

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE SIX MONTHS ENDED
JUNE 30, 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.

Independent Auditors' Review Report

To the Board of Directors and Shareholders
Bora Pharmaceuticals Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Bora Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Hu, Tzu Ren

Yao, Shih Chieh

Ernst & Young, Taiwan

August 13, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors 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	June 30, 2024		December 31, 2023		June 30, 2023	
Current assets							
Cash and cash equivalents	IV&VI.1	\$5,509,578	13	\$3,053,294	12	\$4,204,772	20
Financial assets measured at fair value through profit or loss, current	IV&VI.2	21,635	-	-	-	-	-
Financial assets measured at amortized cost, current	IV&VI.4.24&VIII	2,051,809	5	342,627	1	173,534	1
Contract assets, current	IV&VI.23.24	168,893	-	15,111	-	29,516	-
Notes receivable, net	IV&VI.5.24	32,443	-	54,323	-	25,877	-
Accounts receivable, net	IV&VI.6.24	9,551,188	22	3,958,874	16	3,347,299	16
Other receivables		916,660	2	82,614	-	85,823	-
Inventories, net	IV&VI.7	4,983,929	12	2,156,134	9	1,981,404	10
Prepayments		996,428	2	801,425	3	276,264	1
Other current assets		128,049	-	138,626	1	131,887	1
Total current assets		<u>24,360,612</u>	<u>56</u>	<u>10,603,028</u>	<u>42</u>	<u>10,256,376</u>	<u>49</u>
Non-current assets							
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2.16	91,249	-	-	-	1,421	-
Financial assets measured at fair value through other comprehensive income, non-current	IV&VI.3	208,258	-	7,758	-	-	-
Financial assets measured at amortized cost, non-current	IV&VI.4.24&VIII	13,500	-	13,500	-	13,200	-
Investments accounted for using equity method	IV&VI.8	1,077	-	-	-	-	-
Property, plant and equipment	IV&VI.9&VIII	10,260,095	24	6,649,994	27	6,662,415	32
Right-of-use assets	IV&VI.25	843,407	2	842,586	3	620,765	3
Investment properties, net	IV&VI.10&VIII	16,714	-	17,018	-	17,322	-
Intangible assets	IV&VI.11.12	5,854,940	14	5,595,670	22	2,150,521	11
Deferred tax assets	IV&VI.29	1,095,120	3	1,044,615	5	898,554	4
Other non-current assets		607,817	1	277,836	1	152,455	1
Total non-current assets		<u>18,992,177</u>	<u>44</u>	<u>14,448,977</u>	<u>58</u>	<u>10,516,653</u>	<u>51</u>
Total assets		<u>\$43,352,789</u>	<u>100</u>	<u>\$25,052,005</u>	<u>100</u>	<u>\$20,773,029</u>	<u>100</u>

(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	June 30, 2024		December 31, 2023		June 30, 2023	
Current liabilities							
Short-term loans	IV&VI.13	\$7,776,718	18	\$767,508	3	\$1,949,477	9
Financial liabilities measured at fair value through profit or loss, current	IV&VI.14	324,792	1	1,584,841	6	1,003,300	5
Contract liabilities, current	IV&VI.23	266,629	1	224,597	1	181,609	1
Notes payable		15,891	-	18,845	-	1,917	-
Accounts payable		766,223	2	361,605	1	408,087	2
Other payables	VI.15.31	3,304,665	7	1,526,752	6	1,250,676	6
Dividends payable		1,215,057	3	-	-	619,755	3
Income tax payable	IV&VI.29	452,754	1	987,430	4	223,478	1
Provisions, current	IV&VI.19	259,973	1	144,523	1	138,402	1
Lease liabilities, current	IV&VI.25	109,070	-	106,039	1	81,032	-
Current portion of long-term loans	VI.17	1,277,303	3	630,502	3	2,237,260	11
Refund liabilities	IV&VI.23	4,585,789	10	1,866,901	7	1,754,055	9
Other current liabilities	VI.20	47,671	-	9,518	-	7,946	-
Total current liabilities		<u>20,402,535</u>	<u>47</u>	<u>8,229,061</u>	<u>33</u>	<u>9,856,994</u>	<u>48</u>
Non-current liabilities							
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.14	-	-	359,604	1	282,828	1
Bonds payable	IV&VI.16	1,555,114	4	1,538,361	6	112,280	1
Long-term loans	VI.17	7,126,916	16	1,185,260	5	1,624,328	8
Provisions, non-current	IV&VI.19	184,731	-	216,805	1	276,830	1
Deferred tax liabilities	IV&VI.29	800,086	2	701,736	3	815,858	4
Lease liabilities, non-current	IV&VI.25	765,309	2	763,333	3	557,069	3
Other non-current liabilities	VI.20	134,204	-	292,034	1	292,557	1
Total non-current liabilities		<u>10,566,360</u>	<u>24</u>	<u>5,057,133</u>	<u>20</u>	<u>3,961,750</u>	<u>19</u>
Total liabilities		<u>30,968,895</u>	<u>71</u>	<u>13,286,194</u>	<u>53</u>	<u>13,818,744</u>	<u>67</u>
Equity attributable to the parent company	VI.21						
Capital							
Common stock		1,015,501	2	1,014,128	4	774,348	3
Advance receipts for ordinary share		92	-	853	-	2,550	-
Stock dividends to be distributed		-	-	-	-	231,410	1
Capital surplus		3,384,992	8	3,318,350	13	1,811,851	8
Retained earnings							
Legal reserve		658,515	2	355,501	1	355,501	2
Unappropriated earnings		4,743,256	11	4,373,116	18	3,076,380	15
Subtotal		<u>5,401,771</u>	<u>13</u>	<u>4,728,617</u>	<u>19</u>	<u>3,431,881</u>	<u>17</u>
Other equity		212,390	1	73,807	-	130,173	1
Treasury stock		(438,856)	(1)	(50,968)	-	(52,738)	-
Equity attributable to shareholders of the parent		<u>9,575,890</u>	<u>22</u>	<u>9,084,787</u>	<u>36</u>	<u>6,329,475</u>	<u>30</u>
Non-controlling interests	VI.21	2,808,004	6	2,681,024	11	624,810	3
Total equity		<u>12,383,894</u>	<u>29</u>	<u>11,765,811</u>	<u>47</u>	<u>6,954,285</u>	<u>33</u>
Total liabilities and equity		<u>\$43,352,789</u>	<u>100</u>	<u>\$25,052,005</u>	<u>100</u>	<u>\$20,773,029</u>	<u>100</u>

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

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unit: Thousands of New Taiwan Dollars

	Notes	For the three months ended June 30, 2024		For the three months ended June 30, 2023		For the six months ended June 30, 2024		For the six months ended June 30, 2023	
Operating revenue	IV&VI.23&VII	\$5,027,311	100	\$3,138,565	100	\$7,884,804	100	\$7,919,097	100
Operating costs	VI.7.9.11.18.25.26&VII	(3,076,142)	(61)	(1,414,067)	(45)	(4,427,645)	(56)	(4,268,867)	(54)
Gross profit		1,951,169	39	1,724,498	55	3,457,159	44	3,650,230	46
Unrealized gross profit on sales		(73)	-	-	-	(73)	-	-	-
Net gross profit		1,951,096	39	1,724,498	55	3,457,086	44	3,650,230	46
Operating expenses	VI.9.10.11.18.22.24.25.26&VII								
Sales and marketing expenses		(288,989)	(6)	(94,291)	(3)	(489,497)	(6)	(195,717)	(2)
General and administrative expenses		(723,552)	(14)	(212,832)	(7)	(1,043,464)	(13)	(434,274)	(5)
Research and development expenses		(196,005)	(4)	(70,598)	(2)	(289,532)	(4)	(126,023)	(2)
Total operating expenses		(1,208,546)	(24)	(377,721)	(12)	(1,822,493)	(23)	(756,014)	(9)
Operating income		742,550	15	1,346,777	43	1,634,593	21	2,894,216	37
Non-operating income and expenses	VI.27								
Other revenue		32,394	1	30,395	-	39,547	1	53,600	-
Other gains and (losses)		80,521	2	(311,352)	(10)	197,115	2	(395,559)	(5)
Financial costs		(142,194)	(3)	(46,783)	(1)	(174,444)	(2)	(90,784)	(1)
Share of (loss) of associates and joint ventures accounted for using the equity method		(165)	-	-	-	(165)	-	-	-
Bargain purchase gain		798,705	16	-	-	798,705	10	-	-
Total non-operating income and (expenses)		769,261	16	(327,740)	(11)	860,758	11	(432,743)	(6)
Net income before income tax		1,511,811	31	1,019,037	32	2,495,351	32	2,461,473	31
Income tax expense	IV&VI.29	(298,188)	(6)	(318,208)	(10)	(538,067)	(7)	(717,377)	(9)
Net income		1,213,623	25	700,829	22	1,957,284	25	1,744,096	22
Other comprehensive income	IV&VI.28.29								
Components of other comprehensive income that will not be reclassified to profit or (loss)									
Gains or (losses) on remeasurements of defined benefit plans		-	-	-	-	-	-	(11,571)	-
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income		18,958	-	-	-	18,958	-	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or (loss)		(3,792)	-	-	-	(3,792)	-	3,067	-
To be reclassified to profit or loss in subsequent periods									
Exchange differences resulting from translation foreign operations		74,188	1	149,567	5	154,313	2	124,480	2
Income tax related to items to be reclassified subsequently to profit or (loss)		(14,844)	-	(29,914)	(1)	(30,847)	-	(24,896)	(1)
Total other comprehensive income, net of tax		74,510	1	119,653	4	138,632	2	91,080	1
Total comprehensive income		\$1,288,133	26	\$820,482	26	\$2,095,916	27	\$1,835,176	23
Net income attributable to:									
Stockholders of the parent		\$1,171,815		\$692,027		\$1,887,952		\$1,731,367	
Non-controlling interests		\$41,808		\$8,802		\$69,332		\$12,729	
Comprehensive income attributable to:									
Stockholders of the parent		\$1,246,346		\$811,680		\$2,026,535		\$1,822,447	
Non-controlling interests		\$41,787		\$8,802		\$69,381		\$12,729	
Earnings per share (NTD)	IV&VI.30								
Earnings per share-basic		\$11.61		\$6.89		\$18.68		\$17.35	
Earnings per share-diluted		\$11.26		\$6.81		\$18.12		\$17.02	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unit: Thousands of New Taiwan Dollars

