432 | | | | |

NOTE1: Share of profit and loss of associates accounted for using equity method (including the elimination of unrealized gains and losses on the transactions between the Company and its investee).

NOTE2: Cash dividend.

NOTE3: Intercompany Transaction - downstream: Elimination.

NOTE4: Increase in investment.

NOTE5: Exchange differences resulting from translating the financial statements of foreign operations.

NOTE6: Including the elimination of unrealized gains and losses on the upstream transactions between the Company and its investee.

NOTE7: The difference between balance at 31 December 2023 and net asset value is due to the Company held 50% of shares.

NOTE8: Remeasurement of defined benefit plan of subsidiary according to the shareholding ratio.

NOTE9: Intercompany share-based payment transactions.

NOTE10: Capital reduction or sell partial of shares.

NOTE11: Acquisition of new shares in a subsidiary not in proportionate to ownership interest.

NOTE12: The difference between balance at 31 December 2023 and net asset value is due to the company only held 65.7% of shares.

NOTE13: Stock dividend.

NOTE 14: The market price is calculated based on the average transaction price on December 29, 2023.

BORA PHARMACEUTICALS CO., LTD

5. Statement of short-term loans

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Type | Bank | Ending balance | Contract Term | Interest Rate | Collateral | Note |
|---|---|---|---|---|---|---|
| Unsecured loan | O-Bank | $500,000 | 112.7.25-113.7.25 | 1.90% | None | - |

BORA PHARMACEUTICALS CO., LTD

6.Statement of accounts payable (including related parties)

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Vendor | Description | Amount | Note |
|---|---|---|---|
| Vendor A | | $6,316 | The amount of individual supplier included in others does not exceed 5% of the account balance. |
| Vendor B | | 7,304 | |
| Others | | 37,308 | |
| Total | | $50,928 | |

BORA PHARMACEUTICALS CO., LTD

7.Statement of long-term loans

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Bank | Type | Ending balance | Current Portion | Non-current Portion | Contract Term | Interest Rate | Collateral | Repayment |
|---|---|---|---|---|---|---|---|---|
| Chang Hwa Commercial Bank | Secured loan | $459,196 | $37,896 | 421,300 | 108.12.23-123.12.23 | 1.90% | Land and Buildings | 156 monthly instalment (principal and interests) starting from 23 January , 2022. |
| KGI Bank | Unsecured loan | 200,000 | 10,000 | 190,000 | 112.12.4-114.12.4 | 2.29% | None | 5 quarterly instalments (principal), starting from 4 December 2024. |
| CTBC Bank | Unsecured loan | 164,000 | 48,000 | 116,000 | 111.6.17-116.6.17 | 2.34% | None | 17 quarterly instalments (principal), starting from 17 June 2023. |
| CTBC Bank | Secured loan | 578,830 | 240,000 | 338,830 | 112.6.27-115.6.27 | 2.49% | Stock | 5 semi-annually instalments (principal), starting from 30 June 2024. |
| | Total | $1,402,026 | $335,896 | $1,066,130 | | | | |

BORA PHARMACEUTICALS CO., LTD
8.Statement of operating costs
As of 31 December 2023
(Expressed in Thousands of New Taiwan Dollars)

| Items | Ending balance | Note |
|---|---|---|
| Cost of self-made product | | |
| Direct material | | |
| Balance, beginning of year | $10,794 | |
| Add: Raw material purchased | 3,157 | |
| Gain on physical count | 129 | |
| Less: Raw material, end of year | (8,144) | |
| raw materials sold | (409) | |
| Raw materials scraped | (55) | |
| Other | (43) | |
| Direct material used | 5,429 | |
| Indirect material | | |
| Indirect material, beginning of year | 1,206 | |
| Add: Indirect material purchased | 980 | |
| gain on physical count | 37 | |
| Less: Indirect material, end of year | (1,404) | |
| Indirect material sold | (621) | |
| Indirect material scraped | (12) | |
| Other | (6) | |
| Indirect material used | 180 | |
| Direct labor | 28,866 | |
| Manufacturing Expenses | 84,684 | |
| Manufacturing costs | 119,159 | |
| Add: Work in process, beginning of year | 8,170 | |
| Less: Work in process, end of year | (7,771) | |
| Work in process scrap | (1,103) | |
| Transferred to other operating costs | (888) | |
| Other | (187) | |
| Cost of Finished goods | 117,380 | |
| Add: Finished goods, beginning of year | 1,612 | |
| Other | - | |
| Less: Finished goods, end of year | (3,142) | |
| Finished goods scrap | - | |
| Transferred to labor cost | (1,011) | |
| Other | (168) | |
| Subtotal of self-made product | 114,671 | |
| Cost of merchandise | | |
| Merchandise, Beginning of year | 1 | |
| Add: Merchandise purchased | 17,503 | |
| Other | - | |
| Less: Merchandise, end of year | (17,503) | |
| Merchandise scraped | (1) | |
| Subtotal of merchandise | - | |
| Other operating cost | | |
| reversal of write-down of inventories | 1,346 | |
| Materials sold | 1,030 | |
| Centralized procurement | 243,736 | |
| Gain on physical count | (167) | |
| Labor cost | 1,011 | |
| Idle capability | 888 | |
| Other | 109 | |
| Total Operating Costs | $362,624 | |

BORA PHARMACEUTICALS CO., LTD

9.Statement of operating expenses

As of 31 December 2023

(Expressed in Thousands of New Taiwan Dollars)

| Items | Sales and Marketing Expenses | General and Administrative Expenses | Research and Development Expenses | Total |
|---|---|---|---|---|
| Payroll and related expense | $1,356 | $202,466 | $1 | $203,823 |
| Insurance | 161 | 7,873 | - | 8,034 |
| Depreciation | - | 13,268 | 989 | 14,257 |
| Research and development expense | - | - | 946 | 946 |
| Miscellaneous expenses | 68 | 22,110 | 15 | 22,193 |
| Professional fee | - | 19,422 | 21 | 19,443 |
| Expected credit loss | - | 249 | - | 249 |
| Others (Note) | 108 | 23,385 | 758 | 24,251 |
| Total | $1,693 | $288,773 | $2,730 | $293,196 |

Note: The item included others does not exceed 5% of the account balance.