

BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS ENDED
March 31, 2024 AND 2023

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

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Bora Pharmaceuticals Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, and its consolidated financial performance and cash flows for the three months ended March 31, 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” as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Hu, Tzu Ren

Hung, Kuo Sen

Ernst & Young, Taiwan

May 14, 2024

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

ASSETS	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
Current assets							
Cash and cash equivalents	IV&VI.1	\$8,065,514	26	\$3,053,294	12	\$4,807,172	21
Financial assets measured at fair value through profit or loss, current	IV&VI.2	20,275	-	-	-	-	-
Financial assets measured at amortized cost, current	IV&VI.4&VIII	328,200	1	342,627	1	169,395	1
Contract assets, current	IV&VI.24	15,443	-	15,111	-	19,390	-
Notes receivable, net	IV&VI.5.25	48,485	-	54,323	-	21,745	-
Accounts receivable, net	IV&VI.6.25	3,903,492	13	3,890,584	16	4,961,245	22
Accounts receivable-related party, net	IV&VI.6.25&VII	71,293	-	68,290	-	17,280	-
Other receivables		103,147	-	82,614	-	287,659	1
Other receivables-related party	VII	-	-	-	-	26	-
Inventories, net	IV&VI.7	2,381,614	8	2,156,134	9	1,794,909	8
Prepayments	VI.8	787,734	3	801,425	3	210,748	1
Other current assets	VI.9	124,969	-	138,626	1	72,928	-
Total current assets		15,850,166	51	10,603,028	42	12,362,497	54
Non-current assets							
Financial assets measured at fair value through profit or loss, non-current	IV&VI.2.18	-	-	-	-	1,718	-
Financial assets measured at fair value through other comprehensive income, non-current	IV&VI.3	27,758	-	7,758	-	-	-
Financial assets measured at amortized cost, non-current	IV&VI.4&VIII	13,500	-	13,500	-	62,227	1
Investments accounted for using equity method	IV&VI.10	1,392	-	-	-	-	-
Property, plant and equipment	IV&VI.11&VIII	6,672,025	22	6,649,994	27	6,585,597	29
Right-of-use assets	IV&VI.26	817,860	3	842,586	3	636,438	3
Investment properties, net	IV&VI.12&VIII	16,866	-	17,018	-	17,474	-
Intangible assets	IV&VI.13.14	5,528,685	18	5,595,670	22	2,114,038	9
Deferred tax assets	IV&VI.30	1,198,111	4	1,044,615	5	842,038	4
Prepayment for equipments		144,479	-	149,991	1	62,312	-
Refundable deposits		165,433	1	44,111	-	38,276	-
Other non-current assets		223,269	1	83,734	-	86,392	-
Total non-current assets		14,809,378	49	14,448,977	58	10,446,510	46
Total assets		\$30,659,544	100	\$25,052,005	100	\$22,809,007	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
BORA PHARMACEUTICALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Unit: Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
Current liabilities							
Short-term loans	IV&VI.15	\$3,646,523	12	\$767,508	3	\$1,873,385	8
Financial liabilities measured at fair value through profit or loss, current	IV&VI.16	1,473,818	5	1,584,841	6	741,201	3
Contract liabilities, current	IV&VI.24	250,103	1	224,597	1	120,993	-
Notes payable		17,673	-	18,845	-	6	-
Accounts payable		339,653	1	361,605	1	373,429	2
Accounts payable-related party	VII	-	-	-	-	22,021	-
Other payables	VI.17	1,397,333	5	1,526,752	6	2,926,013	12
Other payables-related party	VI.17&VII	-	-	-	-	1,071	-
Dividends payable		1,252,930	4	-	-	617,095	3
Income tax payable	IV&VI.30	1,310,995	4	987,430	4	411,176	2
Provisions, current	IV&VI.21	147,184	1	144,523	1	133,087	-
Lease liabilities, current	IV&VI.26	106,814	-	106,039	1	77,827	-
Current portion of long-term loans	VI.19	965,392	3	630,502	3	1,051,027	5
Refund liabilities	IV&VI.24	2,163,620	7	1,866,901	7	2,206,744	10
Other current liabilities		10,942	-	9,518	-	5,443	-
Total current liabilities		13,082,980	43	8,229,061	33	10,560,518	46
Non-current liabilities							
Financial liabilities measured at fair value through profit or loss, non-current	IV&VI.16.18	553,792	2	359,604	1	944,463	4
Bonds payable	IV&VI.18	1,546,719	5	1,538,361	6	141,161	1
Long-term loans	VI.19	2,039,165	7	1,185,260	5	2,977,372	13
Provisions, non-current	IV&VI.21	191,501	1	216,805	1	290,413	1
Deferred tax liabilities	IV&VI.30	746,811	2	701,736	3	763,631	3
Lease liabilities, non-current	IV&VI.26	739,315	2	763,333	3	576,459	3
Other non-current liabilities		301,705	1	292,034	1	471,202	2
Total non-current liabilities		6,119,008	20	5,057,133	20	6,164,701	27
Total liabilities		19,201,988	63	13,286,194	53	16,725,219	73
Equity attributable to the parent company	VI.22						
Capital							
Common stock		1,014,128	3	1,014,128	4	753,815	3
Advance receipts for ordinary share		1,373	-	853	-	21,946	-
Capital surplus		3,357,710	11	3,318,350	13	1,761,656	8
Retained earnings							
Legal reserve		355,501	1	355,501	1	216,436	1
Special reserve		-	-	-	-	23,919	-
Unappropriated earnings		3,874,455	13	4,373,116	18	2,730,909	12
Subtotal		4,229,956	14	4,728,617	19	2,971,264	13
Other equity		137,859	-	73,807	-	10,520	-
Treasury stock		(49,729)	-	(50,968)	-	(52,738)	-
Equity attributable to shareholders of the parent		8,691,297	28	9,084,787	36	5,466,463	24
Non-controlling interests	VI.22	2,766,259	9	2,681,024	11	617,325	3
Total equity		11,457,556	37	11,765,811	47	6,083,788	27
Total liabilities and equity		\$30,659,544	100	\$25,052,005	100	\$22,809,007	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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