Items	Equity attributable to shareholders of the parent											Non-controlling interests	Total equity	
	Capital		Stock dividends to be distributed	Capital surplus	Retained earnings			Other equity			Treasury stock			Total
	Common stock	Advance receipts for ordinary share			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Gains or (losses) on remeasurements of defined benefit plans				
Balance as of 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 earnings	-	-	-	-	139,065	-	(139,065)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(617,095)	-	-	-	-	(617,095)	-	(617,095)
Cash dividends	-	-	231,410	-	-	-	(231,410)	-	-	-	-	-	-	-
Stock dividends	-	-	-	-	-	-	23,919	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(23,919)	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	1,731,367	-	-	-	-	1,731,367	12,729	1,744,096
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	99,584	-	(8,504)	-	91,080	-	91,080
Total comprehensive income	-	-	-	-	-	-	1,731,367	99,584	-	(8,504)	-	1,822,447	12,729	1,835,176
Conversion of convertible bonds	20,133	(617)	-	533,336	-	-	-	-	-	-	-	552,852	-	552,852
Share-based payment transactions-exercise of stock option	400	60	-	5,994	-	-	-	-	-	-	-	6,454	-	6,454
Share-based payment transactions-stock based compensation	-	-	-	36,141	-	-	-	-	-	-	-	36,141	2,607	38,748
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(2,660)	(2,660)
Other-treasury shares sold to employees	-	-	-	-	-	-	-	-	-	-	354	354	-	354
Balance as of June 30, 2023	\$774,348	\$2,550	\$231,410	\$1,811,851	\$355,501	\$-	\$3,076,380	\$135,073	\$(4,900)	-\$-	\$(52,738)	\$6,329,475	\$624,810	\$6,954,285
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 earnings	-	-	-	-	303,014	-	(303,014)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(1,214,798)	-	-	-	-	(1,214,798)	-	(1,214,798)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2024	-	-	-	-	-	-	1,887,952	-	-	-	-	1,887,952	69,332	1,957,284
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	-	123,417	15,166	-	-	138,583	49	138,632
Total comprehensive income	-	-	-	-	-	-	1,887,952	123,417	15,166	-	-	2,026,535	69,381	2,095,916
Conversion of convertible bonds	3	(1)	-	24	-	-	-	-	-	-	-	26	-	26
Treasury stock purchases	-	-	-	-	-	-	-	-	-	-	(389,127)	(389,127)	-	(389,127)
Adjustment to share of changes in equities of subsidiaries	-	-	-	(5,408)	-	-	-	-	-	-	-	(5,408)	88,344	82,936
Share-based payment transactions-exercise of stock option	1,370	(760)	-	6,009	-	-	-	-	-	-	-	6,619	-	6,619
Share-based payment transactions-stock based compensation	-	-	-	62,608	-	-	-	-	-	-	-	62,608	7,646	70,254
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(38,391)	(38,391)
Other-treasury shares sold to employees	-	-	-	3,409	-	-	-	-	-	-	1,239	4,648	-	4,648
Balance as of June 30, 2024	\$1,015,501	\$92	\$-	\$3,384,992	\$658,515	\$-	\$4,743,256	\$199,812	\$10,266	\$2,312	\$(438,856)	\$9,575,890	\$2,808,404	\$12,383,894

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Unit: Thousands of New Taiwan Dollars

Items	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Items	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	\$2,495,351	\$2,461,473	Acquisition of financial assets measured at fair value through other comprehensive income	(20,000)	-
Adjustments for:			Acquisition of financial assets measured at amortized cost	(1,988,258)	-
Income and expense adjustments:			Disposal of financial assets measured at amortized cost	280,515	122,910
Depreciation	278,034	204,127	Acquisition of financial assets measured at fair value through profit or loss	(39,254)	-
Amortization	164,937	67,307	Disposal of financial assets measured at fair value through profit or loss	233,688	-
Net (gain) or loss on financial assets or liabilities measured at fair value through profit or loss	(13,882)	422,654	Acquisition of investments accounted for using equity method	(1,392)	-
Interest expense	174,444	90,784	Acquisition of subsidiary (net of cash acquired)	(7,761,350)	(1,226,774)
Interest income	(27,801)	(31,312)	Acquisition of property, plant and equipment	(132,093)	(118,341)
Share-based payment expenses	70,254	38,748	Disposal of property, plant and equipment	66	4,525
Share of loss of associates and joint ventures accounted for using the equity method	165	-	Increase in refundable deposits	(122,352)	-
Loss on disposal of property, plant and equipment	104	607	Decrease in refundable deposits	-	5,923
Unrealized gross loss on sales	73	-	Acquisition of intangible assets	(140,398)	(61,460)
Bargain purchase gain	(798,705)	-	Other non-current assets	(142,259)	(1,546)
Other	11,388	3,468	Increase in prepayment for equipments	(62,684)	-
Total income and expense adjustments:	(140,989)	796,383	Decrease in prepayment for equipments	-	4,213
Changes in operating assets and liabilities:			Net cash (used in) investing activities	(9,895,771)	(1,270,550)
Contract assets	158	5,681	Cash flows from financing activities:		
Notes receivable, net	21,880	11,023	Increase in short-term loans	6,925,795	-
Accounts receivable, net	(1,481,384)	2,700,751	Decrease in short-term loans	-	(211,666)
Other receivables	58,013	4,773	Proceeds from long-term loans	7,195,061	-
Inventories, net	(268,692)	(34,586)	Repayment of long-term loans	(647,321)	(270,136)
Prepayments	126,577	67,654	Repayment of the principal of lease liabilities	(49,214)	(35,187)
Other current assets	10,577	(64,791)	Decrease in other non-current liabilities	(61,615)	(866)
Contract liabilities	42,032	91,733	Employee stock options exercised	6,619	6,454
Notes payable	(2,954)	(939)	Treasury stock purchases	(389,127)	-
Accounts payable	(537,530)	(43,795)	Treasury shares sold to employees	4,648	354
Other payables	(552,216)	(2,367,541)	Interest paid	(117,881)	(88,654)
Refund liabilities	703,032	(269,510)	Net change of non-controlling interests	44,853	-
Provisions	(83,595)	(58,684)	Net cash generated by (used in) financing activities	12,911,818	(599,701)
Other current liabilities	(141,787)	29			
Other operating liabilities	(35,072)	-			
Cash generated from operations	213,401	3,299,654	Effect of exchange rate changes on cash and cash equivalents	298,866	49,699
Interest received	27,801	31,312	Net increase in cash and cash equivalents	2,456,284	923,453
Income tax paid	(1,099,831)	(586,961)	Cash and cash equivalents at beginning of period	3,053,294	3,281,319
Net cash (used in) generated by operating activities	(858,629)	2,744,005	Cash and cash equivalents at end of period	\$5,509,578	\$4,204,772

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 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 six months ended June 30, 2024 and 2023 were authorized for issue by the Board of Directors on August 13, 2024.

III. Application of New and Revised International Financial Reporting Standards

1. The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.
2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	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.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	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

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

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

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

- (b) IFRS 17 “Insurance Contracts”

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

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

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

(c) 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)
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.
- (2) 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:

- (4) 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.
 - (5) 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.
 - (6) Clarify the treatment of non-recourse assets and contractually linked instruments.
 - (7) 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
 - (2) Amendments to IFRS 7
 - (3) Amendments to Guidance on implementing IFRS 7
 - (4) Amendments to IFRS 9
 - (5) Amendments to IFRS 10
 - (6) Amendments to IAS 7

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's consolidated financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed (a) - (f) to the Group's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

1. Statement of compliance

The consolidated financial statements of the Group for the six months ended June 30, 2024 and 2023 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 "Interim Financial Reporting" 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. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect its returns.

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

The consolidated entities are as follows:

Investor	Subsidiary	Major business	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Bora Pharmaceuticals Co., Ltd.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	-%	-%	100%	Note 1
Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	-%	-%	90.44%	Note 2
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Pharmaceutical contract development and manufacturing	100%	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	Pharmaceutical wholesale	100%	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Pharmaceutical contract development and manufacturing	50%	50%	50%	
Bora Pharmaceuticals Co., Ltd.	Bora Management Consulting Co., Ltd.	Management and consulting	100%	100%	100%	
Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	Biotechnical services, research and development services and pharmaceutical manufacturing	62.61%	65.70%	65.70%	Note 3
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical and Consumer Health Inc.	Biotechnical research and management and consulting	100%	100%	100%	
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Pharmaceutical manufacturing and wholesale	100%	100%	100%	Note 4
Bora Pharmaceuticals Co., Ltd.	SunWay Biotech Co., LTD.	Healthcare product wholesale and retail	35.79%	35.79%	-%	Note 2 Note 5
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical manufacturing and Sales	50%	50%	50%	
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical contract development and manufacturing	98.85%	98.85%	-%	Note 6
TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical contract development and manufacturing	-%	-%	98.64%	Note 6
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Pharmaceutical wholesale	100%	100%	100%	
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Investment holding	100%	100%	-%	Note 2
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd	Healthcare product wholesale	51%	51%	-%	Note 2
SunWay Biotech Co., LTD.	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	100%	100%	-%	Note 2
Sunway Group Holding Limited	Sunway Investment (H.K.) Limited	Investment holding	100%	100%	-%	Note 2
Sunway Investment (H.K.) Limited	Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and retail	100%	100%	-%	Note 2

Investor	Subsidiary	Major business	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	100%	100%	-%	Note 1
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals 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.	Upsher-Smith Holdings Inc.	Investment holding	100%	-%	-%	Note 10 Note 11
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	Investment holding	20%	-%	-%	Note 10 Note 11
Upsher-Smith Holdings Inc.	Upsher-Smith America LLC	Investment holding	80%	-%	-%	Note 10 Note 11
Upsher-Smith America LLC	Upsher-Smith Laboratories, LLC	Pharmaceutical manufacturing and wholesale	100%	-%	-%	Note 10

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

Note 2: In order to enhance the efficiency of research and development as well as 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 3: As the optionees exercised the stock options of Bora Biologics Co., Ltd., the percentage of ownership of Bora Biologics Co., Ltd. was reduced from 65.70% to 62.61%.

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

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\$62,001 thousand remitted in March and May 2024, respectively.

Note 8: The Group registered and established a wholly-owned subsidiary, Bora Pharmaceuticals Injectables Inc., in the USA in May 2024. As of June 30, 2024, the capital injection has not yet been remitted.

Note 9: The Group registered and established a wholly-owned subsidiary, Bora Pharmaceuticals Inc. in the USA in May 2024. As of June 30, 2024, the capital injection has not yet been remitted.

Note 10: 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 control over Sawai America Holdings Inc. and its subsidiaries and they have been included in the consolidated financial statements.

Note 11: 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. Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the six months ended June 30, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

(1) Post-employment benefits

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

(2) Income taxes

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

V. Significant Accounting Judgements, Estimates and Assumptions

The same significant accounting judgments, estimates and assumptions have been applied in the consolidated financial statements for the six months ended June 30, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For significant accounting judgments, estimates and assumptions, please refer to the consolidated financial statements for the year ended December 31, 2023.

VI. Details of Significant Accounts

1. Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$1,091	\$1,034	\$841
Checking accounts and demand deposits	4,370,385	2,902,260	4,806,301
Time deposits	1,138,102	150,000	117,400
Total	<u>\$5,509,578</u>	<u>\$3,053,294</u>	<u>\$4,204,772</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Mandatorily measured at fair value through profit or loss:			
Stocks	\$20,275	\$-	\$-
Cash surrender value of life insurance	91,249	-	-
Embedded derivative – Right of redemption of convertible bonds	1,360	-	1,421
Total	<u>\$112,884</u>	<u>\$-</u>	<u>\$1,421</u>
Current	<u>\$21,635</u>	<u>\$-</u>	<u>\$-</u>
Non-current	<u>\$91,249</u>	<u>\$-</u>	<u>\$1,421</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Equity instrument investments measured at fair value through other comprehensive income – Non-current:			
Stocks – non-listed entities	<u>\$208,258</u>	<u>\$7,758</u>	<u>\$-</u>

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

4. Financial assets at amortized cost

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits	\$356,296	\$334,951	\$300
Restricted deposits	1,709,013	21,176	186,434
Total	<u>\$2,065,309</u>	<u>\$356,127</u>	<u>\$186,734</u>
Current	<u>\$2,051,809</u>	<u>\$342,627</u>	<u>\$173,534</u>
Non-current	<u>\$13,500</u>	<u>\$13,500</u>	<u>\$13,200</u>

Please refer to Note VIII for more details on financial assets measured at amortized cost under pledge and Note VI.24 for more details on loss allowance and Note XII for more details on credit risk management.

5. Notes receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable from operation, gross	\$32,443	\$54,323	\$25,877
Less: loss allowance	-	-	-
Subtotal	<u>\$32,443</u>	<u>\$54,323</u>	<u>\$25,877</u>

Notes receivable were not overdue and not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI.24 for more details on loss allowance and Note XII for details on credit risk management.

