BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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Independent Auditors' Report

To BORA PHARMACEUTICALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of BORA PHARMACEUTICALS CO., LTD. (the "Company") and its subsidiaries (together the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

As of December 31, 2024, the Group's net inventories amounted to NT$5,502,342 thousand, and constituted 12% of total consolidated assets, which were material to the consolidated financial statements. Considering the market demand and possible sales, management evaluated the obsolescence of raw materials, work in progress, and semi-finished goods by inventories aging.

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

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

Revenue Recognition

For the year ended December 31, 2024, the Group recognized NT$19,245,907 thousand as revenues, mainly coming from toll manufacturing, rendering services, prescription drug distribution and sales of consumer healthcare products. As timing of revenue recognition varies among contract terms with customers, which involved management's significant judgment, we have determined this as a key audit matter.

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

Business Combination

On April 2, 2024, August 20, 2024, and October 25, 2024, the Group completed the acquisition of 100% of the equity of Upsher-Smith Laboratories, LLC, the sterile injectable manufacturing facility of Cangene bioPharma, LLC located in Baltimore, Maryland, USA, and 100% of the equity of Pyros Pharmaceuticals Inc. through its subsidiaries in accordance with the Corporate Merger Law and other relevant regulations. We have determined the transaction as a key audit matter as this transaction accounts for a reverse acquisition and the transaction amount of business combinations is significant, which involved the identification of merger and acquisition transaction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated financial statements for year ended 31 December 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on consolidated financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

Hu, Tzu Ren

Yao, Shih Chieh

Ernst & Young, Taiwan

5 March 2025

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	IV&VI.1	$5,829,197	13	$3,053,294	12
Financial assets measured at fair value through profit or loss, current	IV&VI.2	24,477	-	-	-
Financial assets at amortized cost, current	IV&VI.4&VIII	67,862	-	342,627	1
Contract assets, current	IV&VI.22.23	239,991	-	15,111	-
Notes receivable, net	IV&VI.5.23	19,884	-	54,323	-
Accounts receivable, net	IV&VI.6.23&VII	10,221,933	22	3,958,874	16
Other receivables		954,574	2	82,614	-
Inventories, net	IV&VI.7	5,502,342	12	2,157,453	9
Prepayments		591,004	2	801,425	3
Other current assets		114,427	-	138,626	1
Total current assets		23,565,691	51	10,604,347	42
Non-current assets					
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2.15	99,165	-	-	-
Financial assets measured at fair value through other comprehensive income, non-current	IV&VI.3	221,456	-	7,758	-
Financial assets measured at amortized cost, non-current	IV&VI.4.22&VIII	13,500	-	13,500	-
Investments accounted for using equity method	IV&VI.8	1,370	-	-	-
Property, plant and equipment	IV&VI.9&VIII	11,684,248	26	6,651,348	27
Right-of-use assets	IV&VI.24	825,505	2	842,586	3
Investment properties, net	IV&VI.10&VIII	16,410	-	17,018	-
Intangible assets	IV&VI.11.12	7,444,179	17	5,675,014	22
Deferred tax assets	IV&VI.28	1,190,246	3	1,044,766	5
Other non-current assets		537,164	1	277,836	1
Total non-current assets		22,033,243	49	14,529,826	58
Total assets		$45,598,934	100	$25,134,173	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	December 31, 2024		December 31, 2023	
Current liabilities					
Short-term loans	VI.13	$2,597,850	6	$767,508	3
Financial liabilities measured at fair value through profit or loss, current	IV&VI.14	806,650	2	1,584,841	6
Contract liabilities, current	IV&VI.22	245,598	-	224,597	1
Notes payable		5,861	-	18,845	-
Accounts payable		786,480	2	361,605	1
Other payables		3,276,666	7	1,526,752	6
Income tax payable	IV&VI.28	484,332	1	987,430	4
Provisions, current	IV&VI.18	248,120	-	144,523	1
Lease liabilities, current	IV&VI.24	116,600	-	106,039	1
Current portion of long-term loans	VI.16	1,189,023	3	630,502	3
Refund liabilities	IV&VI.22	3,908,335	9	1,866,901	7
Other current liabilities	VI.19	143,082	-	9,518	-
Total current liabilities		13,808,597	30	8,229,061	33
Non-current liabilities					
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.14	257,263	1	359,604	1
Bonds payable	IV&VI.15	7,758,905	17	1,538,361	6
Long-term loans	VI.16	6,564,987	14	1,185,260	5
Provisions, non-current	IV&VI.18	129,036	-	216,805	1
Deferred tax liabilities	IV&VI.28	1,256,297	3	783,904	3
Lease liabilities, non-current	IV&VI.24	745,962	2	763,333	3
Other non-current liabilities	VI.19	66,322	-	292,034	1
Total non-current liabilities		16,778,772	37	5,139,301	20
Total liabilities		30,587,369	67	13,368,362	53
Equity attributable to the parent company	VI.20.21				
Capital					
Common stock		1,030,852	2	1,014,128	4
Advance receipts for ordinary share		2,267	-	853	-
Capital surplus		4,408,236	10	3,318,350	13
Retained earnings					
Legal reserve		658,515	1	355,501	1
Unappropriated earnings		6,448,405	14	4,373,116	18
Subtotal		7,106,920	15	4,728,617	19
Other equity		362,308	1	73,807	-
Treasury stock		(43,181)	-	(50,968)	-
Equity attributable to shareholders of the parent		12,867,402	28	9,084,787	36
Non-controlling interests	VI.20	2,144,163	5	2,681,024	11
Total equity		15,011,565	33	11,765,811	47
Total liabilities and equity		$45,598,934	100	$25,134,173	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEEMENTS OF COMPREHENSIVE INCOME

Unit: Thousands of New Taiwan Dollars

	Notes	For the year ended December 31, 2024		For the year ended December 31, 2023	
Operating revenue	IV&VI.22&VII	$19,245,907	100	$14,200,068	100
Operating costs	VI.7.9.11.17.24.25&VII	(11,535,632)	(60)	(7,208,830)	(51)
Gross profit		7,710,275	40	6,991,238	49
Operating expenses	VI.9.10.11.17.21.23.24.25&VII				
Sales and marketing expenses		(1,209,818)	(6)	(447,093)	(3)
General and administrative expenses		(2,423,349)	(13)	(996,846)	(7)
Research and development expenses		(694,487)	(4)	(298,160)	(2)
Total operating expenses		(4,327,654)	(23)	(1,742,099)	(12)
Operating income		3,382,621	17	5,249,139	37
Non-operating income and expenses	VI.26				
Other revenue		167,937	1	93,392	1
Other gains and (losses)		135,098	1	(1,107,146)	(8)
Financial costs		(479,722)	(2)	(171,239)	(1)
Share of profit of associates and joint ventures accounted for using the equity method		(36)	-	-	-
Bargain purchase gain		1,749,083	9	-	-
Total non-operating income and (expenses)		1,572,360	9	(1,184,993)	(8)
Net income before income tax		4,954,981	26	4,064,146	29
Income tax expense	IV&VI.28	(914,578)	(5)	(992,225)	(7)
Net income		4,040,403	21	3,071,921	22
Other comprehensive income	IV&VI.27.28				
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains or (losses) on remeasurements of defined benefit plans		(169)	-	(8,681)	-
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income		30,487	-	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(5,296)	-	2,489	-
To be reclassified to profit or (loss) in subsequent periods					
Exchange differences resulting from translation foreign operations		332,541	2	50,758	-
Income tax related to items to be reclassified subsequently to profit or loss		(66,467)	-	(10,287)	-
Total other comprehensive income, net of tax		291,096	2	34,279	-
Total comprehensive income		$4,331,499	23	$3,106,200	22
Net income attributable to:					
Stockholders of the parent		$3,939,009		$3,030,142	
Non-controlling interests		$101,394		$41,779	
Comprehensive income attributable to:					
Stockholders of the parent		$4,227,510		$3,064,856	
Non-controlling interests		$103,989		$41,344	
Earnings per share (NTD)	IV&VI.29				
Earnings per share-basic		$38.69		$30.20	
Earnings per share-diluted		$35.82		$29.39	

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

English Translation of Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD.

CONSOLIDATED STATEEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2024 and 2023

Unit: Thousands of New Taiwan Dollars

Items	Capital		Capital surplus	Retained earnings			Other equity				Total	Non-controlling interests	Equity Total
	Common stock	Advance receipts for capital stock		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			
Balance as of January 1, 2023	$753,815	$3,107	$1,236,380	$216,436	$23,919	$2,308,664	$35,489	$(4,900)	$8,504	$(53,092)	$4,528,322	$612,134	$5,140,456
Appropriation and distribution of 2022 retained earning													
Legal Reserve	-	-	-	139,065	-	(139,065)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(619,134)	-	-	-	-	(619,134)	-	(619,134)
Stock dividends	231,410	-	-	-	-	(231,410)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,919)	23,919	-	-	-	-	-	-	-
Recognition of equity component of convertible bonds issued	-	-	392,062	-	-	-	-	-	-	-	392,062	-	392,062
Net income for the year ended December 31, 2023	-	-	-	-	-	3,030,142	-	-	-	-	3,030,142	41,779	3,071,921
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	40,906	-	(6,192)	-	34,714	(435)	34,279
Total comprehensive income	-	-	-	-	-	3,030,142	40,906	-	(6,192)	-	3,064,856	41,344	3,106,200
Conversion of convertible bonds	27,863	(3,064)	644,607	-	-	-	-	-	-	-	669,406	-	669,406
Difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	872,616	-	-	-	-	-	-	-	872,616	1,993,616	2,866,232
Adjustment to share of changes in equities of subsidiaries	-	-	47,125	-	-	-	-	-	-	-	47,125	29,375	76,500
Share-based payment transactions-exercise of stock option	1,000	850	24,594	-	-	-	-	-	-	-	26,444	-	26,444
Share-based payment transactions-stock based compensation	-	-	95,598	-	-	-	-	-	-	-	95,598	7,215	102,813
Share-based payment transactions-conversion of stock option	40	(40)	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,660)	(2,660)
Other-treasury shares sold to employees	-	-	5,368	-	-	-	-	-	-	2,124	7,492	-	7,492
Balance as of December 31, 2023	$1,014,128	$853	$3,318,350	$355,501	$0	$4,373,116	$76,395	($4,900)	$2,312	($50,968)	$9,084,787	$2,681,024	$11,765,811
Balance as of January 1, 2024	$1,014,128	$853	$3,318,350	$355,501	$-	$4,373,116	$76,395	($4,900)	$2,312	($50,968)	$9,084,787	$2,681,024	$11,765,811
Appropriation and distribution of 2023 retained earning													
Legal Reserve	-	-	-	303,014	-	(303,014)	-	-	-		-	-	-
Cash dividends	-	-	-	-	-	(1,232,804)	-	-	-	-	(1,232,804)	-	(1,232,804)
Net income for the year ended December 31, 2024	-	-	-	-	-	3,939,009	-	-	-	-	3,939,009	101,394	4,040,403
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	265,943	22,693	(135)	-	288,501	2,595	291,096
Total comprehensive income	-	-	-	-	-	3,939,009	265,943	22,693	(135)	-	4,227,510	103,989	4,331,499
Shares issued for pursuant to acquisitions	16,577	-	1,435,530	-	-	-	-	-	-	-	1,452,107	-	1,452,107
Conversion of convertible bonds	3,057	227	195,563	-	-	-	-	-	-	-	198,847	-	198,847
Treasury stock purchases	-	-	-	-	-	-	-	-	-	(389,127)	(389,127)	-	(389,127)
Retirement of treasury share	(5,190)	-	(56,035)	-	-	(327,902)	-	-	-	389,127	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(706,145)	-	-	-	-	-	-	-	(706,145)	(745,962)	(1,452,107)
Adjustment to share of changes in equities of subsidiaries	-	-	9,100	-	-	-	-	-	-	-	9,100	135765	144,865
Share-based payment transactions-exercise of stock option	1,430	2,037	59,117	-	-	-	-	-	-	-	62,584	-	62,584
Share-based payment transactions-stock based compensation	-	-	128,236	-	-	-	-	-	-	-	128,236	7745	135,981
Share-based payment transactions-conversion of stock option	850	(850)	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(38,398)	(38,398)
Other-treasury shares sold to employees	-	-	24,520	-	-	-	-	-	-	7,787	32,307	-	32,307
Balance as of December 31, 2024	$1,030,852	$2,267	$4,408,236	$658,515	$-	$6,448,405	$342,338	$17,793	$2,177	$(43,181)	$12,867,402	$2,144,163	$15,011,565

(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.