Unit: Thousands of New Taiwan Dollars

	Notes	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
Operating revenue	IV&VI.24&VII	\$2,857,493	100	4,780,532	100
Operating costs	VI.7.20.26.27&VII	(1,351,503)	(47)	(2,854,800)	(60)
Gross profit		1,505,990	53	1,925,732	40
Operating expenses	VI.20.23.25.26.27&VII				
Sales and marketing expenses		(200,508)	(7)	(101,426)	(2)
General and administrative expenses		(319,912)	(11)	(221,442)	(5)
Research and development expenses		(93,527)	(3)	(55,425)	(1)
Total operating expenses		(613,947)	(21)	(378,293)	(8)
Operating income		892,043	31	1,547,439	32
Non-operating income and expenses	VI.28				
Other revenue		7,153	0	23,205	0
Other gains and (losses)		116,594	4	(84,207)	(2)
Financial costs		(32,250)	(1)	(44,001)	(1)
Total non-operating income and (expenses)		91,497	3	(105,003)	(2)
Net income before income tax		983,540	34	1,442,436	29
Income tax expense	IV&VI.30	(239,879)	(8)	(399,169)	(8)
Net income		743,661	26	1,043,267	21
Other comprehensive income	IV&VI.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)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	3,067	-
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translation foreign operations		80,125	3	(25,087)	(1)
Income tax related to items to be reclassified subsequently to profit or loss		(16,003)	(1)	5,018	-
Total other comprehensive income, net of tax		64,122	2	(28,573)	(1)
Total comprehensive income		\$807,783	28	\$1,014,694	20
Net income attributable to:					
Stockholders of the parent		\$716,137		\$1,039,340	
Non-controlling interests		\$27,524		\$3,927	
Comprehensive income attributable to:					
Stockholders of the parent		\$780,189		\$1,010,767	
Non-controlling interests		\$27,594		\$3,927	
Earnings per share (NTD)	IV&VI.31				
Earnings per share-basic		\$7.07		\$10.48	
Earnings per share-diluted		\$6.88		\$10.26	