6. Accounts receivable and accounts receivable — related party

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable, gross	\$9,511,637	\$3,907,992	\$3,346,224
Less: loss allowance	(29,675)	(17,408)	(12,127)
Subtotal	<u>9,481,962</u>	<u>3,890,584</u>	<u>3,334,097</u>
Accounts receivable from related party, gross	69,226	68,290	13,202
Less: loss allowance	-	-	-
Subtotal	<u>69,226</u>	<u>68,290</u>	<u>13,202</u>
Total	<u>\$9,551,188</u>	<u>\$3,958,874</u>	<u>\$3,347,299</u>

Accounts receivable were not pledged.

The terms of accounts receivable are generally on 30 to 180 days. The total gross amount as of June 30, 2024, December 31, 2023 and June 30, 2023 amounted to NT\$9,580,863 thousand, NT\$3,976,282 thousand and NT\$3,359,426 thousand, respectively. Please refer to Note VI.24 for more details on loss allowance of accounts receivable for the six months ended June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$1,952,875	\$961,801	\$852,088
Supplies and spares parts	134,009	113,986	125,111
Work in progress	100,313	100,390	78,424
Semi-finished goods	932,951	303,814	352,906
Finished goods	1,724,293	576,456	486,278
Merchandise	139,488	99,687	86,597
Total	<u>\$4,983,929</u>	<u>\$2,156,134</u>	<u>\$1,981,404</u>

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cost of goods sold	\$3,022,390	\$1,390,037	\$4,339,433	\$4,232,772
Inventories shortage (overage)	2,217	(840)	3,188	(2,619)
Write-down of inventories loss (reversal gain)	51,535	24,870	85,024	38,714
Total	<u>\$3,076,142</u>	<u>\$1,414,067</u>	<u>\$4,427,645</u>	<u>\$4,268,867</u>

(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:

Investees	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
GTSW BIOTECH SDN. BHD.	<u>\$1,077</u>	40.00%	<u>\$-</u>	-%	<u>\$-</u>	-%

(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:

	Six months ended June 30 2024	Six months ended June 30 2023
Net income from continuing operations	<u>\$(165)</u>	<u>\$-</u>

(3) The associate had no contingencies or unrecognized contractual commitments as of June 30, 2024, and the associate had not pledged.

9. Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:								
January 1, 2024	\$3,424,023	\$1,944,518	\$2,416,032	\$54,598	\$251,811	\$90,090	\$115,838	\$8,296,910
Addition	-	5,867	49,738	8,071	-	1,882	76,583	142,141
Acquisitions through business combinations	362,973	5,360,018	2,028,647	173,255	-	-	108,070	8,032,963
Disposals	-	-	(21,715)	(1,112)	-	(554)	-	(23,381)
Reclassification	-	2,971	28,284	152	210	-	(31,655)	(38)
Exchange differences	29,115	91,805	41,530	3,000	-	-	3,307	168,757
June 30, 2024	<u>\$3,816,111</u>	<u>\$7,405,179</u>	<u>\$4,542,516</u>	<u>\$237,964</u>	<u>\$252,021</u>	<u>\$91,418</u>	<u>\$272,143</u>	<u>\$16,617,352</u>
January 1, 2023	\$3,397,207	\$1,905,066	\$2,321,376	\$63,351	\$205,288	\$68,645	\$76,723	\$8,037,656
Addition	-	4,565	67,820	1,127	11,962	4,988	27,879	118,341
Disposals	-	(6,949)	(1,064)	(90)	-	(137)	-	(8,240)
Reclassification	-	2,787	29,271	(13,134)	8,397	15,391	(47,866)	(5,154)
Exchange differences	40,983	22,130	18,712	320	-	-	1,785	83,930
June 30, 2023	<u>\$3,438,190</u>	<u>\$1,927,599</u>	<u>\$2,436,115</u>	<u>\$51,574</u>	<u>\$225,647</u>	<u>\$88,887</u>	<u>\$58,521</u>	<u>\$8,226,533</u>
Depreciation and impairment:								
January 1, 2024	\$-	\$457,461	\$1,053,512	\$29,080	\$51,419	\$55,444	\$-	\$1,646,916
Depreciation	-	57,584	149,124	7,237	6,873	4,208	-	225,026
Acquisitions through business combinations	-	3,134,038	1,178,494	124,147	-	-	-	4,436,679
Disposals	-	-	(21,702)	(1,094)	-	(415)	-	(23,211)
Reclassification	-	-	-	-	-	-	-	-
Exchange differences	-	47,538	22,163	2,146	-	-	-	71,847
June 30, 2024	<u>\$-</u>	<u>\$3,696,621</u>	<u>\$2,381,591</u>	<u>\$161,516</u>	<u>\$58,292</u>	<u>\$59,237</u>	<u>\$-</u>	<u>\$6,357,257</u>
January 1, 2023	\$-	\$406,660	\$898,878	\$34,111	\$15,021	\$37,874	\$-	\$1,392,544
Depreciation	-	40,591	113,139	3,195	6,425	3,765	-	167,115
Disposals	-	(2,580)	(341)	(90)	-	(97)	-	(3,108)
Reclassification	-	-	-	(12,140)	-	12,140	-	-
Exchange differences	-	1,631	5,852	84	-	-	-	7,567
June 30, 2023	<u>\$-</u>	<u>\$446,302</u>	<u>\$1,017,528</u>	<u>\$25,160</u>	<u>\$21,446</u>	<u>\$53,682</u>	<u>\$-</u>	<u>\$1,564,118</u>
Net carrying amount as of:								
June 30, 2024	<u>\$3,816,111</u>	<u>\$3,708,558</u>	<u>\$2,160,925</u>	<u>\$76,448</u>	<u>\$193,729</u>	<u>\$32,181</u>	<u>\$272,143</u>	<u>\$10,260,095</u>
December 31, 2023	<u>\$3,424,023</u>	<u>\$1,487,057</u>	<u>\$1,362,520</u>	<u>\$25,518</u>	<u>\$200,392</u>	<u>\$34,646</u>	<u>\$115,838</u>	<u>\$6,649,994</u>
June 30, 2023	<u>\$3,438,190</u>	<u>\$1,481,297</u>	<u>\$1,418,587</u>	<u>\$26,414</u>	<u>\$204,201</u>	<u>\$35,205</u>	<u>\$58,521</u>	<u>\$6,662,415</u>

- (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 six months ended June 30, 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.

	<u>Buildings</u>
Cost:	
January 1, 2024	\$19,449
Additions	-
June 30, 2024	<u>\$19,449</u>
January 1, 2023	<u>\$19,449</u>
Reclassification	-
June 30, 2023	<u>\$19,449</u>
Depreciation and impairment:	
January 1, 2024	\$2,431
Depreciation	304
June 30, 2024	<u>\$2,735</u>
January 1, 2023	<u>\$1,823</u>
Depreciation	304
June 30, 2023	<u>\$2,127</u>
Net carrying amount as of:	
June 30, 2024	<u>\$16,714</u>
December 31, 2023	<u>\$17,018</u>
June 30, 2023	<u>\$17,322</u>

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income from investment properties	\$1,104	\$960	\$2,530	\$2,289

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\$53,094 thousand, NT\$53,094 thousand and NT\$54,405 thousand as of June 30, 2024, December 31, 2023 and June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Net income margin	\$110,741	\$110,741	\$110,269
Capitalization rate	2.11%	2.11%	2.07%

Comparison approach:

	June 30, 2024	December 31, 2023	June 30, 2023
Regional factors	98%-100%	98%-100%	100%
Individual factors	89%-91%	89%-91%	90%-94%

11. Intangible assets

	Patent	Product/right distribution	Goodwill	Software	Drug license	Customers relationship	Others	Total
Cost:								
January 1, 2024	\$275,396	\$224,444	\$2,781,388	\$249,194	\$2,254,352	\$321,000	\$77,812	\$6,183,586
Addition	79	598	-	3,062	-	-	14,845	18,584
Acquisitions through business combinations	-	11,739,458	-	235,287	-	-	3,270,115	15,244,860
Reclassification	-	-	-	38	-	-	-	38
Exchange differences	-	172,542	-	7,883	-	-	48,212	228,637
June 30, 2024	<u>\$275,475</u>	<u>\$12,137,042</u>	<u>\$2,781,388</u>	<u>\$495,464</u>	<u>\$2,254,352</u>	<u>\$321,000</u>	<u>\$3,410,984</u>	<u>\$21,675,705</u>
January 1, 2023	\$-	\$250,366	\$983,585	\$228,945	\$1,009,383	\$-	\$64,827	\$2,537,106
Addition	-	-	-	2,198	59,262	-	-	61,460
Reclassification	-	-	-	5,154	-	-	-	5,154
Disposals	-	(25,922)	-	(519)	-	-	-	(26,441)
Exchange differences	-	-	-	6,630	-	-	-	6,630
June 30, 2023	<u>\$-</u>	<u>\$224,444</u>	<u>\$983,585</u>	<u>\$242,408</u>	<u>\$1,068,645</u>	<u>\$-</u>	<u>\$64,827</u>	<u>\$2,583,909</u>
Amortization and impairment:								
January 1, 2024	\$33,665	\$224,238	\$-	\$145,888	\$128,102	\$4,458	\$51,565	\$587,916
Amortization	12,304	6,029	-	26,805	93,548	13,375	12,876	164,937
Acquisitions through business combinations	-	11,385,823	-	198,993	-	-	3,261,960	14,846,776
Exchange differences	-	167,438	-	5,758	-	-	47,940	221,136
June 30, 2024	<u>\$45,969</u>	<u>\$11,783,528</u>	<u>\$-</u>	<u>\$377,444</u>	<u>\$221,650</u>	<u>\$17,833</u>	<u>\$3,374,341</u>	<u>\$15,820,765</u>
January 1, 2023	\$-	\$248,555	\$-	\$100,106	\$21,417	\$-	\$19,597	\$389,675
Amortization	-	802	-	20,492	32,787	-	13,226	67,307
Disposals	-	(25,922)	-	(519)	-	-	-	(26,441)
Exchange differences	-	-	-	2,847	-	-	-	2,847
June 30, 2023	<u>\$-</u>	<u>\$223,435</u>	<u>\$-</u>	<u>\$122,926</u>	<u>\$54,204</u>	<u>\$-</u>	<u>\$32,823</u>	<u>\$433,388</u>
Net book value:								
June 30, 2024	<u>\$229,506</u>	<u>\$353,514</u>	<u>\$2,781,388</u>	<u>\$118,020</u>	<u>\$2,032,702</u>	<u>\$303,167</u>	<u>\$36,643</u>	<u>\$5,854,940</u>
December 31, 2023	<u>\$241,731</u>	<u>\$206</u>	<u>\$2,781,388</u>	<u>\$103,306</u>	<u>\$2,126,250</u>	<u>\$316,542</u>	<u>\$26,247</u>	<u>\$5,595,670</u>
June 30, 2023	<u>\$-</u>	<u>\$1,009</u>	<u>\$983,585</u>	<u>\$119,482</u>	<u>\$1,014,441</u>	<u>\$-</u>	<u>\$32,004</u>	<u>\$2,150,521</u>

Amortization expense of intangible assets under the statements of comprehensive income:

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Amortization recognized in				
Operating costs	\$68,524	\$31,658	\$127,261	\$61,536
Operating expenses	\$19,027	\$2,876	\$37,676	\$5,771

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

The Company assesses impairment of the recoverable amount of goodwill at the end of each annual financial reporting date. This recoverable amount has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. As of December 31, 2023, the pre-tax discount rate applied to cash flow projections was 14.80%, to reflect the specific risks related to cash-generating units.