CONSOLIDATED STATEEMENTS OF CASH FLOWS

From January 1 to December 31, 2024 and 2023

Unit: Thousands of New Taiwan Dollars

Items	For the year ended December 31, 2024	For the year ended December 31, 2023
Cash flows from operating activities:		
Net income before income tax	$4,954,981	$4,064,146
Adjustments for:		
Income and expense adjustments:		
Depreciation	701,922	420,088
Amortization	324,407	186,198
Net gain or loss on financial assets or liabilities measured at fair value through profit or loss	(11,558)	1,044,183
Interest expense	479,722	171,239
Interest income	(91,423)	(62,954)
Share-based payment expenses	135,981	102,813
Share of profit of associates and joint ventures accounted for using the equity method	36	-
Loss on disposal of property, plant and equipment	27,992	4,997
Bargain purchase gain	(1,749,083)	-
Other	36,087	8,398
Total income and expense adjustments:	(145,917)	1,874,962
Changes in operating assets and liabilities:		
Contract assets	335,369	20,086
Notes receivable,net	34,439	(17,423)
Accounts receivables,net	(1,707,128)	2,137,190
Other receivables	(32,670)	8,045
Inventories,net	(341,816)	(124,499)
Prepayments	78,168	(9,210)
Other current assets	24,199	(71,203)
Contract liabilities	19,308	134,721
Notes payable	(12,984)	1,852
Accounts payable	(663,519)	(90,875)
Other payables	(306,937)	(2,185,681)
Refund liabilities	13,297	(156,664)
Provisions	(152,477)	(139,197)
Other current liabilities	(46,376)	923
Other operating liabilities	(104,023)	-
Cash generated from operations	1,945,914	5,447,173
Interest received	91,423	62,954
Income tax paid	(1,056,529)	(896,470)
Net cash generated by operating activities	980,808	4,613,657

Items	For the year ended December 31, 2024	For the year ended December 31, 2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(20,000)	-
Acquisition of financial assets measured at amortized cost	(2,049,944)	(95,351)
Disposal of financial assets measured at amortized cost	2,302,398	53,648
Acquisition of financial assets measured at at fair value through profit or loss	(44,262)	-
Disposal of financial assets measured at at fair value through profit or loss	235,412	-
Acquisition of investments accounted for using equity method	(1,392)	-
Acquisition of subsidiary (net of cash acquired)	(10,264,908)	(1,288,413)
Acquisition of property, plant and equipment	(438,251)	(256,300)
Disposal of property, plant and equipment	12,586	3,372
Decrease in refundable deposits	5,760	3,375
Acquisition of intangible assets	(158,950)	(1,132,481)
Net cash inflows from business combination	-	288,423
Increase in other non-current assets	(168,986)	7,547
Increase in prepayment for equipments	(89,849)	(41,405)
Net cash (used in) investing activities	(10,680,386)	(2,457,585)
Cash flows from financing activities:		
Increase in short-term loans	1,823,613	-
Decrease in short-term loans	-	(1,397,782)
Proceeds from convertible bonds	6,314,925	2,023,360
Proceeds from long-term loans	8,705,602	2,781,000
Repayment of long-term loans	(2,805,265)	(5,101,136)
Repayment of the principal of lease liabilities	(104,583)	(74,747)
Decrease in other non-current liabilities	(60,546)	(3,119)
Cash dividends	(1,232,804)	(619,134)
Employee stock options exercised	62,584	26,444
Treasury stock purchased	(389,127)	-
Treasury stock sold to employees	32,307	7,492
Interest paid	(382,686)	(156,006)
Net change of non-controlling interests	106,598	73,405
Net cash generated by (used in) financing activities	12,070,618	(2,440,223)
Effect of exchange rate changes on cash and cash equivalents	404,863	56,126
Net increase (decrease) in cash and cash equivalents	2,775,903	(228,025)
Cash and cash equivalents at beginning of period	3,053,294	3,281,319
Cash and cash equivalents at end of period	$5,829,197	$3,053,294

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

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

I. History and Organization

Bora Pharmaceuticals Co., Ltd. ("the Company") was incorporated in the Republic of China ("R.O.C.") on June 12, 2007, initially as 'Bora International Co., LTD.' 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 February 2, 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 December 19, 2023.

II. The Authorization of Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the years ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors on March 5, 2025.

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 January 1, 2024. 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) 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 abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2025. 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*"	January 1, 2023
c	IFRS 18 "*Presentation and Disclosure in Financial Statements*"	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

(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 January 1, 2023 (from the original effective date of January 1, 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 January 1, 2023.

(c) IFRS 18 "*Presentation and Disclosure in Financial Statements*"

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

(2) IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities. Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
(2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
(3) Clarify the treatment of non-recourse assets and contractually linked instruments.
(4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1
The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.
(2) Amendments to IFRS 7
The amendments update an obsolete cross-reference relating to gain or loss on derecognition.
(3) Amendments to Guidance on implementing IFRS 7
The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.
(4) Amendments to IFRS 9
The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.
(5) Amendments to IFRS 10
The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.
(6) Amendments to IAS 7
The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(g) Contracts Referencing Nature-dependent Electricity-Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify the application of the ‘own-use’ requirements.
(2) Permit hedge accounting if these contracts are used as hedging instruments.
(3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

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 Significant Accounting Policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2024 and 2023 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRSs").

2. Basis of preparation

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

3. Basis of consolidation

Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. derecognizes the carrying amount of any non-controlling interest;
c. recognizes the fair value of the consideration received;
d. recognizes the fair value of any investment retained;
e. recognizes any surplus or deficit in profit or loss; and
f. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Major business	Percentage of Ownership December 31, 2024	Percentage of Ownership December 31, 2023	Note
Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	-%	-%	Note 1
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical contract development and manufacturing	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%	
Bora Pharmaceuticals Co., Ltd.	Bora Management Consulting Co., Ltd.	Management & consulting	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	Biotechnical services, research and development services and pharmaceutical manufacturing	98.14%	65.70%	Note 2 Note 3
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical and Consumer Health Inc.	Biotechnical research and management and consulting	100%	100%	
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Pharmaceutical manufacturing and wholesale	100%	100%	Note 4
Bora Pharmaceuticals Co., Ltd.	Sunway Biotech Co., Ltd.	Healthcare product research and manufacturing and sales	35.79%	35.79%	Note 1 Note 5
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%	
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical contract development and manufacturing	99%	98.85%	Note 6
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%	
Sunway Biotech Co., Ltd.	Sunway Group Holding Limited	Investment holding	100%	100%	Note 1
Sunway Biotech Co., Ltd.	Chen Run Marketing Co., Ltd	Healthcare product wholesale	51%	51%	Note 1
Sunway Biotech Co., Ltd.	Bora Health Inc.	Pharmaceutical and Healthcare product wholesale	100%	100%	Note 1
Sunway Group Holding Limited	Sunway Investment (H.K.) Limited	Investment holding	100%	100%	Note 1
Sunway Investment (H.K.) Limited	Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and sales	100%	100%	Note 1
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	100%	100%	
Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	Investment holding	100%	-%	Note 7
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals Injectables Inc.	Pharmaceutical contract development and manufacturing	100%	-%	Note 8
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals Inc.	Pharmaceutical contract development and manufacturing	100%	-%	Note 9
Bora Pharmaceutical Holdings, Inc.	Pyros Pharmaceuticals Inc.	Pharmaceutical wholesale	100%	-%	Note 10
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Holdings Inc.	Investment holding	100%	-%	Note 11 Note 12
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	Investment holding	20%	-%	Note 11 Note 12
Upsher-Smith Holdings Inc.	Upsher-Smith America LLC	Investment holding	80%	-%	Note 11 Note 12
Upsher-Smith America LLC	Upsher-Smith Laboratories, LLC	Pharmaceutical manufacturing and wholesale	100%	-%	Note 11

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

Note 2: On July 26, 2024, the company issued 1,658 thousand common shares in exchange for the common shares held by other shareholders (other than the Company) of Bora Biologics Co., Ltd.. As a result, the Company's ownership increased from 65.70% to 100%.

Note 3: In August 2024, Bora Biologics Co., Ltd. issued 9,512 thousand shares, a portion of which was issued to employee which resulted the Company's ownership decreased from 100% to 98.14%.

Note 4: TWi Pharmaceuticals, Inc., changed its Chinese company name and completed the registration of the name change in May 2024.

Note 5: The Company holds less than 50% of the voting rights of SunWay Biotech Co., LTD. but still has control over it because the Company is the single largest shareholder of SunWay Biotech Co., LTD. since the acquisition date while the other shareholders are relatively dispersed. As the Company has the ability to dominate major relevant activities of SunWay Biotech Co., LTD., SunWay Biotech Co., LTD. becomes one of the Company’s subsidiary accordingly.

Note 6: In December 2024, Bora Pharmaceuticals Ophthalmic Inc. issued 10,000 thousand new shares, all of which were subscribed by Bora Pharmaceutical Laboratories Inc which resulted in an increase of the ownership from 98.85% to 99%.

Note 7: The Group registered and established a wholly-owned subsidiary, Bora Pharmaceutical Holdings, Inc., in the USA in January 2024 with capital injections amounted to US$246,251 thousand remitted in March, May, September and October 2024, respectively.

Note 8: The Group registered and established a wholly-owned subsidiary, Bora Pharmaceuticals Injectables Inc., in the USA in May 2024 with capital injections amounted to US$70,000 thousand remitted in August and November 2024, respectively.

Note 9: The Group registered and established a wholly-owned subsidiary, Bora Pharmaceuticals Inc. in the USA in May 2024. As of December 31, 2024, the capital injection has not yet been remitted.

Note 10: On October 25, 2024, the Group’s Board of Directors resolved to acquire 100% equity interests of Pyros Pharmaceuticals Inc. The acquirees has been included in the consolidated financial statements on October 25, 2024.

Note 11: On January 16, 2024, the Group’s Board of Directors resolved to acquire 100% equity interests of Sawai America Holdings Inc. and its subsidiaries, Sawai America LLC and Upsher-Smith Laboratories, LLC. As of April 2, 2024 (April 1, 2024, US Eastern

Time), the Group had obtained the control over Sawai America Holdings Inc. and its subsidiaries and the entities have been included in the consolidated financial statements.

Note 12: Upsher-Smith Holdings Inc. and Upsher-Smith America LLC, formerly Sawai American Holdings Inc. and Sawai America LLC, respectively, changed their company names and completed registrations for the name change in May 2024.

4. Foreign currency transactions

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

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

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

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

5. Translation of financial statements in foreign currency

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

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

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

6. Current and non-current distinction

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

All other assets are classified as non-current.

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

7. Cash and cash equivalents

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

8. Financial instruments

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

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

(1) Financial instruments: recognition and measurement

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

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

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

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

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

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

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

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

<u>Financial asset measured at fair value through other comprehensive income</u>

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

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

(2) Impairment of financial assets

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

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

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money

C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

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

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

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

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

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial instruments

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

9. Derivative instrument

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

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

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

10. Fair value measurement

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

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

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

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

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

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

11.Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Group considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

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

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

12. 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.

13. Property, plant and equipment

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

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

Buildings	3～50 years
Machinery and equipment	2～25 years
Transportation equipment	2～15 years
Office equipment	2～17 years
Leasehold improvements	2～25 years
Other equipment	2～19 years

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

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

14. Investment property, net

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets*

Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	30 years

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

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

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

15. Leases

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

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

<u>Group as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

16. Intangible assets

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

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

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

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

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

Research and development costs

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

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

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

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

Category	Useful lives	Amortization methods
Patent	10 to 20 years	Straight line method
Product/ distribution rights	3 to 20 years	Straight line method
Computer software	1 to 7 years	Straight line method
Drug license	2 to 10 years	Straight line method
Customer relations	12 years	Straight line method
Other intangible assets	1 to 15 years	Straight line method

17. Impairment of non-financial assets

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

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

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

18. Provisions

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

Provision for onerous contracts

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

Provisions for employee benefits

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

The long-term incentive plan mainly awards performance units and time units to key employees of a U.S. subsidiary every year. During the period of the incentive plan, the performance unit will grant cash rewards to employees periodically based on the degree of performance achievement, and will be paid at the end of the incentive plan period. The time unit is awarded to key employees according to the conditions of the long-term incentive plan and based on the employee's employment status.

Provision for decommissioning, restoration and rehabilitation costs

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

19. 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.

20. Revenue recognition

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

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

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

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

CDMO – Services Revenue

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

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

CDMO – Manufacturing Revenue

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

21. 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.

22. Post-employment benefits

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

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

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

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

23. Shared-based payment transactions

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

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

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

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

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

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

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

24. Income taxes

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

<u>Current income tax</u>

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

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

<u>Deferred tax</u>

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

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

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

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

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

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

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

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

25. Business combinations and goodwill

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

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

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

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

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

A reverse acquisition occurs when the accounting acquire issues its shares to the shareholders of the accounting acquirer. In this specific situation, the fair value of the deemed consideration transferred by the accounting acquirer needs to be determined. This fair value should be determined based on the number of equity interests the legal subsidiary (accounting acquirer) would have had to issue to give the owners of the legal parent (accounting acquiree) the same percentage of equity interest in the combined entity that results from the reverse acquisition.

The presentation of the consolidated financial statements under reverse merger represents the continuation of the legal acquire which reflect carrying value of the assets and the liabilities of the legal subsidiary before business combination and the retained earnings and other equity balances of the legal subsidiary before the business combination. Asset and liabilities of the legal parent are reported as fair value. The amount recognized as equity interest in the consolidated financial statements includes the issued equity interests of the legal subsidiary outstanding immediately before the business combination and consideration transferred for the acquisition.

V. Significant Accounting Judgements, Estimates and Assumptions

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

(1) Judgement

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

(a) Revenue recognition

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

(b) Operating lease commitment－group as the lessor

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

(c) Reverse Merger

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 transaction which Bora Health Inc. is identified as the accounting acquirer, and accordingly, Sunway Biotech Co., Ltd. is identified as legal acquiree in accordance with the provisions of International Financial Reporting Standards.

(2) Estimates and assumptions

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

(a) Inventory valuation

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

(b) Revenue recognition－sales returns and discounts

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

(c) Income tax

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

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

(d) Accounts receivable–estimation of impairment loss

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

(e) Share-based payment transactions

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

(f) Pension benefits

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

(g) Impairment of non-financial assets

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

(h) Goodwill assessment arising from business combinations

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

(i) Fair value measurement of contingent consideration

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

VI. Details of Significant Accounts

1. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$1,347	$1,034
Checking accounts and demand deposits	5,637,850	2,902,260
Time deposits	190,000	150,000
Total	$5,829,197	$3,053,294

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

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments:		
Stocks	$20,275	$-
Cash surrender value of life insurance (Note)	99,165	-
Embedded derivative – Right of redemption of convertible bonds	4,202	-
Total	$123,642	$-
Current	$24,477	$-
Non-current	$99,165	$-

Note: Cash surrender value of life insurance is an insurance that employees were insured, and the employer is the beneficiary of the insurance term. The insurance payment is the part of cash surrender value that was a deduction of current insurance expense and becomes an addition of carrying value of the surrender value of life insurance. The carrying value will be deducted when the insurance expires or is terminated.

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

3. Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Stocks – emerging stock market	$46,650	$-
Stocks – non-listed entities	174,806	7,758
Total	$221,456	$7,758

The Group has no financial assets measured at fair value through other comprehensive income, pledged to others

4. Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Time deposits	$59,666	$334,951
Restricted deposits	21,696	21,176
Total	$81,362	$356,127
Current	$67,862	$342,627
Non-current	$13,500	$13,500

Please refer to Note VIII for more details on financial assets measured at amortized cost under pledge.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.23 for more details on loss allowance and Note XII for more details on credit risk management.