(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		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 earning	-	-	-	-	-	(617,095)	-	-	-	-	(617,095)	-	(617,095)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the nine months ended March 31, 2023	-	-	-	-	-	1,039,340	-	-	-	-	1,039,340	3,927	1,043,267
Other comprehensive income for the nine months ended March 31, 2023	-	-	-	-	-	-	(20,069)	-	(8,504)	-	(28,573)	-	(28,573)
Total comprehensive income	-	-	-	-	-	1,039,340	(20,069)	-	(8,504)	-	1,010,767	3,927	1,014,694
Conversion of convertible bonds	-	18,439	503,908	-	-	-	-	-	-	-	522,347	-	522,347
Share-based payment transactions-stock based compensation	-	400	5,212	-	-	-	-	-	-	-	5,612	-	5,612
Share-based payment transactions-conversion of stock option	-	-	16,156	-	-	-	-	-	-	-	16,156	1,264	17,420
Other-treasury shares sold to employees	-	-	-	-	-	-	-	-	-	354	354	-	354
Balance as of March 31, 2023	\$753,815	\$21,946	\$1,761,656	\$216,436	\$23,919	\$2,730,909	\$15,420	\$(4,900)	\$0	\$(52,738)	\$5,466,463	\$617,325	\$6,083,788
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	-	-	-	-	-	(1,214,798)	-	-	-	-	(1,214,798)	-	(1,214,798)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the three months ended March 31, 2024	-	-	-	-	-	716,137	-	-	-	-	716,137	27,524	743,661
Other comprehensive income for the nine months ended March 31, 2024	-	-	-	-	-	-	64,052	-	-	-	64,052	70	64,122
Total comprehensive income	-	-	-	-	-	716,137	64,052	-	-	-	780,189	27,594	807,783
Due to share of changes in equities of subsidiary	-	-	(5,602)	-	-	-	-	-	-	-	(5,602)	88,538	82,936
Share-based payment transactions-exercise of stock option	-	520	5,033	-	-	-	-	-	-	-	5,553	-	5,553
Share-based payment transactions-stock based compensation	-	-	36,520	-	-	-	-	-	-	-	36,520	7,235	43,755
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(38,132)	(38,132)
Other-treasury shares sold to employees	-	-	3,409	-	-	-	-	-	-	1,239	4,648	-	4,648
Balance as of March 31, 2024	\$1,014,128	\$1,373	\$3,357,710	\$355,501	\$-	\$3,874,455	\$140,447	\$(4,900)	\$2,312	\$(49,729)	\$8,691,297	\$2,766,259	\$11,457,556

(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 three months ended March 31, 2024	For the three months ended March 31, 2023	Items	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	\$983,540	\$1,442,436	Acquisition of financial assets measured at fair value through other comprehensive income	(20,000)	-
Adjustments for:			Acquisition of financial assets measured at amortized cost	(263,298)	-
Income and expense adjustments:			Disposal of financial assets measured at amortized cost	280,951	78,022
Depreciation	113,964	100,903	Acquisition of financial assets measured at fair value through profit or loss	(20,275)	-
Amortization	77,386	32,773	Acquisition of Investments accounted for using equity method	(1,392)	-
Net loss on financial assets or liabilities measured at fair value through profit or loss	(2,218)	76,180	Acquisition of property, plant and equipment	(70,664)	(41,244)
Interest expense	32,250	44,001	Increase in refundable deposits	(121,322)	-
Interest income	(5,491)	(7,626)	Decrease in refundable deposits	-	22
Share-based payment expenses	43,755	17,420	Acquisition of intangible assets	(130,679)	(415)
Loss on disposal of property, plant and equipment	112	4	Other non-current assets	(139,535)	(1,448)
Other	2,464	1,692	Increase in prepayment for equipments	-	(24,509)
Total income and expense adjustments:	262,222	265,347	Decrease in prepayment for equipments	5,512	-
Changes in operating assets and liabilities:			Net cash (used in) investing activities	(480,702)	10,428
Contract assets	(332)	15,807	Cash flows from financing activities:		
Notes receivable, net	5,838	15,155	Increase in short-term loans	2,879,015	-
Accounts receivable, net	(12,908)	1,067,098	Decrease in short-term loans	-	(285,933)
Accounts receivable-related party, net	(3,003)	2,427	Proceeds from long-term borrowings	1,600,000	-
Other receivables	(20,533)	(2,859)	Repayment of long-term loans	(416,404)	(90,307)
Inventories, net	(225,480)	151,909	Repayment of the principal of lease liabilities	(23,953)	(17,523)
Prepayments	13,691	81,345	Increase in other non-current liabilities	282	-
Other current assets	13,657	(5,832)	Decrease in other non-current liabilities	-	(14,935)
Contract liabilities	25,506	31,117	Employee stock options exercised	5,553	5,612
Notes payable	(1,172)	(2,850)	Treasury shares sold to employees	4,648	-
Accounts payable	(21,952)	(53,422)	Interest paid	(22,664)	(40,393)
Accounts payable-related party	-	(3,010)	Net change of non-controlling interests	83,006	-
Other payables	(16,603)	(967,572)	Net cash (used in) generated by financing activities	4,109,483	(443,479)
Refund liabilities	296,719	183,179			
Provisions	(28,569)	(56,606)			
Other current liabilities	1,424	(2,120)	Effect of exchange rate changes on cash and cash equivalents	146,641	(20,059)
Cash generated from operations	1,272,045	2,161,549			
Interest received	5,491	7,626	Net increase in cash and cash equivalents	5,012,220	1,525,853
Income tax paid	(40,738)	(190,212)	Cash and cash equivalents at beginning of period	3,053,294	3,281,319
Net cash generated by operating activities	1,236,798	1,978,963	Cash and cash equivalents at end of period	\$8,065,514	\$4,807,172