13. Short-term loans

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$7,576,718	\$767,508	\$769,477
Secured bank loans	200,000	-	1,118,000
Total	\$7,776,718	\$767,508	\$1,949,477
Interest rates	1.00%~6.74%	1.20%~2.40%	1.20%~2.30%
Unused credit line	\$8,086,732	\$5,057,720	\$2,919,950

Information related to the financial assets measured at amortized cost and property, plant and equipment pledged as collateral for the Group's short-term loans is disclosed in Note VIII.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Held for trading:			
Derivatives not designated as hedging instruments –			
Forward foreign exchange agreements	\$292	\$-	\$-
Contingent consideration from business combination	324,500	1,935,436	1,286,128
Embedded derivatives –			
Put option on convertible bonds	-	9,009	-
Total	\$324,792	\$1,944,445	\$1,286,128
Current	\$324,792	\$1,584,841	\$1,003,300
Non-current	\$-	\$359,604	\$282,828

15. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Investments payable	\$1,011,660	\$184,230	\$247,245
Salaries payable	251,311	106,398	84,110
Employees' and directors' remuneration payable	187,741	190,972	111,876
Bonus payable	177,458	220,311	116,303
Repair and maintenance payable	59,383	122,191	64,995
Royalty fees payable	685,508	305,658	272,878
Intangible assets payables	9,735	127,426	-
Other payables	921,869	269,566	353,269
Total	<u>\$3,304,665</u>	<u>\$1,526,752</u>	<u>\$1,250,676</u>

16. Domestic convertible bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Liability component:			
Principal amount	\$1,699,700	\$1,699,800	\$122,500
(Discounts) on convertible bonds payable	(144,586)	(161,439)	(10,220)
Subtotal	<u>1,555,114</u>	<u>1,538,361</u>	<u>112,280</u>
Less: current portion	-	-	-
Net	<u>\$1,555,114</u>	<u>\$1,538,361</u>	<u>\$112,280</u>
Embedded derivatives (shown as "Financial (liabilities) assets measured at fair value through profit or loss, non-current)	<u>\$1,360</u>	<u>\$(9,009)</u>	<u>\$1,421</u>
Equity component (shown as "Capital Surplus, net of tax)	<u>\$392,008</u>	<u>\$392,017</u>	<u>\$14,498</u>

Please refer to Note VI.27 for more details on the evaluation of gain and loss of embedded derivatives and the interest expenses of the domestic convertible bonds payable.

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

Issue amount: NT\$800,000 thousand

Period: September 28, 2022 ~ September 28, 2027

Important redemption clauses:

- a. If the closing price of the Company's common shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days is above 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 day 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 day 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 September 28, 2025.

Terms of Exchange:

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

All of the bonds were already converted into 2,787 thousand of common shares at October 18, 2023.

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 day 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 day 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 June 30, 2024, NT\$300 thousand of the bonds were converted into 480 common shares, of which 160 shares were recognized as advance receipts for capital stock.

17. Long-term loans

Details of long-term loans as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured Bank Loan	\$5,640,000	\$364,000	\$273,714
Secured Bank Loan	2,809,693	1,475,579	3,616,656
Less: unamortized issuance cost	(45,474)	(23,817)	(28,782)
Less: current portion	(1,277,303)	(630,502)	(2,237,260)
Total	<u>\$7,126,916</u>	<u>\$1,185,260</u>	<u>\$1,624,328</u>
Interest Rate	<u>2.03%~7.03%</u>	<u>1.90%~6.68%</u>	<u>1.90%~6.15%</u>
Maturity date	Due prior to December 2034	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. As of June 30, 2024, some of the borrower's financial ratios did not meet the requirements. The borrower has obtained the waiver from bank in accordance with loan agreements which were not considered default. As at June 30, 2024, the long-term loans were not reclassified as current liabilities.

18. Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three months ended June 30, 2024 and 2023 were NT\$50,254 thousand and NT\$26,753 thousand, respectively. Expenses under the defined contribution plan for the six months ended June 30, 2024 and 2023 were NT\$82,281 thousand and NT\$43,319 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three months ended June 30, 2024 and 2023 amounted to NT\$78 thousand and NT\$85 thousand, respectively. Expenses under the defined benefits plan for the six months ended June 30, 2024 and 2023 amounted to NT\$156 thousand and NT\$171 thousand, respectively.

19. 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	-	-	158,489	158,489
Utilized	(55,009)	-	(26,341)	(81,350)
Reversal during the period	-	-	(2,245)	(2,245)
Exchange differences	3,835	-	4,647	8,482
June 30, 2024	\$158,933	\$5,000	\$280,771	\$444,704
January 1, 2023	\$311,484	\$-	\$164,613	\$476,097
Arising during the period	-	-	2,049	2,049
Utilized	(53,107)	-	(11,165)	(64,272)
Cancellation	-	-	(12,394)	(12,394)
Exchange differences	9,251	-	4,501	13,752
June 30, 2023	\$267,628	\$-	\$147,604	\$415,232
Current- June 30, 2024	\$110,861	\$5,000	\$144,112	\$259,973
Non-current- June 30, 2024	\$48,072	\$-	\$136,659	\$184,731
Current- December 31, 2023	\$108,660	\$5,000	\$30,863	\$144,523
Non-current- December 31, 2023	\$101,477	\$-	\$115,358	\$216,805
Current- June 30, 2023	\$109,971	\$-	\$28,431	\$138,402
Non-current- June 30, 2023	\$157,657	\$-	\$119,173	\$276,830

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.

20. 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.

	June 30, 2024	December 31, 2023	June 30, 2023
Recognized as other current liabilities	\$36,873	\$-	\$-
Recognized as other non-current liabilities	\$126,396	\$-	\$-

21. Equity

(1) Common stock

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized shares (in thousands)	200,000	200,000	200,000
Authorized capital	\$2,000,000	\$2,000,000	\$2,000,000
Issued and paid shares (in thousands)	101,550	101,413	77,435
Capital stock	\$1,015,501	\$1,014,128	\$774,348

- 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 six months ended June 30, 2024, the Company's 3th convertible bond in the amount of NT\$100 thousand were converted to 160 ordinary shares with an amount of NT\$2 thousand. The converted shares have not completed the registration process and are recognized as capital – advance receipts for ordinary share as at June 30, 2024.
- ⑤ 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.
- ⑥ For the six months ended June 30, 2024, the Company's employee stock option holders have converted 61 thousand shares at the exercise price from NT\$106.8 to NT\$150.4 per share to an amount of NT\$610 thousand, of which 9 thousand shares with an amount of NT\$90 thousand have completed the registration process on June 13, 2024. The residual converted shares have not completed the registration process and were recognized as capital – advance receipts for ordinary share as of June 30, 2024.

⑦ 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.

(2) Capital surplus

	June 30, 2024	December 31, 2023	June 30 , 2023
Additional paid-in capital	\$946,935	\$936,839	\$905,432
Conversion premium from convertible bonds	908,050	908,017	782,203
Employee stock option	177,397	118,876	72,226
Treasury stock	44,092	40,683	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	869,385	874,793	2,177
Increase (decrease) through changes in ownership interests in subsidiaries	47,125	47,125	-
Due to recognition of equity component of convertible bonds issued	392,008	392,017	14,498
Total	<u>\$3,384,992</u>	<u>\$3,318,350</u>	<u>\$1,811,851</u>

According to the 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, or capitalize the capital surplus at a fixed ratio of the paid-in capital. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

a. Changes in treasury stock are as follows:

For the six months ended June 30, 2024: (Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	288	519	(7)	800

For the six months ended June 30, 2023:

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

b. As of June 30, 2024, December 31, 2023 and June 30, 2023, the treasury stock held by the Company amounted to NT\$438,856 thousand, NT\$50,986 thousand and NT\$52,738 thousand, respectively, and the number of treasury stock held by the Company was 800 thousand, 288 thousand and 298 thousand shares, respectively.

- c. For the six months ended June 30, 2024, 7 thousand shares of treasury stock were transferred by the Company to employees in the amount of NT\$1,239 thousand.

(4) Retained earnings and dividend policies

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

- a. Pay 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;
- e. The distribution of the remaining portion, if any, is proposed by the Board of Directors to be reported to 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, the Company shall set aside amounts to legal reserve until 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 reserve 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 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 earnings distribution in the corresponding proportion originally allocated to special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share approved and resolved by shareholders' meeting held on May 27, 2024 and June 6, 2023, respectively, are as follows:

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

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

Please refer to Note VI.27 for details on employees' compensation and remuneration to directors.

(5) Non-controlling interests

	Six months ended June 30	
	2024	2023
Beginning balance	\$2,681,024	\$612,134
Profit attributable to non-controlling interests	69,332	12,729
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	88,344	-
Issuance of employee stock option by subsidiaries	7,646	2,607
Distribution of cash dividend by subsidiaries	(38,391)	(2,660)
Translation differences of foreign operations	49	-
Ending balance	<u>\$2,808,004</u>	<u>\$624,810</u>

22. Share-based payment plans

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

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

On November 4, 2020, January 10, 2022, and May 17, 2023, the Company was approved by the Securities and Futures Bureau of the FSC, to issue employee share options totaling 1,000, 1,000,000 and 1,000,000 units, respectively. Each unit entitles an optionee to subscribe for 1,000 shares, 1 share, and 1 share of the Company's common shares, respectively. The exercise price of the option was set at the closing price of the parent company's common share on the grant date. Only the employees of the parent 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 optionees may exercise the options in accordance with certain schedules as prescribed by the plan after 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

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

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

Date of grant	Total number of options granted (in thousand shares)	Exercise price per share (NT\$) (Note)
December 29, 2020	275	\$106.8
August 13, 2021	598	\$150.4
May 11, 2022	477	\$109.3
August 31, 2022	160	\$258.1
December 8, 2022	345	\$295.0
September 19, 2023	535	\$646.0
November 14, 2023	10	\$608.0
March 11, 2024	264	\$625.0
May 14, 2024	187	\$710.0

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%
Risk-free interest rate (%)	1.146% ~ 1.176%	1.431% ~ 1.476%
Expected option life (Years)	3.5 ~ 4.5	3.5 ~ 4.5
Weighted average share price (\$)	\$625	\$710
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 parent company's share-based payment plan:

	Six months ended June 30			
	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	451	660.2	-	-
Forfeited	(15)	258.1	(35)	338.6
Exercised	(61)	108.5	(46)	140.3
Expired	-	-	-	-
Outstanding, ending	<u>2,410</u>	\$372.9	<u>1,664</u>	\$225.2
Exercisable, ending	<u>263</u>	-	<u>26</u>	-

The information on the outstanding stock options as of June 30, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of June 30, 2024		
Options outstanding	\$106.8~\$710.0	0.84~3.92
As of June 30, 2023		
Options outstanding	\$140.3~\$387.5	1.62~2.69

(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 directors 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 per share on the grant date. Only the employees of Bora Bio and its affiliates or associates meeting certain requirements are eligible for the plan. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan after 1 year 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:

	Six months ended June 30			
	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	(243)	28	(192)	28
Exercised	(2,962)	28	-	-
Expired	-	-	-	-
Outstanding, ending	<u>1,681</u>	\$28	<u>5,091</u>	\$28
Exercisable, ending	<u>818</u>	-	<u>874</u>	-

The information on the outstanding stock options as of June 30, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of June 30, 2024		
Options outstanding	\$28	1.87~2.05
As of June 30, 2023		
Options outstanding	\$28	2.75~3.18

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

On December 20, 2022, TWi Pharmaceuticals, Inc. (the “TWi”) was authorized by the board of directors 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 per 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 employees who may exercise the options in accordance with certain schedules as prescribed by the plan after 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	\$31
February 1, 2023	565	\$31

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:

	Six months ended June 30			
	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
Forfeited	(85)	48.4	(101)	57
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	<u>1,649</u>	\$31.0	<u>1,773</u>	\$57
Exercisable, ending	<u>-</u>	-	<u>-</u>	-

The information on the outstanding stock options as of June 30, 2024 and 2023, is as follows:

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of June 30, 2024		
Options outstanding	\$31	2.5
As of June 30, 2023		
Options outstanding	\$57	3.5

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

Except for the subsidiary Bora Biologics Co., Ltd., which modified some of the stock options outstanding to exercise the stock options in advance, no modification or cancellation of the share-based payment plan has occurred for the six months ended June 30, 2024.