5. Notes receivable, net

	December 31, 2024	December 31, 2023
Notes receivable from operation, gross	$19,884	$54,323
Less: loss allowance	-	-
Total	$19,884	$54,323

Notes receivable were not overdue and not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.23 for more details on credit loss and Note XII for details on credit risk management.

6. Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivables, gross	$10,194,017	$3,907,992
Less: loss allowance	(25,980)	(17,408)
Subtotal	10,168,037	3,890,584
Accounts receivable from related party, gross	53,896	68,290
Less: loss allowance	-	-
Subtotal	53,896	68,290
Total	$10,221,933	$3,958,874

Accounts receivable were not pledged.

The terms of accounts receivable are generally from 30 to 180 days. Please refer to Note VI.23 for more details on credit loss of accounts receivable for the years ended December 31, 2024 and 2023. Please refer to Note XII for more details on credit risk management.

7. Inventories, net

(1) Details on net inventories are as follows:

	December 31, 2024	December 31, 2023
Raw materials	$2,309,889	$961,801
Supplies and spares parts	237,541	113,986
Work in progress	97,525	100,390
Semi-finished goods	890,303	303,814
Finished goods	1,832,807	577,775
Merchandise	134,277	99,687
Total	$5,502,342	$2,157,453

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

	Years Ended December 31	
	2024	2023
Cost of goods sold	$11,217,944	$7,104,316
Inventories shortage (overage)	9,526	(838)
Loss from write-down of inventories	308,162	105,352
Total	$11,535,632	$7,208,830

(3) No inventories were pledged.

8. Investments accounted for using the equity method

(1) The following table lists the investments accounted for using the equity method of the Group:

	December 31, 2024		December 31, 2023	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
GTSW BIOTECH SDN. BHD.	$1,370	40	$-	-

(2) Investment in associates is not significant to the Group. The associate was established in January 2024 and the following table lists its financial information based on its share of investment:

	Years Ended December 31	
	2024	2023
Net loss from continuing operations	$(36)	$-
Other comprehensive income	14	-
Total comprehensive income	$(22)	$-

(3) The associate had no contingencies or unrecognized contractual commitments as of December 31, 2024, and the associate had not pledged.

9. Property, plant and equipment

	Land	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:						
January 1, 2024	$3,424,023	$1,944,518	$2,417,025	$396,862	$115,838	$8,298,266
Additions	-	12,295	148,596	70,071	225,422	456,384
Acquisitions through business combinations	408,834	5,865,172	2,766,279	245,483	269,819	9,555,587
Disposals	-	(44)	(75,830)	(4,089)	-	(79,963)
Reclassification	-	5,211	72,848	10,302	(88,399)	(38)
Exchange differences	(8,935)	135,752	59,086	6,545	4,695	197,143
December 31, 2024	$3,823,922	$7,962,904	$5,388,004	$725,174	$527,375	$18,427,379
January 1, 2023	$3,397,207	$1,905,066	$2,321,376	$337,284	$76,723	$8,037,656
Additions	-	39,856	109,356	26,996	89,548	265,756
Acquisitions through business combinations	-	-	98,554	25,584	31,902	156,041
Disposals	-	(37,302)	(169,643)	(3,843)	-	(210,788)
Reclassification	-	22,396	45,573	10,680	(83,898)	(5,249)
Exchange differences	26,816	14,502	11,809	158	1,563	54,848
December 31, 2023	$3,424,023	$1,944,518	$2,417,025	$396,859	$115,838	$8,298,264
Depreciation and impairment:						
January 1, 2024	$-	$457,461	$1,053,512	$135,945	$-	$1,646,918
Depreciation	-	185,652	361,713	42,636	-	590,001
Acquisitions through business combinations	-	3,134,038	1,178,494	124,598	-	4,437,130
Disposals	-	(37)	(37,059)	(2,289)	-	(39,385)
Reclassification	-	(591)	(3,260)	3,851	-	-
Exchange differences	-	78,263	26,572	3,632	-	108,467
December 31, 2024	$-	$3,854,786	$2,579,972	$308,373	$-	$6,743,131
January 1, 2023	$-	$406,660	$898,878	$87,006	$-	$1,392,544
Depreciation	-	81,304	232,206	27,553	-	341,063
Acquisitions through business combinations	-	-	86,248	25,159	-	111,407
Disposals	-	(31,447)	(167,188)	(3,784)	-	(202,419)
Reclassification	-	-	-	-	-	-
Exchange differences	-	944	3,368	9	-	4,321
December 31, 2023	$-	$457,461	$1,053,512	$135,943	$-	$1,646,916
Net carrying amount as of:						
December 31, 2024	$3,823,922	$4,108,118	$2,808,032	$416,801	$527,375	$11,684,248
December 31, 2023	$3,424,023	$1,487,057	$1,363,513	$260,917	$115,838	$6,651,348

(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 December 31, 2024 and 2023.

(3) Please refer to Note VIII for more details on pledges of property, plant, and equipment.

(4) Please refer to Note VI.10 for the investment properties disclosure for the building acquired by the Company in 2019 for business operation and a portion of which was held for lease and the remaining portion was owner-occupied. The leased portion was recognized as investment properties.

10. Investment properties

Investment properties represent the Group's owns investment properties. The Group has entered into several commercial property leases on its own investment properties with lease terms approximately between 3 to 9 years. These leases include a clause for annual rate adjustment to reflect the change in market conditions.

	Buildings
Cost:	
January 1, 2024	$19,449
Additions	-
December 31, 2024	$19,449
January 1, 2023	$19,449
Additions	-
December 31, 2023	$19,449
Depreciation and impairment:	
January 1, 2024	$2,431
Depreciation	608
December 31, 2024	$3,039
January 1, 2023	$1,823
Depreciation	608
December 31, 2023	$2,431
Net carrying amount as of:	
December 31, 2024	$16,410
December 31, 2023	$17,018

	Years Ended December 31	
	2024	2023
Net income from investment properties	$4,789	$4,690

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

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties amounted to NT$51,783 thousand and NT$53,094 thousand as of December 31, 2024 and 2023, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation methods applied are the income approach and comparison approach, and the related inputs are as follows:

Income approach:	Years Ended December 31	
	2024	2023
Net income margin	$115,463	$110,741
Capitalization rate	2.09%	2.11%

Comparison approach:	Years Ended December 31	
	2024	2023
Regional factors	98%-100%	98%-100%
Individual factors	89%-91%	89%-91%

11. Intangible assets

	Patent	Product/ distribution rights	Goodwill	Software	Drug license	Customers relationship	Others	Total
Cost:								
January 1, 2024	$206,564	$224,444	$3,010,317	$249,194	$2,254,352	$241,000	$77,059	$6,262,930
Additions	79	602	-	17,595	-	-	18,860	37,136
Acquisitions through business combinations	-	11,739,458	639,183	238,888	970,470	-	3,270,115	16,858,114
Disposals	-	(163,905)	-	(4,167)	-	-	-	(168,072)
Reclassification	-	8,028	-	38	-	-	(8,028)	38
Exchange differences	-	295,686	14,251	3,690	21,637	-	82,415	417,679
December 31, 2024	$206,643	$12,104,313	$3,663,751	$505,238	$3,246,459	$241,000	$3,440,421	$23,407,825
January 1, 2023	$-	$250,366	$983,585	$228,945	$1,009,383	$-	$64,827	$2,537,106
Additions	-	-	-	9,326	1,244,969	-	-	1,254,295
Acquisitions through business combinations	206,564	-	2,026,732	2,061	-	241,000	12,232	2,488,589
Disposals	-	(25,922)	-	(519)	-	-	-	(26,441)
Reclassification	-	-	-	5,249	-	-	-	5,249
Exchange differences	-	-	-	4,132	-	-	-	4,132
December 31, 2023	$206,564	$224,444	$3,010,317	$249,194	$2,254,352	$241,000	$77,059	$6,262,930
Amortization and impairment:								
January 1, 2024	$33,665	$224,238	$-	$145,888	$128,102	$4,458	$51,565	$587,916
Amortization	16,578	18,192	-	57,526	197,400	18,972	15,739	324,407
Acquisitions through business combinations	-	11,385,823	-	198,993	-	-	3,261,960	14,846,776
Disposals	-	(163,905)	-	(4,167)	-	-	-	(168,072)
Exchange differences	-	286,984	-	3,309	216	-	82,110	372,619
December 31, 2024	$50,243	$11,751,332	$-	$401,549	$325,718	$23,430	$3,411,374	$15,963,646
January 1, 2023	$-	$248,555	$-	$100,106	$21,417	$-	$19,597	$389,675
Amortization	4,101	1,605	-	42,756	106,685	4,458	26,593	186,198
Acquisitions through business combinations	29,564	-	-	2,031	-	-	5,375	36,970
Disposals	-	(25,922)	-	(519)	-	-	-	(26,441)
Exchange differences	-	-	-	1,514	-	-	-	1,514
December 31, 2023	$33,665	$224,238	$-	$145,888	$128,102	$4,458	$51,565	$587,916
Net carrying amount as of:								
December 31, 2024	$156,400	$352,981	$3,663,751	$103,689	$2,920,741	$217,570	$29,047	$7,444,179
December 31, 2023	$172,899	$206	$3,010,317	$103,306	$2,126,250	$236,542	$25,494	$5,675,014

Please refer to Note VI.25 for the amortization expense of intangible assets for the years ended December 31, 2024 and 2023.

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

For the purpose of impairment testing, goodwill acquired through business combinations have been allocated to the following three cash-generating units ("CGU"). The amount allocated to CGU B is immaterial relative to total carrying amount of goodwill.

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

Carrying amount of goodwill allocated to each of the CGU:

	Goodwill			
	CDMO Segment CGU A	Commercial Sales Segment CGU B	Commercial Sales Segment CGU C	Total
December 31, 2024	$928,880	$54,705	$2,026,732	$3,010,317
December 31, 2023	$928,880	$54,705	$-	$983,585

CGU A: CDMO segment

This recoverable amount has been determined based on the fair value less costs of disposal. The fair value is CGU A's equity value calculated based on the future sales price of CGU A. As a result of this analysis, management considers there is no impairment loss of goodwill.

CGU C: Commercial Sales segment for healthcare products

This recoverable amount has been determined based on the higher of the fair value less costs of disposal or its value in use. The fair value is the valuation result of the equity value of CGU C calculated based on various valuation multipliers, the transaction price of similar comparable targets in the region or the use of various assets and liabilities under the cost approach. As a result of this analysis, management considers there is no impairment loss of goodwill.

13. Short-term loans

	December 31, 2024	December 31, 2023
Unsecured bank loans	$2,597,850	$767,508
Interest rate	1.98%~5.76%	1.20%~2.40%
Unused line of credit	$8,916,400	$5,057,720

As of December 31, 2024 and 2023, there were no pledges for the Group's short-term loans.

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

	December 31, 2024	December 31, 2023
Held for trading:		
Contingent consideration from business combination	$1,063,913	$1,935,436
Embedded derivatives —Put option on convertible bonds	-	9,009
Total	$1,063,913	$1,944,445
Current	$806,650	$1,584,841
Non-current	$257,263	$359,604

15. Convertible Bonds payable

	December 31, 2024	December 31, 2023
Liability component:		
Domestic unsecured convertible bonds	$1,495,800	$1,699,800
Overseas unsecured convertible bond	7,327,783	-
(Discounts) premium on convertible bonds payable	(1,064,678)	(161,439)
Subtotal	7,758,905	1,538,361
Less: current portion	-	-
Net	$7,758,905	$1,538,361

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

On August 4, 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: August 4, 2023 ~ August 4, 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 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 (at 100.7519% of principal amount) after August 4, 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 November 5, 2023 and prior to August 4, 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 December 31, 2024, the bonds of NT$204,200 thousand were converted into 328,000 common shares, of which 23,000 shares were recognized as advance receipts for capital stock.

On September 5, 2024, the Company issued 1st zero coupon overseas unsecured convertible bonds on the Singapore Stock Exchange. The convertible bonds includes 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: US$200,000 thousand

Period: September 5, 2024 ~ September 5, 2029

Important redemption clauses:

a. If the closing price (based on the exchange rate at that time) of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 20 out of 30 consecutive trading days (in the event of a stock split or dividend distribution, the closing price used between the ex-rights or ex-dividend trading date and the ex-rights or ex-dividend record date shall first be adjusted to the price prior to the stock split or dividend distribution.) achieve the early redemption amount (as defined below), multiplied by the conversion price at that time (converted to USD using the fixed exchange rate agreed upon on the pricing date), then divided by the face value, with the resulting total amount multiplied by 130%, the Company may, redeem in whole or in part of the bonds at plus a yield of 2.75% per annum (calculated semi-annually) (hereinafter referred to as the 'early redemption amount') ,on or at any time after September 19, 2027 and on or prior to September 5, 2029.
b. The Company may redeem all, rather than part, of the remaining outstanding bonds at the early redemption amount, if more than 90% in principal amount of the bonds originally issued has been redeemed, repurchased and canceled, or converted.
c. In the event of changes in the tax laws of the Republic of China that result in an increase in the issuing company's tax burden or the need to pay additional interest or incur higher costs due to the bonds after the issuance date, the Company may redeem all, rather than part, of the bonds at the early redemption amount. Bondholders may choose not to have their bonds redeemed early by the issuing company; however, bondholders who make this choice shall not be entitled to request the issuing company to bear any additional

taxes or costs.