(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 Three Months Ended March 31, 2024 and 2023

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

I. History and Organization

1. Bora Pharmaceuticals Co., Ltd. (“the Company”) was incorporated in 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 three months ended March 31, 2024 and 2023 were authorized for issue by the Board of Directors on May 14, 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	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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025
d	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
e	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027

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

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

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

- (b) IFRS 17 “Insurance Contracts”

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

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

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

- (c) Lack of Exchangeability – Amendments to IAS 21

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

(d) IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are listed 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.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

(e) 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.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s 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) - (d) 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 three months ended March 31, 2024 and 2023 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRSs").

2. Basis of preparation

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

3. Basis of consolidation

Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

The consolidated entities are as follows:

Investor	Subsidiary	Major business	Percentage of Ownership		
			31 March, 2024	December 31, 2023	31 March, 2023
Bora Pharmaceuticals Co., Ltd.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	-%	-% (Note1)	100%
Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	-%	-% (Note 2)	90.44%
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	62.6% (Note6)	65.7%	65.7%
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%
Bora Pharmaceuticals Co., Ltd.	SunWay Biotech Co., LTD.	Healthcare product wholesale and retail	35.79%	35.79% (Note2) (Note4)	-%
TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical manufacturing and Sales	-%	-% (Note3)	98.64%
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Pharmaceutical wholesale	100%	100%	100%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Pharmaceutical manufacturing and Sales	50%	50%	50%
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Pharmaceutical manufacturing and Sales	98.85%	98.85% (Note 3)	-%
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Investment holding	100%	100% (Note2)	-%
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd	Healthcare product wholesale	51%	51% (Note2)	-%
SunWay Biotech Co., LTD.	Bora Health Inc.	Pharmaceutical wholesale and healthcare product wholesale	100%	100% (Note2)	-%
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Pharmaceutical manufacturing and wholesale	100%	100% (Note1)	-%
Sunway Group Holding Limited	Sunway Investment (H.K.) Limited	Investment holding	100%	100% (Note2)	-%
Sunway Investment (H.K.) Limited	Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and retail	100%	100% (Note2)	-%
Bora Pharmaceuticals USA Inc.	Bora Pharmaceuticals Holdings, Inc.	Investment holding	100% (Note5)	-%	-%

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

Note 5: The Company registered and established a wholly-owned subsidiary, Bora Pharmaceutical Holdings, Inc., in the USA in January 2024, with a capital of US\$50,001 thousand in March 2024.