No modification or cancellation of share-based payment plan has occurred for the six months ended June 30, 2023.

- (5) The expense recognized for employee share-based plan payment during the six months ended June 30, 2024 and 2023, is shown in the following table:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Total expense arising from equity-settled share-based payment transactions	\$26,499	\$21,328	\$70,254	\$38,748

23. Operating revenue

Analysis of revenue from contracts with customers for the six months ended June 30, 2024 and 2023 are as follows:

- (1) Disaggregation of revenue

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Sales of goods	\$3,639,451	\$1,961,664	\$5,250,295	\$5,498,742
CDMO – services and manufacturing	1,385,984	1,175,282	2,630,451	2,416,660
Others	1,876	1,619	4,058	3,695
Total	\$5,027,311	\$3,138,565	\$7,884,804	\$7,919,097

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Timing of revenue recognition:				
At a point in time	\$4,781,288	\$3,040,894	\$7,442,943	\$7,708,806
Over time	246,023	97,671	441,861	210,291
Total	\$5,027,311	\$3,138,565	\$7,884,804	\$7,919,097

- (2) Contract assets – current

	As at			
	June 30, 2024	December 31, 2023	Jun 30, 2023	January 1, 2023
Commercial sales	\$124,976	\$-	\$-	\$-
CDMO – services and manufacturing	43,917	15,111	29,516	35,197
Total	\$168,893	\$15,111	\$29,516	\$35,197

The material changes to the Group's contract assets for the six months ended June 30, 2024 were mainly due to the business combination and the increase of advance receipt. The material changes to the Group's contract assets for the six months ended June 30, 2023 were mainly due to the changes in the stage of completion assessed in accordance with the terms of the contracts.

(3) Contract liabilities

	As at			
	June 30, 2024	December 31, 2023	Jun 30, 2023	January 1, 2023
Commercial sales	\$101,170	\$44,189	\$31,718	\$14,866
CDMO – services and manufacturing	161,126	180,408	136,885	69,290
Other	4,333	-	13,006	5,720
Total	<u>\$266,629</u>	<u>\$224,597</u>	<u>\$181,609</u>	<u>\$89,876</u>
Current	<u>\$266,629</u>	<u>\$224,597</u>	<u>\$181,609</u>	<u>\$85,692</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,184</u>

The material changes to the Group's contract liabilities balance for the six months ended June 30, 2024 and 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	<u>\$1,866,901</u>
Acquisitions through business combinations	2,015,856
Addition/(reversal)	16,994,687
Payment	(16,434,935)
Exchange differences	143,280
Balance as of June 30, 2024	<u><u>\$4,585,789</u></u>
Balance as of January 1, 2023	\$2,023,565
Addition/(reversal)	4,778,748
Payment	(5,070,536)
Exchange effects	22,278
Balance as of June 30, 2023	<u><u>\$1,754,055</u></u>

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.

24. Expected credit losses/ (gains)

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Operating expenses – expected credit losses/(gains)				
Accounts receivable	\$6,314	\$1,763	\$14,122	\$1,271
Other receivables	-	-	-	(341)
Total	<u>\$6,314</u>	<u>\$1,763</u>	<u>\$14,122</u>	<u>\$930</u>

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

As of June 30, 2024, December 31, 2023 and June 30, 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 as at June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

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

As of June 30, 2024

Group 1	Overdue						Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$7,269,350	\$1,114,711	\$88,531	\$213,740	\$1,773	\$2,333	\$8,690,438
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	\$7,269,350	\$1,114,711	\$88,531	\$213,740	\$1,773	\$2,333	\$8,690,438
Group 2	Overdue						
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross	\$665,053	\$123,765	\$47,553	\$71,686	\$2,325	\$12,486	\$922,868
Loss rate	0.03%~ 1.74%	0.03%~ 14.68%	0.03%~ 37.97%	0.03%~ 57.22%	0.03%~ 81.39%	94.94%~ 100%	
Lifetime expected credit losses	(4,977)	(6,518)	(4,045)	(1,634)	(460)	(12,041)	(29,675)
Net	\$660,076	\$117,247	\$43,508	\$70,052	\$1,865	\$445	\$893,193
Receivables, net							<u>\$9,583,631</u>

As of December 31, 2023

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

As of June 30, 2023

Group 1	Overdue						Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$2,585,056	\$29,350	\$6,476	\$72,279	\$9	\$1,202	\$2,694,372
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	\$2,585,056	\$29,350	\$6,476	\$72,279	\$9	\$1,202	2,694,372
Group 2	Overdue						Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$632,286	\$33,243	\$10,041	\$1,732	\$1,970	\$11,659	\$690,931
Loss rate	0%	0%~ 100%	0%~ 100%	0.01%~ 100%	49.12%~ 100%	76.85%~ 100%	
Lifetime expected credit losses	-	(6)	(9)	(1,032)	(1,215)	(9,865)	(12,127)
Net	\$632,286	\$33,243	\$10,041	700	755	1,794	678,804
Receivables, net							<u>\$3,373,176</u>

Note: Notes receivable were not overdue.

The movement of loss allowance for accounts receivable for the six months ended June 30, 2024 and 2023 is as follows:

	Accounts receivable	Contract assets
Balance as of January 1, 2024	\$17,408	\$-
Provision/(reversal)	14,122	-
Write-off	(2,595)	-
Exchange differences	740	-
Balance as of June 30, 2024	<u>\$29,675</u>	<u>\$-</u>
Balance as of January 1, 2023	\$10,314	\$-
Provision/(reversal)	1,271	-
Others	278	-
Exchange differences	264	-
Balance as of June 30, 2023	<u>\$12,127</u>	<u>\$-</u>

25. Leases

(1) Group as a lessee

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

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

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$271,729	\$279,326	\$286,925
Buildings	558,135	556,674	326,323
Machinery equipment	8,723	-	-
Transportation equipment	3,911	4,768	7,517
Decommissioning liabilities	909	1,818	-
Total	<u>\$843,407</u>	<u>\$842,586</u>	<u>\$620,765</u>

For the six months ended June 30, 2024, the Group's additions to right-of-use assets from acquisitions amounting to NT\$0 thousand and amounting to NT\$52,031 thousand through business combinations, respectively.

There was no new addition to right-of-use assets for the six months ended June 30 2023.

(b) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	<u>\$874,379</u>	<u>\$869,372</u>	<u>\$638,101</u>
Current	<u>\$109,070</u>	<u>\$106,039</u>	<u>\$81,032</u>
Non-current	<u>\$765,309</u>	<u>\$763,333</u>	<u>\$557,069</u>

Please refer to Note VI.27 for the interest expense on lease liabilities recognized and refer to Note XII.5 for more details on the maturity analysis for lease liabilities for the six months ended June 30, 2024 and 2023.

B. Amounts recognized in the consolidated statements of comprehensive income

Depreciation of right-of-use assets

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Land	\$3,799	\$3,799	\$7,598	\$7,598
Buildings	21,380	13,730	41,695	27,416
Machinery equipment	812	-	812	-
Transportation equipment	896	777	1,690	1,694
Decommissioning liabilities	454	-	909	-
Total	<u>\$27,341</u>	<u>\$18,306</u>	<u>\$52,704</u>	<u>\$36,708</u>

C. Income and costs related to leasing activities

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$4,159	\$1,289	\$5,225	\$2,387
Expenses relating to leases of low-value assets (Exclude expenses relating to short-term leases of low-value assets)	458	329	808	1,127

D. Cash outflow related to leasing activities

For the six months ended June 30, 2024 and 2023, the Group's total cash outflows for leases amounted to NT\$63,799 thousand and NT\$44,709 thousand, respectively.

(2) Group as a lessor

Please refer to Note VI.12 for disclosures of the Group's own investment properties. Leases under investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	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	\$2,289	\$2,251	\$3,795	\$4,554

Please refer to Note VI.8 for the disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Not later than one year	\$20,989	\$8,991	\$8,696
Later than one year but not later than two years	20,989	8,991	8,571
Later than two years but not later than three years	21,078	8,991	8,571
Later than three years but not later than four years	22,050	8,991	8,571
Later than four years but not later than five years	16,024	7,467	8,571
Later than five years	38,070	-	2,971
Total	\$139,200	\$43,431	\$45,951

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

Function		Three months ended June 30					
		2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:							
Wages and salaries	\$573,618	\$617,425	\$1,191,043	\$332,217	\$179,410	\$511,627	
Labor and health insurance	44,698	26,573	71,271	29,967	14,559	44,526	
Pension costs	32,958	17,374	50,332	19,162	7,676	26,838	
Other employee benefits expense	29,139	35,232	64,371	17,845	9,845	27,690	
Depreciation	137,335	26,735	164,070	91,184	12,040	103,224	
Amortization	68,524	19,027	87,551	31,658	2,876	34,534	

Function		Six months ended June 30					
		2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:							
Wages and salaries	\$922,370	\$834,903	\$1,757,273	\$642,603	\$367,846	\$1,010,449	
Labor and health insurance	78,110	36,804	114,914	47,967	24,907	72,874	
Pension costs	57,218	25,219	82,437	31,615	11,875	43,490	
Other employee benefits expense	41,772	42,106	83,878	42,854	17,742	60,596	
Depreciation	232,330	45,704	278,034	179,019	25,108	204,127	
Amortization	127,261	37,676	164,937	61,536	5,771	67,307	

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 board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto reported such distribution in the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the three months ended June 30, 2024 to be NT\$22,443 thousand and NT\$11,221 thousand, respectively. The aforementioned amounts were recognized as salary expense. The Company estimated the amounts of the employees' compensation and remuneration to directors for the three months ended June 30, 2023 to be NT\$13,809 thousand and NT\$6,889 thousand, respectively, recognized as expense.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the six months ended June 30, 2024 to be NT\$37,106 thousand and NT\$18,553 thousand, respectively. The aforementioned amounts were recognized as salary expense. The Company estimated the amounts of the employees' compensation and remuneration to directors for the six months ended June 30, 2023 to be NT\$35,495 thousand and NT\$17,732 thousand, respectively, recognized as expense.

A resolution was approved at the board meeting held on March 7, 2024 to distribute NT\$61,228 thousand and NT\$30,664 thousand in cash as employees' compensation and remuneration to directors for 2023. There was no difference between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2023.