Important Repurchase clauses:

Except in the following circumstances, bondholders may not request the issuing company to redeem all or part of their bonds before the maturity date

a. If the common shares of the issuing company are delisted from the TWSE or suspended from trading for a period equal to or exceeding 30 consecutive trading days, bondholders may request the issuing company to redeem all or part of their bonds at the face value plus interest compensation calculated at an annual rate of 2.75% (calculated semi-annually) (hereinafter referred to as the 'early put price').
b. If the Company experiences a change of control as defined in the bond trust agreement (hereinafter referred to as the ' Offering Circular '), bondholders may request the issuing company to redeem all or part of their bonds at the early put price.
c. Unless already redeemed, repurchased, and cancelled, or converted by the bondholders, bondholders may, on the third anniversary of the issuance of the bonds, request the issuing company to redeem all or part of the bonds at the early put price.
d. Bondholders exercising the aforementioned put option, and the issuing company accepting the bondholders' put requests, shall proceed in accordance with the put procedures set forth in the Offering Circular. The Company shall redeem the bonds in cash on the payment date specified in the Offering Circular

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after December 5, 2024 and prior to August 26, 2029 into common shares of the Company.
c. Exchange Price and Adjustment: The exchange price was originally NT$964.6 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 plus an annual yield of 2.75% (calculated semi-annually).

As of December 31, 2024, none of the bonds have been converted into common shares.

16. Long-term loans

	December 31, 2024	December 31, 2023
Unsecured bank loans	$7,196,000	$364,000
Secured bank loans	590,774	1,475,579
Less: unamortized issuance cost	(32,764)	(23,817)
Less: current portion	(1,189,023)	(630,502)
Total	$6,564,987	$1,185,260
Interest rate	1.98%~2.88%	1.90%~6.68%
Maturity date	Due prior to December 2034	Due prior to December 2034

(1) Please refer to Note VIII for more details on pledges for the loan.
(2) Some of the long-term loan agreements require the Company to maintain certain financial covenants during the borrowing period, including the current ratio, debt ratio, and the ratio of the Company's annual debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) not to exceed a certain multiple. There is no violation of the financial covenant at December 31, 2024.

17. Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 are NT$169,712 thousand and NT$93,275 thousand, respectively.

Defined benefits plan

Bora Pharmaceutical Services Inc.

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

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

	December 31, 2024	December 31, 2023	January 1, 2023
Defined benefit obligation	$-	$-	$ 12,389
Plan assets at fair value	-	-	-
Provisions-non-current	$-	$-	$12,389

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2023	$12,389	-	$12,389
Current period service costs	-	-	-
Net interest expense (income)	-	-	-
Past service cost and gains and losses arising from settlements	(8,411)	-	(8,411)
Subtotal	3,978	-	3,978
Remeasurements of the net defined benefit liability (asset):			
Return on defined benefit assets(excluding net interest expense (income))	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	11,570	-	11,570
Subtotal	11,570	-	11,570
Benefits paid to employees	(16,245)	-	(16,245)
Exchange differences	697	-	697
As at December 31, 2023	$-	$-	$-

TWi Pharmaceuticals, Inc.

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two year time deposits with the interest rates offered by local banks. Treasury Funds can be used 53 to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. As of December 31, 2024, TWi Pharmaceuticals, Inc. expects to contribute NT$196 to its defined benefit plan in 2025.

As of December 31, 2024 and 2023, the average duration of the defined benefits plan obligation are 13 and 14 years.

Pension costs recognized in profit or loss are as follows:

	December 31, 2024	December 31, 2023
Current service cost	$397	$396
Net interest on the net defined benefit liabilities (assets)	(85)	(53)
Total	$312	$343

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

	December 31, 2024	December 31, 2023	January 1, 2023
Defined benefit obligation	$3,574	$2,735	$5,133
Plan assets at fair value	(9,694)	(9,271)	(8,943)
Net defined benefit assets	$(6,120)	$(6,536)	$(3,810)

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2023	$5,133	$(8,943)	$(3,810)
Pension costs recognized in profit or loss:			
Current period service costs	396	-	396
Interest expense (revenue)	72	(125)	(53)
Subtotal	5,601	(9,068)	(3,467)
Remeasurement of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	37	-	37
Experience adjustments	(2,903)	-	(2,903)
Remeasurement of the defined benefit assets	-	(23)	(23)
Subtotal	(2,866)	(23)	(2,889)
Employer Contribution	-	(180)	(180)
As at December 31, 2023	$2,735	$(9,271)	$(6,536)
Pension costs recognized in profit or loss:			
Current service cost	397	-	397
Net interest expense (income)	36	(121)	(85)
Subtotal	3,168	(9,392)	(6,224)
Remeasurement of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(179)	-	(179)
Experience adjustments	1,154	-	1,154
Remeasurement of the defined benefit assets	-	(806)	(806)
Subtotal	975	(806)	169
Employer Contribution	-	(65)	(65)
Benefits paid	(569)	569	-
As at December 31, 2024	$3,574	$(9,694)	$(6,120)

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

	December 31, 2024	December 31, 2023
Discount rate	1.70%	1.40%
Expected rate of salary increases	4.00%	4.00%

Sensitivity analysis when main actuarial assumption change was as follows:

	Years Ended December 31			
	2024		2023	
	Defined benefit obligations		Defined benefit obligations	
	Increase by	Decrease by	Increase by	Decrease by
Discount rate increase by 0.25%	$-	$(107)	$-	$(91)
Discount rate decrease by 0.25%	111	-	95	-
Future salary increase by 0.25%	99	-	85	-
Future salary decrease by 0.25%	-	(97)	-	(83)

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

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

18. Provisions

	Onerous contracts	Decommissioning, restoration and rehabilitation costs	Employee benefits	Total
January 1, 2024	$210,107	$5,000	$146,221	$361,328
Acquisitions through business combinations	-	-	167,389	167,389
Utilized	(98,089)	-	(47,754)	(145,843)
Reversal during the period	-	(710)	(5,754)	(6,464)
Exchange differences	(822)	-	1,568	746
December 31, 2024	$111,196	$4,290	$261,670	$377,156

	Onerous contracts	Decommissioning, restoration and rehabilitation costs	Employee benefits	Total
January 1, 2023	$311,484	$-	$164,613	$476,097
Arising during the period	-	5,000	1,744	6,744
Utilized	(108,156)	-	(31,771)	(139,927)
Reversal during the period	-	-	(3,673)	(3,673)
Discount rate adjustment and unwinding of discount from the passage of time	-	-	11,570	11,570
Exchange differences	6,779	-	3,738	10,517
December 31, 2023	$210,107	$5,000	$146,221	$361,328
December 31, 2024, current	$111,196	$4,290	$132,634	$248,120
December 31, 2024, non-current	$-	$-	$129,036	$129,036
December 31, 2023, current	$108,660	$5,000	$30,863	$144,523
December 31, 2023, non-current	$101,447	$-	$115,358	$216,805

Onerous contracts

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

Provision for decommissioning, restoration and rehabilitation costs

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

Employee benefits

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

The long-term incentive plan mainly awards performance units and time units to key employees of a U.S. subsidiary every year. During the period of the incentive plan, the performance unit will grant cash rewards to employees periodically based on the degree of performance achievement, and will be paid at the end of the incentive plan period. The time unit is awarded to key employees according to the conditions of the long-term incentive plan and based on the employee's employment status.

19. Deferred compensation plan

The unrestricted deferred compensation plan provides some key employees of a U.S. subsidiary with a benefit plan in compliance with Section 409A of the U.S. Internal Revenue Code. In addition to the employer's contribution granted to employees equally over a five year period, employees can defer up to 70% of their basic salary and up to 95% of their performance-related compensation.

	December 31, 2024	December 31, 2023
Recognized as other current liabilities	$116,155	$-
Recognized as other non-current liabilities	$57,445	$-

20. Equity

(1) Common stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	200,000	200,000
Authorized capital	$2,000,000	$2,000,000
Issued and paid shares (in thousands)	103,085	101,413
Capital stock	$1,030,852	$1,014,128

① Ordinary stock with par value at NT$10 per share. Each share has one voting right and is entitled to receive dividends.

② For the year ended December 31, 2023, the Company's 2nd convertible bond in the amount of NT$708,000 thousand were converted to 2,480 thousand of ordinary shares with an amount of NT$24,796 thousand. All the converted shares have completed the registration process.

③ For the year ended December 31, 2023, the Company's 3th convertible bond in the amount of NT$200 thousand were converted to 320 ordinary shares with an amount of NT$3 thousand. All the converted shares have completed the registration process.

④ For the year ended December 31, 2023, the Company's employee stock option holders have converted 185 thousand shares at the exercise price from NT$106.8 to NT$150.4 per share. All the converted shares have completed the registration process.

⑤ 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 at the shareholders' meeting held on June 6, 2023. Each share has one voting right and is entitled to receive dividends. The capital injection was approved by the Financial Supervisory Commission on August 30, 2023 and the amendment registration was completed.

⑥ On April 12, 2024, the Board of Directors of the Company approved to issue 1,658 shares of ordinary stock with an amount of NT$16,577 thousand. In exchange for common shares held by shareholders of Bora Biologics Co., Ltd other than the company and the amendment registration was completed.

⑦ On August 13, 2024, the Board of Directors of the Company approved to restrict 519 shares of treasury stock with an amount of NT$5,190 thousand. The cancellation of shares have completed the registration process.

⑧ For the year ended December 31, 2024, the Company's 3th convertible bond in the amount of NT$204,000 thousand were converted to 328 ordinary shares with an amount of NT$3,284 thousand, of which 305 thousand shares with an amount of NT$3,054 thousand have completed the registration process. The converted shares have not completed the registration process and are recognized as capital – advance receipts for ordinary share as at December 31, 2024.

⑨ For the year ended December 31, 2024, the Company's employee stock option holders have converted 347 thousand shares at the exercise price from NT$105.3 to NT$290.7 per share to an amount of NT$3,467 thousand, of which 143 thousand shares with an amount of NT$1,430 thousand have completed the registration process. The residual converted shares have not completed the registration process and were recognized as capital – advance receipts for ordinary share as at December 31, 2024.

(2) Capital surplus

	December 31, 2024	December 31, 2023
Additional paid-in capital	$2,454,021	$936,839
Conversion premium from convertible bonds	1,150,628	908,017
Employee stock option	212,634	118,876
Treasury stock	21,111	40,683
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	168,648	874,793
Increase through changes in ownership interests in subsidiaries	56,225	47,125
Equity component of convertible bonds issued	344,969	392,017
Total	$4,408,236	$3,318,350

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

(3) Treasury stock

Changes in treasury stock are as follows:

	2024		2023	
	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount
Beginning balance	288	$50,968	300	$53,092
Addition	519	389,127	-	-
Transfer to employees	(44)	(7,787)	(12)	(2,124)
Retirement	(519)	(389,127)	-	-
Ending balance	244	$43,181	288	$50,968

(4) Retained earnings and dividend policies

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

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

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

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

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

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

Details of the 2024 and 2023 earnings distribution and dividends per share aapproved and resolved by the board of directors' meeting on March 5, 2025 and shareholders' meeting on May 27, 2024, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2024	2023	2024	2023
Legal reserve	$361,111	$303,014	$-	$-
Special reserve (Reversal)	-	-	-	-
Common stock－cash dividend (Note)	1,447,795	1,232,804	14	12
Common stock－stock dividend	206,828	-	2	-

Note: Cash dividend and payout ratio of the plan of appropriation of earnings had been adjusted as a result of the conversion of employee stock option and 2nd convertible bonds into ordinary shares.

Please refer to Note VI.25 for details on employees' compensation and remuneration to directors.

(5) Non-controlling interests

	Years Ended December 31	
	2024	2023
Beginning balance	$2,681,024	$612,134
Profit attributable to non-controlling interests	101,394	41,779
Translation differences of foreign operations	2,595	(435)
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	135,765	29,375
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	(745,962)	1,993,616
Issuance of employee stock option by subsidiaries	7,745	7,215
Distribution of cash dividend by subsidiaries	(38,391)	(2,660)
Others	(7)	-
Ending balance	$2,144,163	$2,681,024

21. Share-based payment plans

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

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

On November 4, 2020, January 10, 2022, May 17, 2023, and December 26, 2024 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, 1,000,000 and 1,000,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000, 1, 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 four and five years. There are no cash settlement alternatives.

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

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT$) (Note)
December 29, 2020	275	$105.3
August 13, 2021	598	$148.3
May 11,2022	477	$107.7
August 31, 2022	160	$254.4
December 8, 2022	345	$290.7
September 19, 2023	535	$636.7
November 14, 2023	10	$599.2
March 11, 2024	264	$616.0
May 14, 2024	187	$699.7
November 19, 2024	4	$750.0

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

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

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

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

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

	2024		
Dividend yield (%)	-	-	-
Expected volatility (%)	47.99% ~ 50.03%	48.24% ~ 49.59%	48.24% ~ 49.59%
Risk-free interest rate (%)	1.146% ~ 1.176%	1.431% ~ 1.476%	1.431% ~ 1.476%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price ($)	$625	$710	$750
Option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model

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

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

	2024		2023	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	2,035	$300.4	1,725	$225.2
Granted	455	651.6	545	645.3
Forfeited	(61)	400.2	(50)	225.6
Exercised	(347)	180.2	(185)	134.6
Expired	-	-	-	-
Outstanding, ending	2,082	$390.7	2,035	$300.4
Exercisable, ending	525	-	90	-

The information on the outstanding stock options as of December 31, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of December 31, 2024 share options outstanding	\$105.3~\$750.0	0.49~3.93
As of December 31, 2023 share options outstanding	\$106.8~\$646.0	1.19~3.92

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

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

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

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

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

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT\$) (Note)
July 1, 2022	3,780	\$28
July 25, 2022	150	\$28
December 20, 2022	1,257	\$28
May 15, 2023	96	\$28

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

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

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

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

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

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

	2024		2023	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	4,886	$28	5,187	$28
Granted	-	-	96	28
Forfeited	(273)	28	(397)	28
Exercised	(2,962)	28	-	-
Expired	-	-	-	-
Outstanding, ending	1,651	$28	4,886	$28
Exercisable, ending	826	-	1,158	-

The information on the outstanding stock options as of December 31, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of December 31, 2024 share options outstanding	$28	1.49~1.76
As of December 31, 2023 share options outstanding	$28	2.31~2.68

(3) Share-based payment plan of Twi Pharmaceuticals, Inc.