Note 6: The owners of Bora Biologics Co., Ltd.'s employee stock warrant exercised stock warrant conversion into common share, as a result its ownership was reduced from 65.7% to 62.6%.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$1,057	\$1,034	\$871
Checking accounts and demand deposits	7,914,457	2,902,260	4,806,301
Time deposits	150,000	150,000	-
Total	<u>\$8,065,514</u>	<u>\$3,053,294</u>	<u>\$4,807,172</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Mandatorily measured at fair value through profit or loss:			
Stocks	\$20,275	\$-	\$-
Embedded derivative – Right of redemption of convertible bonds	-	-	1,718
Total	<u>\$20,275</u>	<u>\$-</u>	<u>\$1,718</u>
Current	<u>\$20,275</u>	<u>\$-</u>	<u>\$-</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$1,718</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Equity instrument investments measured at fair value through other comprehensive income – Non-current:			
Stocks – non-listed entity	<u>\$27,758</u>	<u>\$7,758</u>	<u>\$-</u>

4. Financial assets at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits	\$320,200	\$334,951	\$-
Restricted deposits	21,500	21,176	231,622
Total	<u>\$341,700</u>	<u>\$356,127</u>	<u>\$231,622</u>
Current	<u>\$328,200</u>	<u>\$342,627</u>	<u>\$169,395</u>
Non-current	<u>\$13,500</u>	<u>\$13,500</u>	<u>\$62,227</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI.25 for more details on loss allowance, Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk management.

5. Notes receivable, net

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operation, gross	\$48,485	\$54,323	\$21,745
Less: loss allowance	-	-	-
Subtotal	<u>\$48,485</u>	<u>\$54,323</u>	<u>\$21,745</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.25 for more details on loss allowance and Note XII for details on credit risk management.

6. Accounts receivable and accounts receivable — related party

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable, gross	\$3,927,052	\$3,907,992	\$4,970,994
Less: loss allowance	(23,560)	(17,408)	(9,749)
Subtotal	<u>3,903,492</u>	<u>3,890,584</u>	<u>4,961,245</u>
Accounts receivable from related party, gross	71,293	68,290	17,280
Less: loss allowance	-	-	-
Subtotal	<u>71,293</u>	<u>68,290</u>	<u>17,280</u>
Total	<u>\$3,974,785</u>	<u>\$3,958,874</u>	<u>\$4,978,525</u>

(1) Accounts receivable were not pledged.

(2) The terms of accounts receivable are generally on 30 to 180 days. The total gross amount as of March 31, 2024, December 31, 2023 and March 31, 2023 amounted to NT\$3,998,345 thousand, NT\$3,976,282 thousand and NT\$4,988,274 thousand, respectively. Please refer to Note VI.25 for more details on loss allowance of accounts receivable for the three months ended March 31, 2024 and 2023. Please refer to Note XII for more details on credit risk management.

7. Inventories, net

(1) Details on net inventories are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$962,458	\$961,801	\$793,382
Supplies and spares parts	114,146	113,986	168,345
Work in progress	84,094	100,390	82,995
Semi-finished goods	367,636	303,814	340,933
Finished goods	747,942	576,456	321,293
Merchandise	105,338	99,687	87,961
Total	<u>\$2,381,614</u>	<u>\$2,156,134</u>	<u>\$1,794,909</u>

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

	Three months ended March 31,	
	2024	2023
Cost of goods sold	\$1,317,043	\$2,842,735
Inventories shortage (overage)	971	(1,779)
Write-down of inventories loss	33,489	13,844
Total	<u>\$1,351,503</u>	<u>\$2,854,800</u>

(3) The cost of inventories recognized in operating costs amounted to NT\$1,351,503 thousand and NT\$2,854,800 thousand for the three months ended March 31, 2024 and 2023, respectively, including the write-down of inventories loss to the net realizable value in the amount of NT\$33,489 thousand and NT\$13,844 thousand.

(4) No inventories were pledged.

8. Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Advances to vendors	\$38,892	\$115,595	\$43,394
Prepaid insurance	36,712	19,426	19,196
Prepaid rent	1,070	1,009	1,018
Prepaid inspection fee	36,032	48,668	24,282
Prepaid business tax	50,541	37,858	62,948
Prepaid income tax	551,615	499,138	-
Others	72,872	79,731	59,910
Total	<u>\$787,734</u>	<u>\$801,425</u>	<u>\$210,748</u>

9. Other current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Payment on behalf of others (Note)	\$71,636	\$91,831	\$48,137
Temporary payments	4,057	5,276	3,501
Others	49,276	41,519	21,290
Total	<u>\$124,969</u>	<u>138,626</u>	<u>\$72,928</u>

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

10. Investments accounted for using the equity method

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

Investees	As at					
	31 Mar. 2024		31 Dec. 2023		31 Mar. 2023	
	Percentage		Percentage		Percentage	
	Carrying amount	of ownership (%)	Carrying amount	of ownership (%)	Carrying amount	of ownership (%)
Investments in associates:						
GTSW	\$1,392	40.00%	\$-	-%	\$-	-%
BIOTECH SDN.						
BHD.						