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

27. Non-operating income and expenses

(1) Other revenue

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Interest income	\$22,310	\$23,686	\$27,801	\$31,312
Others	10,084	6,709	11,746	22,288
Total	<u>\$32,394</u>	<u>\$30,395</u>	<u>\$39,547</u>	<u>\$53,600</u>

(2) Other gains and losses

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Gains and (losses) on disposal of property, plant and equipment	\$8	\$(603)	\$(104)	\$(607)
Foreign exchange gains	67,323	40,089	181,752	32,105
Gains and (losses) on financial assets at fair value through profit or loss (Note)	11,664	(346,474)	13,882	(422,654)
Others	1,526	(4,364)	1,585	(4,403)
Total	<u>\$80,521</u>	<u>\$(311,352)</u>	<u>\$197,115</u>	<u>\$(395,559)</u>

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

(3) Financial costs

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Interest expenses from bank borrowings	\$129,231	\$42,869	\$147,432	\$81,493
Interest expenses from bonds payable	8,403	668	16,761	2,724
Interest expenses from lease liabilities	4,532	2,980	8,552	6,008
Others	28	266	1,699	559
Total	<u>\$142,194</u>	<u>\$46,783</u>	<u>\$174,444</u>	<u>\$90,784</u>

28. Components of other comprehensive income (“OCI”)

Three months ended June 30, 2024

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	\$18,958	\$-	\$18,958	\$(3,792)	\$15,166
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	74,188	-	74,188	(14,844)	59,344
Total comprehensive income	<u>\$93,146</u>	<u>\$-</u>	<u>\$93,146</u>	<u>\$(18,636)</u>	<u>\$74,510</u>

Six months ended June 30, 2024

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	\$18,958	\$-	\$18,958	\$(3,792)	\$15,166
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	154,313	-	154,313	(30,847)	123,466
Total comprehensive income	<u>\$173,271</u>	<u>\$-</u>	<u>\$173,271</u>	<u>\$(34,639)</u>	<u>\$138,632</u>

Three months ended June 30, 2023

	<u>Arising</u>	<u>Reclassification</u>	<u>before tax</u>	<u>Tax (Expense)</u>	<u>Net of tax</u>
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$-	\$-	\$-	\$-	\$-
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	149,567	-	149,567	(29,914)	119,653
Total comprehensive income	<u>\$149,567</u>	<u>\$-</u>	<u>\$149,567</u>	<u>\$(29,914)</u>	<u>\$119,653</u>

Six months ended June 30, 2023

	<u>Arising</u>	<u>Reclassification</u>	<u>before tax</u>	<u>Tax income (Expense)</u>	<u>Net of tax</u>
Not to be reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$(11,571)	\$-	\$(11,571)	\$3,067	\$(8,504)
To be reclassified to profit or loss in subsequent periods:					
Translation differences of foreign operations	124,480	-	124,480	(24,896)	99,584
Total comprehensive income	<u>\$112,909</u>	<u>\$-</u>	<u>\$112,909</u>	<u>\$(21,829)</u>	<u>\$91,080</u>

29. Income tax

The major components of income tax expense (income) for the three months and six months ended June 30, 2024 and 2023 are as follows:

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

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax expense	\$156,871	\$482,782	\$507,532	\$710,255
Adjustments in respect of prior periods	(1,583)	8,596	809	8,596
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	225,207	(224,849)	186,068	(188,032)
Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit	(82,307)	51,679	(156,342)	186,558
Total income tax expense	<u>\$298,188</u>	<u>\$318,208</u>	<u>\$538,067</u>	<u>\$717,377</u>

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

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Deferred income tax expense (income):				
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	\$3,792	\$-	\$3,792	\$-
Translation differences of foreign operations	14,844	29,914	30,847	24,896
Remeasurement of the defined benefit plan	-	-	-	(3,067)
Income tax relating to other comprehensive income	<u>\$18,636</u>	<u>\$29,914</u>	<u>\$34,639</u>	<u>\$21,829</u>

(3) The assessment of income tax returns

As of June 30, 2024, the assessment of the income tax returns of the Company and its subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
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 (Note1)
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 1: 2020 income tax return has not assessed and approved.

30. Earnings per share

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

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
(1) Basic earnings per share				
Profit attributable to ordinary shareholders of the Company (in thousand NT\$)	<u>\$1,171,815</u>	<u>\$692,027</u>	<u>\$1,887,952</u>	<u>\$1,731,367</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>100,900</u>	<u>100,416</u>	<u>101,069</u>	<u>99,777</u>
Basic earnings per share (NT\$)	<u>\$11.61</u>	<u>\$6.89</u>	<u>\$18.68</u>	<u>\$17.35</u>
	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
(2) Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (in thousand NT\$)	\$1,171,815	\$692,027	\$1,887,952	\$1,731,367
Interest expense from convertible bonds (in thousand NT\$)	<u>6,723</u>	<u>534</u>	<u>13,409</u>	<u>2,179</u>
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$1,178,538</u>	<u>\$692,561</u>	<u>\$1,901,361</u>	<u>\$1,733,546</u>
Weighted average number of ordinary share: outstanding for basic earnings per share (in thousand shares)	100,900	100,416	101,069	99,777
Effect of dilution:				
Employee compensation-stock (in thousand shares)	45	46	75	68
Employee stock options (in thousand shares)	1,032	984	1,032	984
Bonds payable (in thousand shares)	<u>2,732</u>	<u>255</u>	<u>2,732</u>	<u>996</u>
Weighted average number of ordinary share: outstanding after dilution (in thousand shares)	<u>104,709</u>	<u>101,701</u>	<u>104,908</u>	<u>101,825</u>
Diluted earnings per share (NT\$)	<u>\$11.26</u>	<u>\$6.81</u>	<u>\$18.12</u>	<u>\$17.02</u>

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

31. Business combinations

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

On 1 September 2022, the Company acquired 100% of the voting shares of TWi Pharmaceuticals, Inc. located at 4th floor, No. 41, Ln. 221, Gangqian Rd., Neihu Dist., Taipei City, Taiwan. The purpose for the acquisition is to conduct strategic integration, enlarge the production capacity, enhance cost advantages, expand market share, and improve competitiveness.

The purchase included a holdback of US\$28,250 thousand and contingent considerations. As of June 30, 2024, US\$21,000 thousand was paid and outstanding balance of US\$7,250 thousand (NT\$235,263 thousand, approximately) was recognized as other payables.

Contingent considerations

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

The fair value of contingent considerations was determined using the discounted cash flow model. Please refer to Note XII. 9 for the Information on significant unobservable inputs to valuation.

Subsequent to the acquisition date, the performance of TWi Group was better than the estimated performance at the acquisition date. As of June 30, 2024, the Company paid earn-out consideration for 2021 and 2022 totaled US\$71,922 thousand (NT\$2,286,395 thousand, approximately). The contingent considerations for 2024 was mutually agreed by both parties in an amount of US\$16,000 thousand (NT\$519,200 thousand approximately) and was recognized as other payables. This amount was fully paid in July 2024. Please refer to Note XII. 9 for the fair value reconciliation of contingent considerations.

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

In order to enhance the efficiency of research and development and expand the portfolio of health care products, the Company's board of directors resolved on August 21, 2023, to acquire 25,415 thousand shares (35.79% of equity interests, approximately) of SunWay Biotech Co., LTD. in exchange for all the Company's equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company became the single largest shareholder of SunWay Biotech Co., LTD. This transaction accounts for a reverse acquisition according to IFRS 3 "*Business Combination*". For the acquisition, SunWay Biotech Co., LTD. is a legal acquirer (accounting acquiree) while Bora Health Inc. is the legal acquiree (accounting acquirer).

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

	Fair value recognized at the acquisition date (Provisional amount)
Asset:	
Cash and cash equivalents	\$288,423
Financial assets at amortized cost - current	4,800
Accounts receivable and accounts receivable - related parties	48,014
Inventories	84,817
Prepayments	6,123
Other current assets - current	327
Financial assets measured at fair value through other comprehensive income, non-current	7,758
Property, plant and equipment	43,280
Right-of-use assets	264,788
Intangible assets	574,472
Prepayment for equipment	70,783
Other non-current assets	15,772
Subtotal	<u>1,409,357</u>
Liabilities	
Contract liabilities	\$ 660
Notes payable and accounts payable	14,734
Other payables	26,904
Income tax payable	15,845
Other current liabilities - current	6,762
Lease liabilities - non-current	270,890
Other non-current liabilities	4,885
Subtotal	<u>340,680</u>
Identifiable net assets	<u>\$1,068,677</u>
Goodwill is as follows:	
Acquisition considerations – equity instrument	\$2,863,379
Non-controlling interests	3,101
Less: identifiable net assets at fair value	<u>(1,068,677)</u>
Goodwill	<u>\$1,797,803</u>

Intangible assets include distribution rights, outstanding contracts, and software amortized over the estimated economic lives.

The Group has engaged an independent third party professional for the valuation of the identified net assets. As of June 30, 2024, the Group reported the fair value of the identified net assets at a provisional amounts as the 3rd party report was incomplete as of the approval date for the Group's consolidated financial statements for the six months ended June 30, 2024.

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:

	<u>Fair value recognized at the acquisition date (Provisional amount)</u>
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	<u>12,428,268</u>
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	<u>4,937,570</u>
Identifiable net assets	<u>\$7,490,698</u>
Bargain purchase gain is as follows:	
Acquisition considerations	\$6,691,993
Less: identifiable net assets at fair value	<u>(7,490,698)</u>
Bargain purchase gain	<u><u>\$(798,705)</u></u>

Acquisition considerations

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

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	<u>381,350</u>
Net cash flow on acquisition	<u>\$ (6,189,294)</u>

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, 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 June 30, 2024, the estimated fair value of the contingent consideration was US\$10,000 thousand (approximately NT\$324,500 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 June 30, 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 six months ended June 30, 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.

VII. Related Party Transactions

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

Name and nature of relationship of the related party

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Hoan Pharmaceuticals, Ltd.	Substantive related party (NOTE 1)
3T Technology Co., Ltd.	Substantive related party (NOTE 2)
Taiwan Television Technology Co., Ltd. (the "TW TV")	Substantive related party (NOTE 2)
GTSW Biotech Sdn. Bhd. (the "GTSW")	Associate

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. occurred before November 1, 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

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Hoan Pharmaceuticals, Ltd.	\$-	\$9,394	\$-	\$19,592
3T Technology Co., Ltd.	65,645	-	133,544	-
GTSW	298	-	298	-
Total	<u>\$65,943</u>	<u>\$9,394</u>	<u>\$133,842</u>	<u>\$19,592</u>

The sales prices to the above related party 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

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$18,432</u>	<u>\$-</u>	<u>\$35,068</u>

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, net

	June 30, 2024	December 31, 2023	June 30, 2023
Hoan Pharmaceuticals, Ltd.	\$-	\$-	\$13,202
3T Technology Co., Ltd.	68,928	68,290	-
GTSW	298	-	-
Less: loss allowance	-	-	-
Net	<u>\$69,226</u>	<u>\$68,290</u>	<u>\$13,202</u>

4. Accounts payable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$21,256</u>

5. Other receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$56</u>

6. Other payables-related party

	June 30, 2024	December 31, 2023	June 30, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$1,266</u>

7. Dividend payable

	June 30, 2024	December 31, 2023	June 30, 2023
TW TV	<u>\$259</u>	<u>\$-</u>	<u>\$-</u>

8. Sales and marketing expenses

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$3,780</u>	<u>\$-</u>	<u>\$7,014</u>

9. Key management personnel compensation

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$8,503	\$34,640	\$73,326	\$51,438
Post-employment benefits	135	99	270	180
Total	<u>\$8,638</u>	<u>\$34,739</u>	<u>\$73,596</u>	<u>\$51,618</u>

VIII. Assets Pledged as Security

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

Items	Carrying amount			Secured liabilities
	June 30, 2024	December 31, 2023	June 30, 2023	
Financial assets measured at amortized cost	\$1,709,013	\$21,176	\$186,434	Customs deposit; guarantee bond with Science Park Administration and bank; short-term loans and long-term loans; interest reserved account
Property, plant and equipment - land	3,565,298	3,178,190	3,189,390	Short-term loans and long-term loans
Property, plant and equipment - buildings	2,751,948	900,088	887,152	Short-term loans and long-term loans
Investment properties	16,714	17,018	17,332	Long-term loans
Refundable Deposits	120,875	-	-	Lodged at Courts
Total	\$8,163,848	\$4,116,472	\$4,280,298	

Except for the pledged assets above, the Group also pledged the shares of TWi Pharmaceuticals, Inc., Bora Pharmaceutical Holdings, Inc. and Upsher-Smith Laboratories, LLC.

IX. Significant Contingencies and Unrecognized Contractual Commitments

None.

X. Losses due to Major Disasters

None.

XI. Significant Subsequent Events

1. On May 27, 2024, the Company's Board of Directors resolved to issue its first five-year overseas unsecured convertible bonds with an expected maximum issuance amount of US\$200,000 thousand at 0% coupon rate. The issuance has been submitted and became effective as of July 9, 2024, the FSC's Order No. Financial-Supervisory-Securities-Corporate 1130348225 dated.
2. To accelerate the expansion of CDMO business for sterile fill/finish services in North America, the Company, through its subsidiary Bora Pharmaceuticals Injectables Inc., has entered into an argument with Cangene bioPharma, LLC to acquire the CDMO operating assets located in Maryland, USA. The asset purchase price was US\$30,000 thousand (approximately NT\$969,300 thousand). The ownership will be transferred in the third quarter of 2024.
3. On April 12, 2024, the Company's Board of Directors resolved to acquire all of the equity interests of Bora Biologics Co., Ltd. with the consideration of issuing 1,657,656 common shares. This share swap transaction was completed on July 26, 2024.