On December 20, 2022, TWi Pharmaceuticals, Inc. (the "TWi") was authorized by the board of director's meeting to issue employee share options with a total number of 3,000 unit. Each unit entitles an optionee to subscribe for 1,000 shares of TWi's common shares. The exercise price of the option was set at NT$104 of TWi's common share on the grant date. Only full-time employees of TWi and its controlling and affiliated companies are eligible for the plan. The options are given to full-time employee that the optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by TWi. The fair value of the stock options is estimated at the grant date using Market Approach and Income Approach, taking into account the terms and conditions upon which the share options were granted.

The contractual terms of each option granted are four years. There are no cash settlement alternatives.

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

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT$) (Note)
January 1, 2023	1,309	$23.3
February 1, 2023	565	$23.3

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

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

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

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

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

	2024		2023	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT$)
Outstanding, beginning	1,734	$48.4	-	$-
Granted	-	-	1,874	95.0
Forfeited	(189)	48.4	(140)	48.4
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	1,545	$23.3	1,734	$48.4
Exercisable, ending	-	-	-	-

The information on the outstanding stock options as of December 31, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of December 31, 2024 share options outstanding	$23.3	2
As of December 31, 2023 share options outstanding	$48.4	3

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

Except for the fact that Bora Biologics Co., Ltd. modified its option plan to allow optionees to exercise their outstanding options in advance, no modification or cancellation of the share-based payment plan has occurred for the years ended December 31, 2024.

No modification or cancellation of share-based payment plan has occurred for the years ended December 31, 2024 and 2023.

(5) The expense recognized for employee services received during the years ended December 31, 2024 and 2023 is shown in the following table:

	2024	2023
Total expense arising from equity-settled share-based payment transactions	$135,981	$102,813

22. Operating revenue

Analysis of revenue from contracts with customers for the years ended December 31, 2024 and 2023 are as follows:

(1) Disaggregation of revenue

	2024	2023
Revenue from contracts with customers		
Commercial sales	$12,965,270	$9,235,525
CDMO – services and manufacturing	6,271,970	4,951,059
Others	8,667	13,484
Total	$19,245,907	$14,200,068

	2024	2023
Timing of revenue recognition:		
At a point in time	$17,614,362	$13,598,099
Over time	1,631,545	601,969
Total	$19,245,907	$14,200,068

(2) Contract assets – current

	December 31, 2024	December 31, 2023	January 1, 2023
Commercial sales	$152,556	$-	$-
CDMO – services and manufacturing	87,435	15,111	35,197
Total	$239,991	$15,111	$35,197

The material changes to the Group's contract assets for the year ended December 31, 2024 were mainly due to the business combination and the changes in the stage of completion assessed in accordance with the terms of the contracts. The material changes to the Group's contract assets for the year ended December 31, 2023 were mainly due to the changes in the stage of completion assessed in accordance with the terms of the contracts.

(3) Contract liabilities

	December 31, 2024	December 31, 2023	January 1, 2023
Commercial sales	$91,400	$44,189	$14,866
CDMO – services and manufacturing	154,198	180,408	69,290
Others	-	-	5,720
Total	$245,598	$224,597	$89,876
Current	$245,598	$224,597	$85,692
Non-current	$-	$-	$4,184

The major changes in the Group's balances of contract liabilities for the years ended December 31, 2024 were mainly due to the business combinations, and the major changes in the balances of contract liabilities for the years ended December 31, 2023 were mainly due to the increase in advance receipts.

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

	Sales allowance and discount
Balance as of January 1, 2024	$1,866,901
Acquisitions through business combinations	2,028,137
Addition/(reversal)	46,907,531
Payment	(47,065,976)
Exchange differences	171,742
Balance as of December 31, 2024	$3,908,335
Balance as of January 1, 2023	$2,023,565
Addition/(reversal)	9,880,016
Payment	(10,039,200)
Exchange differences	2,520
Balance as of December 1, 2023	$1,866,901

Refund liabilities represents estimated net sales related provision, including estimated chargeback, discounts, allowance and other adjustments of wholesale and production and expenses related to U.S. pharmaceutical sales taking into account historical experience and market activity.

23. Expected credit losses/ (gains)

	2024	2023
Operating expenses – expected credit losses/(gains)		
Accounts receivable	$17,496	$6,547
Other receivables	-	(342)
Total	$17,496	$6,205

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

As of December 31, 2024 and 2023, the credit risk measured at amortized cost is 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. As trading counterparties which the Group transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

Provisions for receivables, including notes receivable including related party and accounts receivable including related party are estimated at an amount equal to lifetime expected credit losses. The relevant explanation in the evaluation to the amount of provisions at December 31, 2024 and 2023 are as follows:

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

As of December 31, 2024

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$7,978,268	$471,125	$4,575	$64,826	$9,119	$1,551	$8,529,464
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	$7,978,268	$471,125	$4,575	$64,826	$9,119	$1,551	$8,529,464

Group 2		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$1,453,406	$70,230	$30,501	$35,544	$39,135	$109,517	$1,738,333
Loss rate	0.00%	0.00%	0.00%	0.00%	12.65%	19.20%	
Lifetime expected credit losses	(2)	-	(4)	-	(4,952)	(21,022)	(25,980)
Net	$1,453,404	$70,230	$30,497	$35,544	$34,183	$88,495	$1,712,353
Receivables, net							$10,241,817

As of December 31, 2023

Group 1		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$3,207,333	$15,347	$687	$957	$66	$852	$3,225,242
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	$3,207,333	$15,347	$687	$957	$66	$852	$3,225,242

Group 2		Overdue					
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	$720,338	$58,752	$7,924	$3,857	$1,340	$13,152	$805,363
Loss rate	0.06%	1.68%	18.03%	4.22%	90.22%	100%	
Lifetime expected credit losses	(468)	(987)	(1,429)	(163)	(1,209)	(13,152)	(17,408)
Net	$719,870	$57,765	$6,495	$3,694	$131	$-	$787,955
Receivables, net							$4,013,197

The movement of loss allowance for accounts receivable for the years ended December 31, 2024 and 2023 are as follows:

	Accounts receivable	Contract assets
Balance as of January 1, 2024	$17,408	$-
Acquisitions through business combinations	13,608	-
Provision/(reversal)	17,496	-
Write-off	(19,685)	-
Others	(3,054)	-
Exchange differences	207	-
Balance as of December 31, 2024	$25,980	$-

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

24. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings and machinery and transportation equipment. The lease terms range from 2 to 17 years.

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

A. Amounts recognized in the consolidated balance sheets

(a)Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2024	December 31, 2023
Land	$264,131	$279,326
Buildings	535,430	556,674
Machinery equipment	7,144	-
Transportation equipment	18,800	4,768
Decommissioning liabilities	-	1,818
Total	$825,505	$842,586

During the year ended December 31, 2024, the Group's additions to right-of-use assets from acquisitions amounting to NT$0 thousand and amounting to NT$91,854 thousand through business combinations, respectively.

During the year ended December 31, 2023, the Group's additions to right-of-use assets from acquisitions amounting to NT$264 thousand and amounting to NT$264,788 thousand through business combinations, respectively.

(b) Lease liabilities

	December 31, 2024	December 31, 2023
Lease liabilities	$862,562	$869,372
Current	$116,600	$106,039
Non-current	$745,962	$763,333

Please refer to Note VI.26 for the interest on lease liabilities recognized during the years ended December 31, 2024 and 2023 and refer to Note XII.5 for more details on the liquidity risk management analysis for lease liabilities.

B. Amounts recognized in the consolidated statements of comprehensive income

Depreciation charge for right-of-use assets

	Years Ended December 31	
	2024	2023
Land	$15,196	$15,196
Buildings	87,018	59,407
Machinery equipment	2,452	-
Transportation equipment	4,829	3,511
Decommissioning liabilities	1,818	303
Total	$111,313	$78,417

C. Income and costs relating to leasing activities

	Years Ended December 31	
	2024	2023
Expenses relating to short-term leases	$12,082	$7,045
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	1,775	1,429

D. Cash outflow relating to leasing activities

During the years ended December 31, 2024 and 2023, the Group's total cash outflows for leases amounted to NT$136,329 thousand and NT$95,878 thousand, respectively.

(2) Group as a lessor

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

	Years Ended December 31	
	2024	2023
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$8,478	$9,142

Please refer to Note VI.10 for the disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years at December 31, 2024 and 2023 are as follow:

	December 31, 2024	December 31, 2023
Not later than one year	$19,349	$8,991
Later than one year but not later than two years	18,692	8,991
Later than two years but not later than three years	19,315	8,991
Later than three years but not later than four years	19,547	8,991
Later than four years but not later than five years	13,139	7,467
Later than five years	31,751	-
Total	$121,793	$43,431

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

Character \ Function	Years Ended December 31					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Wages and salaries	$2,531,649	$1,777,104	$4,308,753	$1,327,545	$786,409	$2,113,954
Labor and health insurance	217,269	100,657	317,926	90,227	46,469	136,696
Pension costs	122,446	47,578	170,024	72,199	21,418	93,617
Other employee benefits expense	130,380	92,195	222,575	64,251	35,655	99,906
Depreciation	598,045	103,877	701,922	363,936	56,152	420,088
Amortization	263,691	60,716	324,407	156,967	29,231	186,198

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

The Company accrued employees' compensation and remuneration to directors based on a percentage of net income before income tax. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. Accrued employees' compensation and remuneration to directors are illustrated below:

	2024	2023
Employees' compensation	$80,579	$61,228
Remuneration to directors	40,289	30,644

For 2024 and 2023, the employees' compensation and remuneration to directors resolved by the Board of Directors on March 5, 2025 and March 7, 2024, respectively, and will be distributed in the form of cash.

	2024	2023
Employees' compensation	$80,579	$61,228
Remuneration to directors	40,289	30,644

There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2024 and 2023, respectively.

26. Non-operating income and expenses

(1) Other revenue

	Years Ended December 31	
	2024	2023
Interest income	$91,423	$62,954
Others	76,514	30,438
Total	$167,937	$93,392

(2) Other gains and losses

	Years Ended December 31	
	2024	2023
(Loss) on disposal of property, plant and equipment	$(27,992)	$(4,997)
Foreign exchange gain (loss)	163,519	(67,505)
Gain (Loss) on financial assets at fair value through profit or loss (Note)	11,558	(1,044,183)
Others gains (losses)	(11,987)	9,539
Total	$135,098	$(1,107,146)

Note: Primarily resulted from the gain or loss recognized based on 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.

(3) Financial costs

	Years Ended December 31	
	2024	2023
Interest expenses from bank borrowings	$367,405	$141,238
Interest expenses from bonds payable	92,694	16,770
Interest expenses from lease liabilities	17,889	12,657
Others	1,734	574
Total	$479,722	$171,239

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

As of December 31, 2024

	Arising	Reclassification	before tax	Tax benefit (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	$(169)	$-	$(169)	$34	$(135)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	30,487	-	30,487	(5,330)	25,157
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	332,541	-	332,541	(66,467)	266,074
Total comprehensive income	$362,859	$-	$362,859	$(71,763)	$291,096

As of December 31, 2023

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

28. Income tax

The major components of income tax expense (income) for the years ended December 31, 2024 and 2023 are as follows:

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

	Years Ended December 31	
	2024	2023
Current income tax expense (income):		
Current income tax expense	$978,634	$1,351,845
Adjustments in respect of prior periods	1,464	(15,047)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	25,389	(477,109)
Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit	(90,909)	132,536
Total income tax expense	$914,578	$992,225

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

	Years Ended December 31	
	2024	2023
Deferred tax expense (income):		
Translation differences of foreign operations	$66,467	$10,287
Remeasurement of the defined benefit plan	(34)	(2,489)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	5,330	-
Income tax relating to other comprehensive income	$71,763	$7,798

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

	Years Ended December 31	
	2024	2023
Net income before income tax	$4,954,981	$4,064,146
Income tax expense at the statutory rate	$2,193,250	$1,851,437
Revenues exempt from income tax	(1,370,597)	(772,122)
Expenses disallowed for tax purposes	59,871	6,588
Change in deferred income assets/liabilities	(114,026)	(122,808)
Tax on undistributed retained earnings	83,133	16,530
Prior year income tax under(over)estimation	1,464	(15,047)
Others	61,483	27,647
Total income tax expense recognized in profit or loss	$914,578	$992,225

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

	December 31, 2024	December 31, 2023
Unrealized loss on inventories	$77,961	$33,231
Unrealized sales returns and discounts	212,217	168,846
Unrealized expense	12,433	130,003
Impairment loss of property, plant and equipment	213,479	224,827
Depreciation of property, plant and equipment	(724,576)	(320,888)
Unrealized intragroup profit and loss	234,576	390,814
Unused tax losses	154,363	60,305
Equity element of convertible bond	(86,232)	(98,004)
Land value increment tax	(54,908)	(54,908)
Foreign investment income under equity method	(282,626)	(227,993)
Business combination − negative goodwill	(60,931)	(60,931)
Exchange fifferences on translation of foreign operations	(87,391)	(20,924)
Consideration for contingent liabilities	20,278	-
Others	305,306	36,484
Net deferred tax assets/(liabilities)	$(66,051)	$260,862
Deferred tax assets	$1,190,246	$1,044,766
Deferred tax liabilities	$1,256,297	$783,904

	December 31, 2024	December 31, 2023
Beginning balance	$260,862	$86,787
Acquired in business combinations	(357,326)	(82,017)
Recognized in profit or loss	65,520	344,573
Recognized in other comprehensive income	(71,763)	(7,798)
Recognized in equity	11,772	(74,334)
Exchange differences	24,884	(6,349)
Ending balance	$(66,051)	$260,862

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

Year	Tax losses for the period (Note 1)	Unused tax losses as of December 31, 2024	Unused tax losses as of December 31, 2023	Expiration year (Note 2)
2019	$2,340,685	$257,288	$308,780	2029
2020	237,098	119,520	149,975	2030
2021	726,716	152,224	158,070	2031
2022	1,774,826	1,774,798	246,841	2032
2023	1,071,488	1,071,488	121,547	2033
2024	3,314,932	3,314,932	-	2034
		$6,690,250	$985,213	

(Note 1): According to Article 38 of the Business Mergers and Acquisitions Act and Decree No. 0920454432 issued by the MOF on 13 August 2003 with regards to 5 years loss carryforwards, for the loss determined by the authority when a dissolved profit-seeking enterprise in a division made its current final report in accordance with Article 75 of the Income Tax Act, the surviving company or the newly incorporated company after the division may deduct the loss from its net profit of the current year upon the year the loss takes place. However, such deductible loss is limited to the amount calculated by the stock split ratio multiplies the shareholding ratio of the surviving company or the newly incorporated company held by each shareholder due to the division.