- (2) Investment in associates is not significant to the Group. The associate was established in January 2024 and had no net income or loss due to not yet being formally operated.
- (3) The associate had no contingencies or unrecognized contractual commitments as of March 31, 2024, and the associate had not pledged.

11. Property, plant and equipment

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:									
January 1, 2024	\$3,424,023	\$1,944,518	\$2,416,032	\$3,232	\$54,598	\$251,811	\$86,858	\$115,838	\$8,296,910
Addition	-	3,846	36,348	-	271	-	-	30,199	70,664
Disposals	-	-	(2,142)	-	-	-	(450)	-	(2,592)
Reclassification	-	2,966	5,767	-	-	-	-	(8,771)	(38)
Exchange differences	21,251	11,648	10,322	-	364	-	-	1,584	45,169
March 31, 2024	<u>\$3,445,274</u>	<u>\$1,962,978</u>	<u>2,466,327</u>	<u>\$3,232</u>	<u>\$55,233</u>	<u>\$251,811</u>	<u>\$86,408</u>	<u>\$138,850</u>	<u>\$8,410,113</u>
January 1, 2023	\$3,397,207	\$1,905,066	\$2,321,376	\$2,751	\$63,351	\$205,288	\$65,894	\$76,723	\$8,037,656
Addition	-	4,019	21,184	-	793	4,903	2,788	7,557	41,244
Disposals	-	-	(10)	-	(90)	-	(10)	-	(110)
Reclassification	-	1,083	21,726	-	(13,134)	8,397	15,391	(33,463)	-
Exchange differences	(10,119)	(5,456)	(4,385)	-	(96)	-	-	(558)	(20,614)
March 31, 2023	<u>\$3,387,088</u>	<u>\$1,904,712</u>	<u>\$2,359,891</u>	<u>\$2,751</u>	<u>\$50,824</u>	<u>\$218,588</u>	<u>\$84,063</u>	<u>\$50,259</u>	<u>\$8,058,176</u>
Depreciation and impairment:									
January 1, 2024	\$-	\$457,461	\$1,053,512	\$1,936	\$29,080	\$51,419	\$53,508	\$-	\$1,646,916
Depreciation	-	20,802	60,434	78	1,676	3,437	2,022	-	88,449
Disposals	-	-	(2,142)	-	-	-	(338)	-	(2,480)
Reclassification	-	-	-	-	-	-	-	-	-
Exchange differences	-	1,072	3,934	-	197	-	-	-	5,203
March 31, 2024	<u>\$-</u>	<u>\$479,335</u>	<u>\$1,115,738</u>	<u>\$2,014</u>	<u>\$30,953</u>	<u>\$54,856</u>	<u>\$55,192</u>	<u>\$-</u>	<u>\$1,738,088</u>
January 1, 2023	\$-	\$406,660	\$898,878	\$1,269	\$34,111	\$15,021	\$36,605	\$-	\$1,392,544
Depreciation	-	21,008	54,831	53	1,581	3,084	1,792	-	82,349
Disposals	-	-	(8)	-	(90)	-	(8)	-	(106)
Reclassification	-	-	-	-	(12,140)	-	12,140	-	-
Exchange differences	-	(1,007)	(1,165)	-	(36)	-	-	-	(2,208)
March 31, 2023	<u>\$-</u>	<u>\$426,661</u>	<u>\$952,536</u>	<u>\$1,322</u>	<u>\$23,426</u>	<u>\$18,105</u>	<u>\$50,529</u>	<u>\$-</u>	<u>\$1,472,579</u>
Net carrying amount as of:									
March 31, 2024	<u>\$3,445,274</u>	<u>\$1,483,643</u>	<u>\$1,350,589</u>	<u>\$1,218</u>	<u>\$24,280</u>	<u>\$196,955</u>	<u>\$31,216</u>	<u>\$138,850</u>	<u>\$6,672,025</u>
December 31, 2023	<u>\$3,424,023</u>	<u>\$1,487,057</u>	<u>\$1,362,520</u>	<u>\$1,296</u>	<u>\$25,518</u>	<u>\$200,392</u>	<u>\$33,350</u>	<u>\$115,838</u>	<u>\$6,649,994</u>
March 31, 2023	<u>\$3,387,088</u>	<u>\$1,478,051</u>	<u>\$1,407,355</u>	<u>\$1,429</u>	<u>\$27,398</u>	<u>\$200,483</u>	<u>\$33,534</u>	<u>\$50,259</u>	<u>\$6,585,597</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 three months ended March 31, 2024 and 2023.
- (3) Please refer to Note VIII for more details on pledges of property, plant, and equipment.
- (4) Please refer to Note VI.12 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.