XII. Financial Instruments

1. Categories of financial instruments

Financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets measured at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$112,884	\$-	\$1,421
Financial assets measured at fair value through other comprehensive income	208,258	7,758	-
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	5,508,487	3,052,260	4,203,931
Financial assets measured at amortized cost	2,065,309	356,127	186,734
Notes receivables	32,443	54,323	25,877
Accounts receivable	9,551,188	3,958,874	3,347,299
Other receivables	916,660	82,614	85,823
Refundable deposits	169,149	44,111	32,375
Subtotal	18,243,236	7,548,309	7,882,039
Total	<u>\$18,564,378</u>	<u>\$7,556,067</u>	<u>\$7,883,460</u>

Financial liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities measured at amortized cost:			
Short-term loans	\$7,776,718	\$767,508	\$1,949,477
Accounts and other payables (including amount recognized in other non-current liabilities)	5,305,146	2,129,814	2,506,200
Bonds payable	1,555,114	1,538,361	112,280
Long-term loans (including current portion)	8,404,219	1,815,762	3,861,588
Lease liabilities	874,379	869,372	638,101
Deposits received	4,497	66,144	66,785
Subtotal	23,920,073	7,186,961	9,134,431
Financial liabilities at fair value through profit or loss:			
Held for trading	292	9,009	-
Contingent considerations from business combinations	324,500	1,935,436	1,286,128
Subtotal	324,792	1,944,445	1,286,128
Total	<u>\$24,244,865</u>	<u>\$9,131,406</u>	<u>\$10,420,559</u>

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 activities. 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 six months ended June 30, 2024 and 2023 will be decreased/increased by NT\$46,834 thousand and NT\$16,351 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 six months ended June 30, 2024 and 2023 to decrease by NT\$11,233 thousand and NT\$2,245 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the six months ended June 30, 2024 and 2023 will be the same amount as above but at the opposite direction.

4. Credit risk management

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

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all 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 June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable from top ten customers represented 89%, 90% and 92% 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.

Non-derivative financial liabilities

	<u><= 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
June 30, 2024					
Borrowings	\$9,466,235	\$4,297,692	\$3,148,295	\$256,285	\$17,168,507
Accounts and other payables	5,301,836	3,310	-	-	5,305,146
Convertible bonds	-	-	1,699,700	-	1,699,700
Lease liabilities (Note)	113,320	187,517	109,284	596,077	1,006,198
	<u><= 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
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
	<u><= 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
June 30, 2023					
Borrowings	\$4,270,892	\$1,295,600	\$137,194	\$300,899	\$6,004,585
Accounts and other payables	2,280,435	225,765	-	-	2,506,200
Convertible bonds	-	-	122,500	-	122,500
Lease liabilities (Note)	81,781	157,207	105,536	389,024	733,548

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

	<u>Maturities</u>					<u>Total</u>
	<u>Less than 5 year</u>	<u>5 to 10 years</u>	<u>11 to 15 years</u>	<u>16 to 20 years</u>	<u>>21 years</u>	
June 30, 2024	\$410,121	\$236,862	\$210,448	\$68,944	\$79,823	\$1,006,198
December 31, 2023	\$416,944	\$206,582	\$210,058	\$84,071	\$85,963	\$1,003,618
June 30, 2023	\$344,524	\$112,251	\$112,251	\$72,419	\$92,103	\$733,548

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six months ended June 30, 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	6,925,795	6,547,740	(49,214)	-	13,424,321
Non-cash changes					
Acquisitions	-	-	52,611	-	52,611
Conversion	-	-	-	(9)	(9)
Others	83,415	40,717	1,610	16,762	142,504
June 30, 2024	<u>\$7,776,718</u>	<u>\$8,404,219</u>	<u>\$874,379</u>	<u>\$1,555,114</u>	<u>\$18,610,430</u>

Reconciliation of liabilities for the six months ended June 30, 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	(211,666)	(270,136)	(35,187)	-	(516,989)
Non-cash changes					
Conversion	-	-	-	(532,807)	(532,807)
Others	78	11,623	1,102	2,724	15,527
June 30, 2023	<u>\$1,949,477</u>	<u>\$3,861,588</u>	<u>\$638,101</u>	<u>\$112,280</u>	<u>\$6,561,446</u>

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		
	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities:			
Bonds payable	\$1,555,114	\$1,538,361	\$112,280
	Fair value as of		
	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities:			
Bonds payable	\$1,548,597	\$1,538,829	\$115,138

(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 June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

Forward currency contracts

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

Items (by contract)	Notional Amount	Contract Period
As of June 30, 2024		
Forward currency contract	Sell USD 2,000 thousand	From May 30, 2024 to July 1, 2024

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

Embedded derivatives

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

9. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

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

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

June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss:				
Stock	\$-	\$-	\$20,275	\$20,275
Cash surrender value of life insurance	-	91,249	-	91,249
Embedded derivatives	-	-	1,360	1,360
Financial assets measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	208,258	208,258
Total	<u>\$-</u>	<u>\$91,249</u>	<u>\$229,893</u>	<u>\$321,142</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Forward currency contract	\$-	\$292	\$-	\$292
Contingent considerations from business combinations	-	-	324,500	324,500
Total	<u>\$-</u>	<u>\$292</u>	<u>\$324,500</u>	<u>\$324,792</u>

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss:				
Embedded derivatives	\$-	\$-	\$1,421	\$1,421

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Contingent considerations from business combinations	\$-	\$-	\$1,286,128	\$1,286,128

Transfers between Level 1 and Level 2 during the period

During the three months ended June 30, 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 recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

For the period from January 1, 2024 to June 30, 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/issues	-	(319,800)	20,275
Disposal/settlements/transfer out		2,034,911	-
Gains (losses) recognized in profit or loss: (presented in “Gain and (loss) on financial assets or liabilities measured at fair value through profit or loss”)	10,369	13,769	-
Exchange differences	-	(117,944)	-
As of June 30, 2024	<u>\$1,360</u>	<u>\$ (324,500)</u>	<u>\$20,275</u>

	Financial assets (liabilities)	
	Measured at fair value through other comprehensive income	
	Stock	
As of January 1, 2024		\$7,758
Acquisition/issues		179,203
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”)		18,958
Exchange differences		2,339
As of June 30, 2024		<u>\$208,258</u>

For the period from January 1, 2023 to June 30, 2023:

	Financial asset(liabilities)	
	Measured at fair value through profit or loss	
	Embedded Derivatives	Contingent considerations
As of January 1, 2023	\$2,336	\$ (1,623,181)
Acquisition/issues	-	770,684
Gains (losses) recognized in profit or loss: (presented in “Gain and (loss) on financial assets or liabilities measured at fair value through profit or loss”)	(915)	(422,226)
Exchange differences	-	(11,405)
As of June 30, 2023	<u>\$1,421</u>	<u>\$ (1,286,128)</u>

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:

June 30, 2024:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets:					
At fair value through profit or loss:					
Stocks	Market approach	discount for lack of marketability	40%	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 an increase by NT\$4,647 thousand or a decrease by NT\$4,786 thousand in the Group's profit or loss.
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	42.35%	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\$340 thousand or a decrease by NT\$340 thousand in the Group's profit or loss.
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$42 thousand
Stocks	Market approach	discount for lack of marketability	34.16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$410 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Stocks	Market approach	discount for lack of marketability	40%	The higher the price-book ratio of comparable company, the higher the fair value of the stocks	10% increase (decrease) in the price-book ratio of comparable company would result in increase (decrease) in the Group's equity by NT\$390 thousand
Stocks	Market approach	discount for lack of marketability	15.80%	The higher the price-book ratio of comparable company, the higher the fair value of the stocks	10% increase (decrease) in the price-book ratio of comparable company would result in increase (decrease) in the Group's equity by NT\$18,856 thousand
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 or 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 a decrease by NT\$510 in the Group's profit or loss

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
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 a decrease of NT\$3,080 thousand or an increase of NT\$3,135 thousand in the Group's profit or loss

June 30, 2023:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$51 thousand
At fair value through profit or loss					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	61.19%	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\$123 thousand or a decrease by NT\$0 in the Group's profit or loss
Financial liabilities:					
At fair value through 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 a decrease of NT\$12,570 thousand or an increase of NT\$12,828 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

June 30, 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	\$-	\$-	\$53,094	\$53,094

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

June 30, 2023:

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

10. Significant assets and liabilities denominated in foreign currencies

	Unit: thousands		
	June 30, 2024		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$186,083	32.45	\$6,038,393
<u>Financial liabilities</u>			
Monetary items:			
USD	\$41,756	32.45	\$1,354,982

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

	June 30, 2023		Unit: thousands
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$123,483	31.14	\$3,845,261
<u>Financial liabilities</u>			
Monetary items:			
USD	\$70,974	31.14	\$2,210,130

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) Financing provided to others: Please refer to Table 2.
- (b) Endorsement/Guarantee provided to others: Please refer to Table 3.
- (c) Securities held as of June 30, 2024: 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 capital stock for the six months ended June 30, 2024: 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 capital stock for the six months ended June 30, 2024: None.

- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the six months ended June 30, 2024: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six months ended June 30, 2024: Please refer to Table 6.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of June 30, 2024: Please refer to Table 7.
- (i) Financial instruments and derivative transactions: Please refer to Note VI.15
- (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Table 1.

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

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

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

XIV. Segment information

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

Sales segment: selling pharmaceuticals, generic, and healthcare products.

CDMO segment: contract development 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.

Three months ended June 30, 2024

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	\$3,639,451	\$1,385,984	\$1,876	\$-	\$5,027,311
Inter-segment (Note)	1,423,181	125,218	216,782	(1,765,181)	-
Total revenue	<u>\$5,062,632</u>	<u>\$1,511,202</u>	<u>\$218,658</u>	<u>\$(1,765,181)</u>	<u>\$5,027,311</u>
Segment profit	<u>\$1,357,747</u>	<u>\$372,948</u>	<u>\$(197,307)</u>	<u>\$(21,577)</u>	<u>\$1,511,811</u>

Six months ended June 30, 2024

	<u>Sales segment</u>	<u>CDMO segment</u>	<u>Other segment</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue					
External customer	\$5,250,295	\$2,630,451	\$4,058	\$-	\$7,884,804
Inter-segment (Note)	1,446,377	326,405	353,834	(2,126,616)	-
Total revenue	<u>\$6,696,672</u>	<u>\$2,956,856</u>	<u>\$357,892</u>	<u>\$(2,126,616)</u>	<u>\$7,884,804</u>
Segment profit	<u>\$2,206,305</u>	<u>\$623,899</u>	<u>\$(288,500)</u>	<u>\$(46,353)</u>	<u>\$2,495,351</u>

Three months ended June 30, 2023

	<u>Sales segment</u>	<u>CDMO segment</u>	<u>Other segment</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue					
External customer	\$1,961,664	\$1,175,282	\$1,619	\$-	\$3,138,565
Inter-segment (Note)	5,996	107,555	68,027	(181,578)	-
Total revenue	<u>\$1,967,660</u>	<u>\$1,282,837</u>	<u>\$69,646</u>	<u>\$(181,578)</u>	<u>\$3,138,565</u>
Segment profit	<u>\$1,260,930</u>	<u>\$196,583</u>	<u>\$(448,040)</u>	<u>\$9,564</u>	<u>\$1,019,037</u>

Six months ended June 30, 2023

	<u>Sales segment</u>	<u>CDMO segment</u>	<u>Other segment</u>	<u>Adjustment and elimination</u>	<u>Consolidated</u>
Revenue					
External customer	\$5,498,742	\$2,416,660	\$3,695	\$-	\$7,919,097
Inter-segment (Note)	14,391	173,832	110,662	(298,885)	-
Total revenue	<u>\$5,513,133</u>	<u>\$2,590,492</u>	<u>\$114,357</u>	<u>\$(298,885)</u>	<u>\$7,919,097</u>
Segment profit	<u>\$2,599,425</u>	<u>\$482,414</u>	<u>\$(606,355)</u>	<u>\$(14,011)</u>	<u>\$2,461,473</u>

Note: Inter-segment revenue are eliminated upon consolidation and were recorded under the “adjustment and elimination” column.