(Note 2): The operating loss carryforward of Bora Pharmaceutical Holdings, Inc. and TWi Pharmaceuticals USA ,Inc. have no expiry date.

(5) Unrecognized deferred tax assets

As of December 31, 2024 and 2023, deferred tax assets have not been recognized amounted to NT$5,600,894 thousand and NT$182,913 thousand, respectively.

(6) The assessment of income tax returns

As of December 31, 2024, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2022
Union Chemical & Pharmaceutical Co., Ltd.	Assessed and approved up to 2022
Bora Health Inc.	Assessed and approved up to 2022
Bora Pharmaceutical Laboratories Inc.	Assessed and approved up to 2022
TWi Pharmaceuticals, Inc.	Assessed and approved up to 2021（Note)
Bora Pharmaceuticals Ophthalmic Inc.	Assessed and approved up to 2022
Bora Biologics Co., Ltd.	Assessed and approved up to 2021
Bora Pharmaceutical and Consumer Health Inc.	Assessed and approved up to 2022
Bora Management Consulting Co., Ltd.	Assessed and approved up to 2022
Sunway Biotech Co., Ltd.	Assessed and approved up to 2022
Chen Run Marketing Co., Ltd.	Assessed and approved up to 2022

Note : 2020 income tax return has not assessed and approved.

29. Earnings per share

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

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

	Years Ended December 31	
	2024	2023
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$3,939,009	$3,030,142
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands shares)	101,813	100,341
Basic earnings per share (NT$)	$38.69	$30.20

	Years Ended December 31	
	2024	2023
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT$)	$3,939,009	$3,030,142
Interest expense from convertible bonds (in thousand NT$)	74,155	13,416
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	4,013,164	3,043,558
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	101,813	100,341
Effect of dilution:		
Employee compensation－stock (in thousand shares)	124	107
Employee stock options (in thousand shares)	856	1,046
Convertible bonds (in thousand shares)	9,229	2,066
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	112,022	103,560
Diluted earnings per share (NT$)	$35.82	$29.39

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

30. Business combinations

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

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

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

	Fair value recognized at the acquisition date (Provisional amount)
Asset:	
Cash and cash equivalents	$288,423
Financial assets at amortized cost - current	4,800
Accounts receivable and Accounts receivable- Related parties	48,014
Inventories	86,136
Prepayments	6,123
Other current assets - current	327
Financial assets measured at fair value through other comprehensive income, non-current	7,758
Property, plant and equipment	44,634
Right-of-use assets	264,788
Intangible assets	424,887
Deferred tax assets	151
Prepayment for equipments	70,783
Other non-current assets	15,772
Subtotal	1,262,596
Liabilities	
Contract liabilities	660
Notes payable and Accounts payable	14,734
Other payables	26,904
Income tax payable	15,845
Other current liabilities - current	6,762
Deferred tax liabilities	82,168
Lease liabilities - non-current	270,890
Other non-current liabilities	4,885
Subtotal	422,848
Identifiable net assets	$839,748

Goodwill is as follows:	
Purchase considerations	$2,863,379
Non-controlling interests	3,101
Less: identifiable net assets at fair value	(839,748)
Goodwill	$2,026,732

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

As of the date of approval of this consolidated financial statement, the independent appraisal expert has completed the fair value assessment of the identifiable net assets of SunWay Biotech Co., LTD. The appraisal result differs from the provisional amount used by the Group in preparing the consolidated financial statements for the fiscal year of 2023. Therefore, the group has made a retrospective adjustment to increase the goodwill recognized for the fiscal year of 2023 in accordance with the aforementioned International Financial Reporting Standards, recognizing a provisional goodwill amount of NT$1,797,803 thousand. The adjustments to the financial information for the comparative periods are explained as follows:

A. The difference in the provisional amount:

Consolidated financial statements for the year ended December 31, 2023

	Amounts before reclassification	Adjustment amount	Amounts after reclassification
Acquisition consideration－Tool of equity	$2,863,379	$-	$2,863,379
Add: Non-controlling interests	3,101	-	3,101
Less: Fair value of identifiable net assets.	(1,068,677)	228,929	(839,748)
Goodwill	$1,797,803	$228,929	$2,026,732

B. The consolidated financial reports for the comparative periods that the group uses for retrospective adjustments are as follows:

Consolidated balance sheet for the year ended December 31, 2023 adjustments for each accounting item.

Accounting item.	Amounts before reclassification	Adjustment amount	Amounts after reclassification
Assets			
Inventories, net	$2,156,134	$1,319	$2,157,453
Other current assets	8,446,894	-	8,446,894
Total current assets	10,603,028	1,319	10,604,347
Property, plant and equipment	6,649,994	1,354	6,651,348
Intangible assets	5,595,670	79,344	5,675,014
Deferred tax assets	1,044,615	151	1,044,766
Other non-current assets	1,158,698	-	1,158,698
Total non-current assets	14,448,977	80,849	14,529,826
Total assets	$25,052,005	$82,168	$25,134,173
liabilities			
Total Current liabilities	$8,229,061	$-	$8,229,061
Deferred tax liabilities	701,736	82,168	783,904
Other non-current liabilities	4,355,397	-	4,355,397
Total non-current liabilities	5,057,133	82,168	5,139,301
Total liabilities	$13,286,194	$82,168	$13,368,362
Equity			
Common stock	$1,014,128	$-	$1,014,128
Advance receipts for ordinary share	853		853
Capital surplus	3,318,350	-	3,318,350
Retained earnings			

Accounting item.	Amounts before reclassification	Adjustment amount	Amounts after reclassification
Legal reserve	355,501	-	355,501
Unappropriated earnings	4,373,116	-	4,373,116
Subtotal	4,728,617	-	4,728,617
Other equity	73,807	-	73,807
Treasury stock	(50,968)		(50,968)
Equity attributable to shareholders of the parent	9,084,787	-	9,084,787
Non-controlling interests	2,681,024	-	2,681,024
Total equity	$11,765,811	$-	$11,765,811
Total liabilities and equity	$25,052,005	$82,168	$25,134,173

Acquisition of Upsher-Smith Laboratories, LLC

In order to significantly enhance CDMO business competitiveness and develop generic businesses via specialty distribution channel, the Company acquired 100% equity interest of Sawai America Holdings Inc. and 20% interest in Sawai America LLC on April 2, 2024 (April 1, 2024, Eastern time) and ultimately, obtaining 100% ownership of Upsher-Smith Laboratories, LLC (the "USL").

The fair values of the identifiable assets and liabilities of Sawai America Holdings Inc., Sawai America LLC, and its subsidiaries at the acquisition date were as follows:

	Fair value recognized at the acquisition date (Provisional amount)
Asset	
Cash and cash equivalents	$381,350
Contract assets	153,940
Accounts receivable	4,110,930
Other receivables	421,782
Inventories	2,559,103
Prepayments	277,720
Financial assets measured at fair value through profit or loss, non-current	315,155
Financial assets measured at fair value through other comprehensive income, non-current	159,203
Property, plant and equipment	3,596,284
Right-of-use assets	52,031
Intangible assets	398,084
Other non-current assets	2,686
Subtotal	12,428,268
Liabilities	
Accounts payable	942,148
Other payables	1,418,268
Income tax payable	8,790
Refund liabilities	2,015,856
Provisions	158,489

Other current liabilities - current	179,940
Lease liabilities	52,611
Other non-current liabilities	161,468
Subtotal	4,937,570
Identifiable net assets	$7,490,698

Bargain purchase gain is as follows:

Acquisition considerations	$6,691,993
Less: identifiable net assets at fair value	(7,490,698)
Bargain purchase gain	$(798,705)

Acquisition considerations

Cash	$ 6,570,644
Other receivables	(482,615)
Other payables	284,164
Contingent consideration	319,800
Total consideration	$ 6,691,993

Analysis of cash flows on acquisition:

Cash	$(6,691,993)
Other receivables	(482,615)
Other payables	284,164
Contingent consideration	319,800
Net cash acquired through acquisition	381,350
Net cash flow on acquisition	$ (6,189,294)

The fair value of the accounts receivable amounted to NT$4,110,930 thousand in which no impairment incurred and a full collection amount was expected. Intangible assets, including drug licenses and product distribution right, were amortized on a straight-line basis over the estimated economic lives.

Contingent Considerations

As part of the share purchase agreement, Bora Pharmaceutical Holdings, Inc. shall make an additional purchase cash payment to Sawai Group Holdings Co., Ltd. and Sumitomo Corporation of Americans after the first anniversary of the acquisition date, in the event that the agreed target revenue of specific products has reached US$60,700 thousand for the 12 months following the acquisition date.

The estimation of contingent consideration was based on the achievement of the operating performance of the agreed target business for the 12 months after April 1, 2024. As of December 31, 2024, the estimated fair value of the contingent consideration was US$10,000 thousand (approximately NT$316,500 thousand) and recognized as financial liabilities measured at fair value through profit or loss, current.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of December 31, 2024, the Group reported the fair value of the identified net assets at provisional amounts as the appraisal report was not completed as of the approval date for the Group's consolidated financial statements for the year ended December 31, 2024.

As the fiscal year of the acquiree company was inconsistent with that of the Group, it is not possible to reasonably estimate the effects on the Group's revenue and net profit from continuing operations had the acquisition taken place during the period from the beginning of the year to the acquisition date.

Acquisition of the CDMO Business and asset of Cangene bioPharm, LLC

In order to accelerate the expansion of CDMO business and utilize the capacity of the Group's operational assets to assist clients in the development of biotechnology pharmaceuticals and the commercial production of their products, the Company, through its subsidiary Bora Pharmaceuticals Injectables Inc., acquired the operational assets and CDMO business located in Baltimore, Maryland, USA from Cangene BioPharma, LLC at August 20, 2024.

The fair values of the identifiable assets and liabilities acquired from Cangene bioPharma, LLC at the acquisition date were:

	Fair value recognized at the acquisition date (Provisional amount)
Asset	
Contract assets	406,309
Accounts receivable	405,264
Inventories	403,836
Prepayments	13,540
Property, plant and equipment	1,521,549
Right-of-use assets	22,181
Deferred tax assets	3,601
Other non-current assets	3,567
Subtotal	2,779,847
Liabilities	
Accounts payable	127,878
Other payables	206,599
Contract liabilities	1,693
Lease liabilities	24,933
Deferred tax liabilities	357,326
Subtotal	718,429
Identifiable net assets	$2,061,418

Bargain purchase gain is as follows:	
Acquisition considerations	$1,111,040
Less: identifiable net assets at fair value	(2,061,418)
Bargain purchase gain	$(950,378)

Acquisition considerations

Cash	$1,111,040

Analysis of cash flows on acquisition:	
Net cash flow on acquisition	$(1,111,040)

The fair value of accounts receivable were NT$405,264 thousand, with a total contract amount of NT$418,872 thousand. The estimated uncollectible contract cash flows as of the acquisition date was NT$13,608 thousand.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of December 31, 2024, the Group reported the fair value of the identified net assets at provisional amounts as the appraisal report was not completed as of the approval date for the Group's consolidated financial statements for the nine months ended December 31, 2024.

Acquisition of the Pyros Pharmaceuticals Inc.

In order to accelerate the expansion of product portfolio, the Company acquired all the shares of Pyros Pharmaceuticals Inc. at October 25, 2024 through its subsidiary, Bora Pharmaceutical Holdings Inc., to obtain key rare disease brand medications.

The fair values of the identifiable assets and liabilities acquired from Pyros Pharmaceuticals Inc at the acquisition date were:

	Fair value recognized at the acquisition date (Provisional amount)
Assets	
Cash and cash equivalents	$21,784
Financial assets measured at fair value through profit or loss, current	178
Accounts receivable, net	39,737
Inventories, net	40,134
Prepayments	22,858
Intangible assets	970,470
Property, plant and equipment	624
Right-of-use assets	17,642
Total assets	1,113,427

	Fair value recognized at the acquisition date (Provisional amount)
Current liabilities	
Accounts payable	18,368
Other payables	170,547
Refund liabilities	12,281
Lease liabilities	17,642
Provisions	8,900
Subtotal	227,738
Identifiable net assets	$885,689

Goodwill is as follows:	
Acquisition considerations	$1,524,872
Goodwill is as follows:	(885,689)
Goodwill	$639,183

Acquisition considerations

Cash	$812,196
Contingent consideration	712,676
Total	$1,524,872

Analysis of cash flows on acquisition:	
Cash	$(1,524,872)
Contingent consideration	712,676
Net cash acquired through acquisition	21,784
Net cash flow on acquisition	$(790,412)

The fair value of the accounts receivable amounted to NT$39,737 thousand in which no impairment incurred and a full collection amount was expected. Intangible assets, including drug licenses and product distribution right, were amortized on a straight-line basis over the estimated economic lives.

Contingent consideration

As part of the share purchase agreement, Bora Pharmaceutical Holdings, Inc. shall make an additional purchase cash payment to Pyros Pharmaceuticals Inc.'s former shareholders.

The estimation of contingent consideration was based on the achievement of the operating performance of the agreed target business for 5 to 9 years. As of December 31, 2024, the estimated fair value of the contingent consideration was US$22,451 thousand (approximately NT$736,063 thousand) and recognized as financial liabilities measured at fair value through profit or loss, current.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of December 31, 2024, the Group reported the fair value of the identified net assets at provisional amounts as the appraisal report was not completed as of the approval date for the Group's consolidated financial statements for the year ended December 31, 2024.

VII. Related Party Transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Hoan Pharmaceuticals, Ltd.	Substantive related party (NOTE 1)
3T TECHNOLOGY Co., Ltd.	Substantive related party (NOTE 2)
Galilee Biotech Ltd.("Galilee")	Substantive related party
GTSW BIOTECH SDN. BHD. ("GTSW")	Associates

NOTE 1: Hoan Pharmaceuticals, Ltd. was no longer a substantive related party since November 2023. Therefore, the Group only disclosed the transactions with Hoan Pharmaceuticals, Ltd. before November, 2023.