12. Investment properties

Investment properties shall refer to 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 three to nine years. These leases include a clause for annual rate adjustment to reflect the change in market conditions.

	Buildings
Cost:	
January 1, 2024	\$19,449
Additions	-
March 31, 2024	<u>\$19,449</u>
January 1, 2023	<u>\$19,449</u>
Reclassification	-
March 31, 2023	<u>\$19,449</u>
Depreciation and impairment:	
January 1, 2024	\$2,431
Depreciation	152
March 31, 2024	<u>\$2,583</u>
January 1, 2023	<u>\$1,823</u>
Depreciation	152
March 31, 2023	<u>\$1,975</u>
Net carrying amount as of:	
March 31, 2024	<u>\$16,866</u>
December 31, 2023	<u>\$17,018</u>
March 31, 2023	<u>\$17,474</u>
	Three months ended
	March 31,
	2024 2023
Net income from investment properties	<u>\$1,426</u> <u>\$1,329</u>

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 March 31, 2024, December 31, 2023 and March 31, 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:

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

Comparison approach:

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

13. Intangible assets

	Trademark	Patent	Product distribution	Goodwill	Software	Drug License	Customers Relationship	Others	Total
Cost:									
January 1, 2024	\$5,296	\$275,396	\$224,444	\$2,781,388	\$249,194	\$2,254,352	\$321,000	\$72,516	\$6,183,586
Addition	-	79	-	-	2,732	-	-	6,054	8,865
Disposals	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	38	-	-	-	38
Exchange differences	-	-	-	-	3,852	-	-	-	3,852
March 31, 2024	<u>\$5,296</u>	<u>\$275,475</u>	<u>\$224,444</u>	<u>\$2,781,388</u>	<u>\$255,816</u>	<u>\$2,254,352</u>	<u>\$321,000</u>	<u>\$78,570</u>	<u>\$6,196,341</u>
January 1, 2023	\$-	\$-	\$250,366	\$983,585	\$228,945	\$1,009,383	\$-	\$64,827	\$2,537,106
Addition	-	-	-	-	415	-	-	-	415
Disposals	-	-	(25,922)	-	-	-	-	-	(25,922)
Exchange differences	-	-	-	-	(1,652)	-	-	-	(1,652)
March 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$224,444</u>	<u>\$983,585</u>	<u>\$227,708</u>	<u>\$1,009,383</u>	<u>\$-</u>	<u>\$64,827</u>	<u>\$2,509,947</u>
Amortization and impairment:									
January 1, 2024	\$4,557	\$33,665	\$224,238	\$-	\$145,888	\$128,102	\$4,458	\$47,008	\$587,916
Amortization	24	6,152	7	-	11,327	46,774	6,688	6,414	77,386
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	2,354	-	-	-	2,354
March 31, 2024	<u>\$4,581</u>	<u>\$39,817</u>	<u>\$224,245</u>	<u>\$-</u>	<u>\$159,569</u>	<u>\$174,876</u>	<u>\$11,146</u>	<u>\$53,422</u>	<u>\$667,656</u>
January 1, 2023	\$-	\$-	\$248,555	\$-	\$100,106	\$21,417	\$-	\$19,597	\$389,675
Acquisitions through business combinations	-	-	401	-	10,106	15,653	-	6,613	32,773
Disposals	-	-	(25,922)	-	-	-	-	-	(25,922)
Exchange differences	-	-	-	-	(617)	-	-	-	(617)
March 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$223,034</u>	<u>\$-</u>	<u>\$109,595</u>	<u>\$37,070</u>	<u>\$-</u>	<u>\$26,210</u>	<u>\$395,909</u>
Net book value:									
March 31, 2024	<u>\$715</u>	<u>\$235,658</u>	<u>\$199</u>	<u>\$2,781,388</u>	<u>\$96,247</u>	<u>\$2,079,476</u>	<u>\$309,854</u>	<u>\$25,148</u>	<u>\$5,528,685</u>
December 31, 2023	<u>\$739</u>	<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>\$25,508</u>	<u>\$5,595,670</u>
March 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$1,410</u>	<u>\$983,585</u>	<u>\$118,113</u>	<u>\$972,313</u>	<u>\$-</u>	<u>\$38,617</u>	<u>\$2,114,038</u>