Table 1

Significant inter-company transactions during the period

For the six months ended June 30, 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	196,406	60 days from the date of invoice	2.49%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Operating revenue	157,427	60 days from the date of invoice	2.00%
1	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other revenue	83,555	Net 30 days	1.06%
1	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	3	Other receivables	1,650,816	Note 4	3.81%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	3,113,697	120 days from the date of invoice	7.18%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	2,451,034	120 days from the date of invoice	31.09%
3	TWi Pharmaceuticals USA, Inc.	Upsher-Smith Laboratories, LLC.	3	Accounts receivable	1,414,438	Net 120 days	3.26%
3	TWi Pharmaceuticals USA, Inc.	Upsher-Smith Laboratories, LLC.	3	Operating revenue	1,390,517	Net 120 days	17.64%
4	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	248,925	60 days from the date of invoice	3.15%

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

- (1) Parent Company is "0".
- (2) The subsidiaries are numbered in order from "1".

Note 2: Transactions are categorized as follows:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: Loans to subsidiaries; no related similar transactions can be followed, the transaction terms are agreed by both parties.

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-related parties	Yes	\$1,692,340	\$-	\$-	7.0%	2	\$-	Need for operation	\$-	None	\$-	\$3,830,356	\$4,787,945
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Other receivables-related parties	Yes	\$150,000	\$150,000	\$150,000	2.5%	2	\$-	Need for operation	\$-	None	\$-	\$895,253	\$1,119,066
2	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	Other receivables-related parties	Yes	\$1,627,250	\$1,622,500	\$1,622,500	7.0%	2	\$-	Need for operation	\$-	None	\$-	\$9,041,317	\$9,041,317
3	Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Laboratories, LLC.	Other receivables-related parties	Yes	\$2,278,150	\$-	\$-	7.0%	2	\$-	Need for operation	\$-	None	\$-	\$5,603,130	\$5,603,130

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 represents the accumulated business transactions between the lender and the counterparty during the past 12 months.

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

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	\$47,879,450	\$4,283,400	\$4,283,400	\$4,283,400	\$-	44.73%	\$47,879,450	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Upsher-Smith Laboratories, LLC.	2	\$47,879,450	\$2,278,150	\$2,271,500	\$2,271,500	\$-	23.72%	\$47,879,450	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals Injectables Inc.	2	\$47,879,450	\$1,298,000	\$1,298,000	\$1,298,000	\$-	13.55%	\$47,879,450	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	\$47,879,450	\$240,000	\$240,000	\$-	\$-	2.51%	\$47,879,450	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	2	\$47,879,450	\$2,852,400	\$2,840,400	\$2,840,400	\$-	29.66%	\$47,879,450	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	\$22,381,319	\$260,000	\$260,000	\$260,000	\$-	11.62%	\$22,381,319	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.

Table 4

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

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of June 30, 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 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 asset at fair value through profit or loss, current	467,000	\$20,275	2.20%	\$20,275	No pledged or collateral
TWi Pharmaceuticals, Inc.	Non-listed stock – BIONET Therapeutics Corp.	None	Financial assets at fair value through other comprehensive income, non-current	1,000,000	\$38,958	1.68%	\$38,958	No pledged or collateral
SunWay Biotech Co., LTD.	Preferred stock – CMC Pharma Solutions Group, Inc.	None	Financial assets at fair value through other comprehensive income, non-current	1,200	\$7,758	7.00%	\$7,758	No pledged or collateral
Upsher-Smith Laboratories, LLC.	Non-listed stock – APPCO Pharma LLC	None	Financial assets at fair value through other comprehensive income, non-current	2,791,791.79	\$161,542	6.89%	\$161,542	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 was NT\$0 since accumulated unrealized valuation loss of financial assets measured at fair value through other comprehensive income was NT\$4,900 thousand.

Table 5

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

Company Name	Name of the securities	Financial statement account	Counter-party	Nature of Relationship	Beginning balance		Addition		Disposal				Ending balance		Note
					Shares	Amount (thousand)	Shares	Amount (thousand)	Shares	Amount	Cost	Gain (Loss) from disposal	Shares	Amount (thousand)	
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Holdings Inc.	Investments accounted for using equity method	Sawai Group Holdings Co., Ltd.	Third party	-	\$-	230	USD 167,355	-	\$-	\$-	\$-	230	USD 167,355	-
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	Investments accounted for using equity method	Sumitomo Corporation of Americas	Third party	-	\$-	1	USD 41,839	-	\$-	\$-	\$-	1	USD 41,839	-

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	\$196,406	37.85%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$157,697	58.72%	-	
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Subsidiary	Sales	\$157,427	30.33%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$28,469	10.60%	-	
Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	Subsidiary	Sales	\$248,925	35.22%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$76,420	34.98%	-	
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Sales	\$2,451,034	98.45%	120 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$3,113,697	99.80%	-	
TWi Pharmaceuticals USA Inc.	Upsher-Smith Laboratories, LLC.	Subsidiary	Sales	\$1,390,517	14.13%	Net 120 days	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$1,414,438	34.32%	-	
SunWay Biotech Co., LTD.	3T TECHNOLOGY CO., LTD.	Substantive related party	Sales	\$133,544	85.91%	Net 60 days	Unit price and terms were not significantly different from transactions with third parties	Accounts receivable \$68,928	92.03%	-	

Table 7

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

Company Name	Counter-party	Relationship	Ending balance of receivables from related party (Note 1、2)	Turnover Rate	Overdue		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Action			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Other receivables \$353,136	Note 1	Note 1	Note 1	\$-	\$-	Note 1
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Subsidiary	Accounts receivable \$157,697	1.77	\$-	-	\$112,157	\$-	-
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Subsidiary	Other receivables \$150,544	Note 2	Note 2	Note 2	\$-	\$-	Note 2
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Subsidiary	Other receivables \$152,916	Note 3	Note 3	Note 3	\$-	\$-	Note 3
Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	Subsidiary	Other receivables \$1,650,816	Note 3	Note 3	Note 3	\$-	\$-	Note 3
TWi Pharmaceuticals USA ,Inc.	Upsher-Smith Laboratories, LLC.	Subsidiary	Accounts receivable \$1,414,438	1.97	\$-	-	\$-	\$-	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Accounts receivable \$3,113,697	0.73	\$2,059,678	Collected in subsequent reporting period	\$224,782	\$-	-

Note 1: Dividends payable of subsidiary, not applicable.

Note 2: Receivable of the remuneration due to acting as director of the subsidiary, not applicable.

Note 3: Loans to subsidiaries, not applicable.

Table 8

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of June 30, 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%	\$2,154,956	\$222,392	\$222,392	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	USD 114,000	USD 2,000	500,000	100%	\$4,520,659	\$796,339	\$796,339	-
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%	\$1,565,483	\$230,380	\$115,190	-
Bora Pharmaceuticals Co., Ltd.	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	\$1,000	\$1,000	100,000	100%	\$4,383	\$(6)	\$(6)	
Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	Hsinchu City, Taiwan	Biotechnical services, research and development services and pharmaceutical manufacturing	\$1,103,720	\$1,103,720	39,425,000	62.61%	\$1,245,753	\$66,157	\$42,060	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	\$400	\$100	40,000	100%	\$206	\$(53)	\$(53)	-
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	\$5,676,416	\$5,676,416	60,000,000	100%	\$6,222,572	\$1,736,500	\$1,687,007	(Note 2)
Bora Pharmaceuticals Co., Ltd.	SunWay Biotech Co., LTD.	Taipei City, Taiwan	Healthcare product wholesale and retail	\$1,138,633	\$1,138,633	21,257,168	35.79%	\$1,148,471	\$71,438	\$25,568	(Note 1)
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%	\$1,565,483	\$230,380	\$115,190	-

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of June 30, 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 Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	\$160,126	\$160,126	64,252,492	98.85%	\$46,864	\$(55,134)	\$(54,499)	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	State of New Jersey, USA	Pharmaceutical wholesale	USD 7,600	USD 7,600	38	100%	\$10,644	\$(855,466)	\$(855,466)	-
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Republic of Seychelles	Investment holding	USD 637	USD 637	1,000,000	100%	\$2,215	\$(554)	\$(554)	-
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale	\$2,550	\$2,550	255,000	51%	\$2,716	\$(2)	\$(1)	-
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%	\$344,543	\$49,481	\$49,481	-
SunWay Biotech Co., LTD.	GTSW BIOTECH SDN. BHD.	Malaysia	Healthcare product wholesale	MYR 200	MYR -	200,000	40%	\$1,077	\$(227)	\$(165)	(Note 3)
Sunway Group Holding Limited	Sunway Investment(H.K.) Limited	Hong Kong	Investment holding	USD 623	USD 623	3,500,000	100%	\$4,378	\$(555)	\$(555)	-
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	\$31,558	\$31,558	1,500,000	100%	\$31,187	\$(60)	\$(60)	-
Bora Pharmaceuticals USA Inc	Bora Pharmaceutical Holdings, Inc.	State of Delaware, USA	Investment holding	USD 62,001	USD -	1,000	100%	\$2,801,565	\$776,279	\$776,279	
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith Holdings Inc.	State of Minnesota, USA	Investment holding	USD 167,355	USD -	230	100%	\$6,157,026	\$(63,357)	\$75,106	(Note 2)
Bora Pharmaceutical Holdings, Inc.	Upsher-Smith America LLC	State of Minnesota, USA	Investment holding	USD 41,839	USD -	1	20%	\$1,539,770	\$(76,672)	\$19,281	(Note 2)
Upsher-Smith Holdings Inc.	Upsher-Smith America LLC	State of Minnesota, USA	Investment holding	USD 791,481	USD 791,481	4	80%	\$8,779,446	\$(76,672)	\$(61,338)	

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of June 30, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Upsher-Smith America LLC	Upsher-Smith Laboratories, LLC.	State of Minnesota, USA	Pharmaceutical manufacturing and wholesale	USD 992,546	USD 992,546	5,976,700 Class A units; 116,235,280 Class B units	100%	\$10,156,248	\$(77,706)	\$(77,706)	

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

Note 2: The investment income recognized excluded 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 3: Investment loss recognized in the reporting period is \$(165) thousand, including the investment loss recognized in previous period of \$(74) thousand and the investment loss recognized in current period of \$(91) thousand.

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 June 30, 2024 (in Thousands)	Net income (loss) of investee company	Percentage of ownership of direct or indirect Investment	Investment income (loss) recognized (Note 2)	Carrying amount as of March 31, 2024	Accumulated inward remittance of earnings as of June 30, 2024
					Outflow	Inflow						
Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and retail	RMB 4,000	(ii)	RMB 4,000	\$-	\$-	RMB 4,000	\$(501)	100%	\$(501)	\$3,787	\$7,725

Accumulated outward remittance for investments in Mainland China as of June 30, 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	1,925,752

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 reviewed by the Taiwan parent company's certified accountant.

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

Name of major shareholders	Shares	Percentage of Ownership
Baolei Co., Ltd.	18,704,939	18.41%
Reibaoshin Co., Ltd.	11,348,676	11.17%
Sheng Pao-Shi	5,392,672	5.30%

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 day. 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.