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

Significant transactions with the related parties

1. Operating revenue

	Years Ended December 31	
	2024	2023
3T TECHNOLOGY Co., Ltd.	$232,218	$40,740
Hoan Pharmaceuticals, Ltd.	-	34,779
GTSW	300	-
Total	$232,518	$75,519

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

2. Purchases

	Years Ended December 31	
	2024	2023
Hoan Pharmaceuticals, Ltd.	$-	$71,876

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

3. Accounts receivable-related party

	December 31, 2024	December 31, 2023
3T TECHNOLOGY Co., Ltd.	$53,896	$68,290

4. Other payables -related party

	December 31, 2024	December 31, 2023
Galilee	$3,682	$-

5. Sales and marketing expenses

	Years Ended December 31	
	2024	2023
Galilee	$36,076	$-
Hoan Pharmaceuticals, Ltd.	-	12,925
Total	$36,076	$12,925

6. Key management personnel compensation

	Years Ended December 31	
	2024	2023
Short-term employee benefits	$112,409	$85,307
Post-employment benefits	540	450
Total	$112,949	$85,757

VIII. Assets Pledged as Security

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

	Carrying amount		
Items	December 31, 2024	December 31, 2023	Secured liabilities
Financial assets measured at amortized cost	$21,696	$21,176	Customs deposit; guarantee bond with Science Park Administration and bank; long-term loans
Property, plant and equipment - land	3,162,990	3,178,190	Long-term loans
Property, plant and equipment - buildings	852,246	900,088	Long-term loans
Investment properties	16,410	17,018	Long-term loans
Total	$4,053,342	$4,116,472	

IX. Significant Contingencies and Unrecognized Contractual Commitments

Contracted capital expenditures at the balance sheet date but not yet incurred are as follows:

Company Name	Significant Contract	December 31, 2024
SunWay Biotech Co., LTD.	Property, plant and equipment	$123,861

X. Losses due to Major Disasters

None.

XI. Significant Subsequent Events

On January 9, 2025, the merge between Bora Biologics Co., Ltd., the Company's 98.14% owned subsidiary, with Tanvex BioPharma Inc. has been approved by regulatory authority with the closing date at January 20, 2025. Upon completion of the merger, Tanvex BioPharma Inc. will be the surviving company, and Bora Biologics Co., Ltd. will be dissolved. As of the closing date, the Group will acquired new shares issued by Tanvex BioPharma Inc. but will lose the control over Bora Biologics Co., Ltd.

XII. Others

1. Financial instruments

Financial assets	As of December 31	
	2024	2023
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$123,642	$-
Financial assets measured at fair value through other comprehensive income	221,456	7,758
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	5,827,850	3,052,260
Financial assets measured at amortized cost	81,362	356,127
Notes receivable	19,884	54,323
Accounts receivable (include related parties)	10,221,933	3,958,874
Other receivables	954,574	82,614
Refundable deposits	44,604	44,111
Subtotal	17,150,207	7,548,309
Total	$17,495,305	$7,556,067

Financial liabilities	As of December 31	
	2024	2023
Financial liabilities measured at amortized cost:		
Short-term loans	$2,597,850	$767,508
Accounts and other payables (including amount recognized in other non-current liabilities)	4,070,662	2,129,814
Bonds payable	7,758,905	1,538,361
Long-term loans (including current portion)	7,754,010	1,815,762
Lease liabilities	862,562	869,372
Deposits received	5,152	66,144
Subtotal	23,049,141	7,186,961
Financial liabilities at fair value through profit or loss:		
Held for trading	-	9,009
Contingent considerations from business combinations	1,063,913	1,935,436
Subtotal	1,063,913	1,944,445
Total	$24,113,054	$9,131,406

2. Financial risk management objectives and policies

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

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

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

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

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

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

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2024 and 2023 will be decreased/increased by NT$18,210 thousand and NT$20,951 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2024 and 2023 to decrease by NT$14,472 thousand and NT$1,344 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the years ended December 31, 2024 and 2023 will be the same amount as above but at the opposite direction.

Equity price risk

The Group's domestic and overseas unlisted equity securities and the conversion rights of domestic and overseas convertible bonds are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's equity securities are classified under financial assets measured at fair value through profit or loss or financial assets at fair value through other comprehensive income. As for the conversion rights of domestic and overseas convertible bonds not qualified for the definition of equity element, the bonds are classified as financial assets measured at fair value through profit or loss or financial liabilities measured at fair value through profit or loss, respectively. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Please refer to Note XII.9 for information on sensitivity analysis of financial instruments or derivatives related to financial instruments with fair value measurements classified under Level 3 of the Group.

4. Credit risk management

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

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

As of December 31, 2024 and 2023, accounts receivable from top ten customers represent 85% and 90% of the total accounts receivable of the Group, respectively. The credit concentration risk of rest of customers is insignificant.

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

5. Liquidity risk management

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

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

	<= 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2024					
Borrowings	$3,994,171	$4,651,872	$1,994,927	$232,986	$10,873,956
Accounts and other payables	4,069,007	1,655	-	-	4,070,662
Convertible bonds	-	-	8,823,583	-	8,823,583
Lease liabilities (Note)	121,913	200,709	92,881	572,966	988,469

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

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

	Maturities					
	Less than 5 year	6 to 10 years	11 to 15 years	16 to 20 years	>21 years	Total
December 31, 2024	$415,503	$234,629	$203,253	$61,402	$73,682	$988,469
December 31, 2023	$416,944	$206,582	$210,058	$84,071	$85,963	$1,003,618

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2024:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
January 1, 2024	$767,508	$1,815,762	$869,372	$1,538,361	$4,991,003
Cash flows	1,823,613	5,900,337	(104,583)	6,314,925	13,934,292
Non-cash changes					
Acquisitions	-	-	95,186	-	95,186
Conversion	-	-	-	(187,075)	(187,075)
Others	6,730	37,911	2,587	92,694	139,922
December 31, 2024	$2,597,851	$7,754,010	$862,562	$7,758,905	$18,973,328

Reconciliation of liabilities for the year ended December 31, 2023:

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

7. Fair values of financial instruments

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

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

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

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

C. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the 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 Group's financial assets and financial liabilities approximate their fair value.

	Carrying amount as of	
	December 31, 2024	December 31, 2023
Financial liabilities:		
Bonds payable	$7,758,905	$1,538,361

	Fair value as of	
	December 31, 2024	December 31, 2023
Financial liabilities:		
Bonds payable	$7,894,046	$1,538,829

(3) Fair value measurement hierarchy for financial instruments

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

8. Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled at December 31, 2024 and 2023 is as follows:

Embedded derivatives

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

9. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

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

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

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

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

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Stock	$-	$-	$20,275	$20,275
Cash surrender value of life insurance	-	99,165	-	99,165
Embedded derivatives	-	-	4,202	4,202
Financial assets measured at fair value through other comprehensive income:				
Equity instruments measured at fair value through other comprehensive income	46,650	-	174,806	221,456
Total	$46,650	$99,165	$199,283	$345,098

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Contingent considerations from business combinations	$-	$-	$1,063,913	$1,063,913

December 31, 2023:

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

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

The detail movement of recurring fair value measurements in Level 3:

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

For the period from January 1, 2024 to December 31, 2024:

	Financial assets (liabilities) Measured at fair value through profit or loss		
	Embedded derivatives	Contingent considerations	Stock
As of January 1, 2024	$(9,009)	$(1,935,436)	$-
Acquisition/issuance	2,557	(1,032,476)	20,275
Disposal/settlements	-	2,116,099	-
Gains (losses) recognized in profit or loss (presented as “gain (loss) on financial assets or liabilities measured at fair value through profit or loss”):	10,654	6,426	-
Exchange differences	-	(218,526)	-
As of December 31, 2024	$4,202	$(1,063,913)	$20,275

	Financial assets (liabilities) Measured at fair value through other comprehensive income
	Stock
As of January 1, 2024	$7,758
Acquisition/issuance	179,203
Transfer	(46,650)
Gains (losses) recognized in profit or loss:	
(presented as "Unrealized gains or (losses) from equity investments instruments measured at fair value through other comprehensive income")	30,487
Exchange differences	4,008
As of December 31, 2024	$174,806

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

	Financial assets (liabilities) Measured at fair value through profit or loss	
	Embedded derivatives	Contingent considerations
As of January 1, 2023	$2,336	$(1,623,181)
Acquisition/issuance	(8,330)	-
Disposal/settlements	-	770,684
Gains (losses) recognized in profit or loss:		
(presented as "Net loss on financial assets or liabilities measured at fair value through profit or loss")	(3,015)	(1,041,623)
Exchange differences	-	(41,316)
As of December 31, 2023	$(9,009)	$(1,935,436)

	Financial assets (liabilities) Measured at fair value through other comprehensive income
	Stock
As of January 1, 2023	$-
Acquisition/issuance	7,758
Gains (losses) recognized in profit or loss:	
(presented in "Unrealized gains or (losses) from investments in equity instruments measured at fair value through other comprehensive income")	-
Exchange differences	-
As of December 31, 2023	$7,758

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:

December 31, 2024:

	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 profit and loss:					
Stock	Market approach	discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value of the stock	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) by NT$1,829/5,550 thousand in the Group's profit or loss.
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	39.57%	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$938 thousand or an decrease by NT$1,047 in the Group's profit or loss.
At fair value through other comprehensive income:					
Stock	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stock	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$35 thousand
Stock	Market approach	discount for lack of marketability	35%	The higher the discount for lack of marketability, the lower the fair value of the stock	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$624 thousand
Stock	Market approach	discount for lack of marketability	15.80%	The higher the discount for lack of marketability, the lower the fair value of the stock	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT$19,378 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through other comprehensive income:					
Contingent consideration	Discounted cash flow	Discount rate	15.60%	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$8,059 thousand or an increase of NT$8,432 thousand in the Group's profit or loss.

December 31, 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) by NT$47 thousand in the Group's equity
Stocks	Market approach	discount for lack of marketability	34.16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) by NT$410 thousand in the Group's equity
Financial liabilities:					
At fair value through profit and loss:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	50.90%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT$170 thousand or an decrease by NT$510 in the Group's profit or loss
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT$3,080 thousand or an

Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
				increase of NT$3,135 thousand in the Group's profit or loss

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

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

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

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$51,783	$51,783

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties	$-	$-	$53,094	$53,094

10. Significant assets and liabilities denominated in foreign currencies

Unit: thousands

	December 31, 2024		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$78,048	32.79	$2,559,194
Financial liabilities			
Monetary items:			
USD	$22,513	32.79	$738,201

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

11. Capital management

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

12. Other

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

XIII. Other Disclosure

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

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

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

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

XIV. Segment information

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

Sales segment: selling pharmaceuticals, generic, and healthcare products.
CDMO segment: contract development and manufacturing organization of pharmaceuticals.
Other segment: Others.

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

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

1. Segment information.

Year ended December 31, 2024

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	$12,965,270	$6,271,970	$8,667	$-	$19,245,907
Inter-segment (Note)	4,164,451	647,993	793,667	(5,606,111)	-
Total revenue	$17,129,721	$6,919,963	$802,334	$(5,606,111)	$19,245,907
Segment profit	$3,708,457	$1,972,006	$(690,263)	$(35,219)	$4,954,981

Year ended December 31, 2023

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

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

2. Product information:

Product	Years Ended December 31	
	2024	2023
Sale for pharmaceuticals, generic and healthcare products	$17,129,721	$9,251,133
CDMO	6,919,963	5,436,748
Others	802,334	273,375
Adjustment and elimination	(5,606,111)	(761,188)
Total	$19,245,907	$14,200,068

3. Geographic information:

Revenue from external clients:

Country	Years Ended December 31	
	2024	2023
Europe	$2,128,005	$2,080,540
U.S.A	15,441,547	10,955,390
Taiwan	1,429,525	1,053,207
Others	246,830	110,931
Total	$19,245,907	$14,200,068

Non-current assets:

Country	December 31, 2024	December 31, 2023
Canada	$2,273,486	$2,327,667
U.S.A	9,601,976	323,218
Taiwan	10,157,562	11,878,641
Others	219	300
Total	$22,033,243	$14,529,826

4. Major clients information:

	Years Ended December 31	
	2024	2023
Client A	$2,886,527	$2,442,094
Client B	2,222,739	2,778,896
Client C	2,186,402	-
Client D	1,839,530	1,934,120
Client E	1,639,172	1,590,407
Total	$10,774,370	$8,745,517

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

Table 1

Significant inter-company transactions during the period

For the year ended December 31, 2024

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Financial statement account	Amount	Terms	Percentage of consolidated operating revenue or consolidated total assets (Note 3)
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Operating revenue	347,382	60 days from the date of invoice	1.80%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Operating revenue	414,357	60 days from the date of invoice	2.15%
1	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	537,176	60 days from the date of invoice	2.79%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	3,573,579	120 days from the date of invoice	18.57%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	1,079,921	120 days from the date of invoice	2.37%
3	TWi Pharmaceuticals USA, Inc.	Upsher-Smith Laboratories, LLC	3	Operating revenue	4,048,368	Net 180 days	21.04%
3	TWi Pharmaceuticals USA, Inc.	Upsher-Smith Laboratories, LLC	3	Accounts receivable	3,063,142	Net 180 days	6.72%
4	Bora Pharmaceuticals USA Inc.	Upsher-Smith Laboratories, LLC	3	Other receivable	2,235,768	(Note 4)	4.91%
5	Upsher-Smith Laboratories, LLC	TWi Pharmaceuticals USA, Inc.	3	Other revenue	192,672	(Note 4)	1.00%

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

(1) Parent Company is "0".

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

Note 2: Transactions are categorized as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: No related similar transactions can be followed, the transaction terms are agreed by both parties.

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Table 2

Loans to others

No. (Note 1)	Lender	Borrower	Financial statement account	Is a related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Loss allowance	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loan granted (Note 3)
													Item	Value		
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Holdings, Inc.	Other receivables	Yes	$1,692,340	$-	$-	7.0%	2	$-	Need for operation	$-	None	$-	$5,146,961	$6,433,701
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Other receivables	Yes	$150,000	$-	$-	2.5%	2	$-	Need for operation	$-	None	$-	$965,512	$1,206,890
2	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	Other receivables	Yes	$1,641,750	$-	$-	7.0%	2	$-	Need for operation	$-	None	$-	$29,716,090	$29,716,090
2	Bora Pharmaceuticals USA Inc.	Upsher-Smith Laboratories, LLC	Other receivables	Yes	$2,196,595	$2,196,595	$2,196,595	6.0%	2	$-	Need for operation	$-	None	$-	$29,716,090	$29,716,090
3	Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Laboratories, LLC	Other receivables	Yes	$2,278,150	$-	$-	7.0%	2	$-	Need for operation	$-	None	$-	$19,398,006	$19,398,006

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:
(i) Limit on loans granted to a single party shall not exceed 40% of the Company's net assets value as of the period.
(ii) Limit on loans granted to a single party shall not exceed 40% of the net assets value of Bora Pharmaceutical Laboratories Inc. as of the period.
(iii) Limit on loans granted to a single party shall not exceed 200% of the net assets value of Bora Pharmaceuticals USA Inc. as of the period.
(iv) Limit on loans granted to a single party shall not exceed 200% of the net assets value of Bora Pharmaceutical Holdings, Inc. 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 Bora Pharmaceutical Laboratories Inc. to all parties shall not exceed 50% of the net asset value of Bora Pharmaceutical Laboratories Inc.
(3) The ceiling on total loans granted by Bora Pharmaceuticals USA Inc. to all parties shall not exceed 200% of the net asset value of Bora Pharmaceuticals USA Inc.
(4) The ceiling on total loans granted by Bora Pharmaceutical Holdings, Inc. to all parties shall not exceed 200% of the net asset value of Bora Pharmaceutical Holdings, Inc.

Note 4: Circumstances for the financing provided to others:
(1) Business transaction is "1".
(2) Short-term financing is "2".

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

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

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
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Table 3

Endorsement/Guarantee provided to others

No. (Note 1)	Endorser/ Guarantor	Guaranteed party		Limits on endorsement/ guarantee to each guaranteed party (Note3)	Maximum balance for the period	Ending balance	Actual amount drawn down	Amount of endorsement / guarantee secured by collateral	Ratio of accumulated endorsement/ guarantee amount to net equity of the endorser/ guarantor company	Ceiling on total endorsement/ guarantee provided (Note 4)	Guarantee provided by Parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship (Note 2)										
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Holdings, Inc.	2	$64,337,010	$4,334,220	$-	$-	$-	-%	$64,337,010	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Upsher-Smith Laboratories, LLC	2	$64,337,010	$2,298,450	$2,294,950	$327,850	$-	17.84%	$64,337,010	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	$64,337,010	$240,000	$-	$-	$-	-%	$64,337,010	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals Injectables Inc.	2	$64,337,010	$1,313,400	$983,550	$983,550	$-	7.64%	$64,337,010	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	$64,337,010	$2,866,200	$2,738,400	$2,738,400	$-	21.28%	$64,337,010	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	$24,137,790	$260,000	$260,000	$260,000	$-	10.77%	$24,137,790	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 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 Bora Pharmaceuticals Laboratories Inc. is 10 times of its net worth.

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

Table 4

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

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of December 31, 2024				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
Bora Pharmaceuticals Co., Ltd.	Non-listed stock－Creative Life Science Co., Ltd.	None	Financial assets measured at fair value through profit or loss, current	467,000	$20,275	2.12%	$20,275	No pledged or collateral
TWi Pharmaceuticals, Inc.	Listed stock－BIONET Therapeutics Corp.	None	Financial assets measured at fair value through other comprehensive income, non-current	1,000,000	$46,650	1.43%	$46,650	No pledged or collateral
SunWay Biotech Co., Ltd.	Preferred stock－CMC Pharma Solutions Group, Inc.	None	Financial assets measured at fair value through other comprehensive income, non-current	1,200	$11,596	7.00%	$11,596	No pledged or collateral
Upsher-Smith Laboratories, LLC	Non-listed stock－APPCO Pharma LLC	None	Financial assets measured at fair value through other comprehensive income, non-current	2,791,791.79	$163,210	6.89%	$163,210	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. AND SUBSIDIARIES
(Amounts are expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

Table 5

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

Company Name	Name of the securities	Financial statement account	Counter-party	Counter-party	Beginning balance		Addition		Disposal				Ending balance (Note 1) (Note 4)	
					Shares	Amount (thousand)	Shares	Amount (thousand)	Shares	Amount	Cost	Gain (Loss) from disposal	Shares	Amount (thousand)
Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	(Note2)	(Note3)	(Note3)	39,425,000	$1,194,554	33,282,800	$1,184,073	-	$-	$-	$-	72,707,800	$2,407,647
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	(Note2)	Bora Pharmaceuticals USA Inc.	Investee company	500,000	$70,098	-	USD 382,631	-	$-	$-	$-	500,000	$14,858,045
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals Injectables Inc.	(Note2)	Bora Pharmaceuticals Injectables Inc.	Investee company	-	$-	1,000	USD 70,000	-	$-	$-	$-	1,000	$3,131,983
Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	(Note2)	Bora Pharmaceutical Holdings, Inc.	Investee company	-	$-	1,000	USD 246,251	-	$-	$-	$-	1,000	$9,699,003
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Holdings Inc.	(Note2)	Sawai Group Holdings Co., Ltd.	Third party	-	$-	230	USD 167,355	-	$-	$-	$-	230	$6,827,637
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	(Note2)	Sumitomo Corporation of Americas	Third party	-	$-	1	USD 41,839	-	$-	$-	$-	1	$1,707,382
Bora Pharmaceutical Holdings, Inc.	Pyros Pharmaceuticals Inc.	(Note2)	Pyramid Merger Sub, Inc.	Third party	-	$-	6,000,000 Class A units; 18,064,961 Class B units	USD 47,548	-	$-	$-	$-	1,000	$1,400,059

Note 1: Including investment gains or losses recognized during the current period, along with related adjustment items.

Note 2: Long-term equity investment accounted for using the equity method.

Note 3: Include acquired the shares through capital injection of Bora Biologics Co., Ltd. and through shareholders of Bora Biologics Co., Ltd. other than the Company.

Note 4: Pyros Pharmaceuticals Inc. has completed the issuance of new shares subsequent to the acquisition date.

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

Table 6

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

Related party	Counterparty	Relationship	Intercompany transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Sales	$347,382	31.03%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $84,944	33.02%	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Subsidiary	Sales	$414,357	37.02%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $99,695	38.75%	-
Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	Subsidiary	Sales	$537,176	37.76%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $73,325	30.09%	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Subsidiary	Sales	$3,573,579	98.23%	120 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $1,079,921	99.39%	-
TWi Pharmaceuticals USA Inc.	Upsher-Smith Laboratories, LLC	Subsidiary	Sales	$4,048,368	58.70%	Net 180 days	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $3,063,142	99.76%	-
SunWay Biotech Co., Ltd.	3T TECHNOLOGY CO., LTD.	Substantive related party	Sales	$232,218	85.74%	Net 60 days	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable $53,896	90.25%	-

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

Table 7

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

Company Name	Counter-party	Relationship	Ending balance of receivables from related party	Turnover Rate	Overdue		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Action			
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Subsidiary	Accounts receivable $1,079,921	1.53	$377,777	Collected in subsequent reporting period	$457,537	$-	-
TWi Pharmaceuticals USA ,Inc.	Upsher-Smith Laboratories, LLC	Subsidiary	Accounts receivable $3,063,142	2.67	$520,687	Collected in subsequent reporting period	$843,228	$-	-
Bora Pharmaceuticals USA Inc.	Upsher-Smith Laboratories, LLC.	Subsidiary	Other receivables $2,235,768	Note1	Note1	Note1	$-	Note1	-
Upsher-Smith Laboratories, LLC.	TWi Pharmaceuticals USA Inc.	Subsidiary	Other receivables $222,639	Note1	Note1	Note1	$-	Note1	-
Upsher-Smith Laboratories, LLC.	Pyros Pharmaceuticals Inc.	Subsidiary	Other receivables $207,648	Note1	Note1	Note1	$-	Note1	-

Note1: Other receivable of subsidiary, not applicable.

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

Table 8

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of December 31, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical contract development and manufacturing	$1,156,810	$1,156,810	165,000,000	100%	$2,307,608	$441,775	$441,775	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	USD 384,631	USD 2,000	500,000	100%	$14,858,045	$2,179,149	$2,179,149	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	CAD 10,000	CAD 10,000	100,000,000	50%	$1,532,967	$505,984	$252,992	-
Bora Pharmaceuticals Co., Ltd.	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	$1,000	$1,000	100,000	100%	$1,306	$(3,083)	$(3,083)	-
Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical services, research and development services and pharmaceutical manufacturing	$2,287,793	$1,103,720	72,707,800	98.14%	$2,407,647	$28,418	$3,187	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	$400	$100	40,000	100%	$172	$(87)	$(87)	-
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$5,676,416	$5,676,416	60,000,000	100%	$5,593,972	$2,449,707	$2,351,324	(Note1)
Bora Pharmaceuticals Co., Ltd.	Sunway Biotech Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale and retail	$1,138,633	$1,138,633	21,615,058	35.79%	$1,167,719	$118,572	$43,158	-

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

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of December 31, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	CAD 10,000	CAD 10,000	100,000,000	50%	$1,532,967	$505,984	$252,992	-
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	$170,126	$160,126	74,252,492	99%	$90,984	$(110,640)	$(109,368)	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA ,Inc.	State of New Jersey, USA	Pharmaceutical wholesale	USD 7,600	USD 7,600	38	100%	$850,974	$(97,581)	$(97,581)	-
Sunway Biotech Co., Ltd.	Sunway Group Holding Limited	Republic of Seychelles	Investment holding	USD 637	USD 637	1,000,000	100%	$1,386	$(1,418)	$(1,418)	-
Sunway Biotech Co., Ltd.	Chen Run Marketing Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale	$2,550	$2,550	255,000	51%	$2,709	$(17)	$(9)	-
Sunway Biotech Co., Ltd.	Bora Health Inc.	Taipei City, Taiwan	Pharmaceutical wholesale and healthcare product wholesale	$2,141,932	$2,141,932	22,618,880	100%	$397,015	$102,114	$102,114	-
Sunway Biotech Co., Ltd.	GTSW BIOTECH SDN. BHD.	Malaysia	Healthcare product wholesale	MYR 200	MYR -	200,000	40%	$1,370	$(94)	$(36)	(Note2)
Sunway Group Holding Limited	Sunway Investment(H.K.) Limited	Hong Kong	Investment holding	USD 623	USD 623	3,500,000	100%	$3,564	$(1,401)	$(1,401)	-
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	$31,557	$31,557	1,500,000	100%	$31,006	$(241)	$(241)	-
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals Injectables Inc.	State of Delaware, USA	Pharmaceutical manufacturing and wholesale	USD 70,000	USD -	1,000	100%	$3,131,983	$819,852	$819,852	-

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

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of December 31, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	State of Delaware, USA	Investment holding	USD 246,251	USD -	1,000	100%	$9,699,003	$1,592,295	$1,592,295	-
Bora Pharmaceutical Holdings, Inc.	Pyros Pharmaceuticals Inc.	State of Delaware, USA	Pharmaceutical wholesale	USD 47,548	USD -	1,000	100%	$1,400,059	$(744,155)	$(155,552)	(Note1) (Note3)
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Holdings Inc.	State of Minniesota, USA	Investment holding	USD 167,355	USD -	230	100%	$6,827,602	$(1,154,723)	$670,190	(Note1)
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	State of Minniesota, USA	Investment holding	USD 41,839	USD -	1	20%	$1,707,390	$(1,441,046)	$168,019	(Note1)
Upsher-Smith Holdings Inc.	Upsher-Smith America LLC	State of Minniesota, USA	Investment holding	USD 791,481	USD 791,481	4	80%	$7,756,156	$(1,441,046)	$(1,152,804)	-
Upsher-Smith America LLC	Upsher-Smith Laboratories, LLC	State of Minniesota, USA	Pharmaceutical manufacturing and wholesale	USD 992,546	USD 992,546	5,976,700 Class A units; 116,235,280 Class B units	100%	$8,864,455	$(1,446,193)	$(1,446,193)	-

Note 1: The investment income recognized included the depreciation and amortization expenses resulting from the difference between the identifiable assets at fair value and carrying amount of interests in subsidiary as at the acquisition date.

Note 2: Investment loss recognized in the reporting period was $(36) thousand, including the investment loss recognized in previous period of $(74) thousand and the investment gain recognized in current period of $38 thousand.

Note 3: Pyros Pharmaceuticals Inc. has completed the issuance of new shares subsequent to the acquisition date.

Table 9

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

Investee company	Main businesses and products	Total amount of paid-in capital (in thousands)	Method of investment *(Note 1)*	Accumulated outflow of investment from Taiwan as of January 1, 2024 (in thousands)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024 (in thousands)	Net income (loss) of investee company	% Ownership of direct or indirect investment	Investment income (loss) recognized *(Note 2)*	Carrying amount as of December 31, 2024	Accumulated inward remittance of earnings as of December 31, 2024
					Outflow	Inflow						
Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and retail	RMB 4,000	(ii)	RMB 4,000	$-	$-	RMB 4,000	$(1,346)	100%	$(1,346)	$2,990	$7,725

Accumulated outward remittance for investments in Mainland China as of December 31, 2024 (in thousands)	Investment amounts authorized by Investment Commission, MOEA	Upper limit on the amount of investments stipulated by the Investment Commission, MOEA *(Note 3)*
RMB 4,000	$19,547	$1,957,622

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 investment in SunWay Biotech Co., LTD. has been approved by the Investment Commission, MOEA with the limit of amount of 60% of its net worth.

Table 10

Information on major shareholders

Shares / Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	18,704,939	18.10%
Reibaoshin Co., Ltd.	11,348,676	10.98%

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.