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

	Three month ended March 31,	
	2024	2023
Amortization recognized in		
Operating costs	\$58,737	\$29,878
Operating expenses	\$18,649	\$2,895

14. 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.

15. Short-term loans

	Interest rates (%)	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023
Unsecured bank loans	1.00%~2.45%	\$3,146,523	\$767,508	\$763,385
Secured bank loans	2.23%	500,000	-	1,110,000
Total		\$3,646,523	\$767,508	\$1,873,385

The unused available line from short-term loans as of March 31, 2024 and 2023 amounted to NT\$6,838,277 thousands and NT\$2,450,893 thousands, respectively.

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.

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

	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023
Held for trading:			
Contingent consideration from business combination	\$2,018,261	\$1,935,436	\$1,685,664
Embedded derivatives – Put option on convertible bonds	9,349	9,009	-
Total	\$2,027,610	\$1,944,445	\$1,685,664
Current	\$1,473,818	\$1,584,841	\$741,201
Non-current	\$553,792	\$359,604	\$944,463

17. Other payables

	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023
Investments payable	\$192,000	\$184,230	\$517,386
Salaries payable	90,660	106,398	27,240
Employees' and directors' remuneration payable	171,110	190,972	142,646
Equipment payable	10,184	18,206	12,345
Bonus payable	178,404	220,311	163,999
Repair and maintenance payable	108,878	122,191	19,548
Professional service fees payable	57,603	24,739	35,632
Facility management fees payable	1,959	209	8,844
Business tax payable	27,932	19,757	16,136
Interests payable	2,460	1,230	4,319
Royalty fees payable	306,130	305,658	1,778,015
Intangible assets payables	9,600	127,426	-
Other payables	240,413	205,425	200,974
Total	<u>\$1,397,333</u>	<u>\$1,526,752</u>	<u>\$2,927,084</u>

18. Domestic convertible bonds payable

	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023
Liability component:			
Principal amount	\$1,699,800	\$1,699,800	\$154,800
(Discounts) on convertible bonds payable	(153,081)	(161,439)	(13,639)
Subtotal	1,546,719	1,538,361	141,161
Less: current portion	-	-	-
Net	<u>\$1,546,719</u>	<u>\$1,538,361</u>	<u>\$141,161</u>
Embedded derivatives (shown as "Financial (liabilities) assets measured at fair value through profit or loss, non-current)	<u>\$(9,349)</u>	<u>\$(9,009)</u>	<u>\$1,718</u>
Equity component (shown as "Capital Surplus, net of tax)	<u>\$392,017</u>	<u>\$392,017</u>	<u>\$18,320</u>

Please refer to Note VI.28 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 as 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 March 31, 2024, NT\$200 thousand of the bonds were converted into 320 thousands of common shares and were recognized as advance receipts for capital stock.

19. Long-term loans

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

Lenders	As at 31 Mar. 2024	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan (Note 1)	\$449,789	1.90%	From December 23, 2019 to December 23, 2034; 156 monthly instalments (principal and interests), starting from January 23, 2022.
CTBC unsecured bank loan	152,000	2.34%	From June 17, 2022 to June 17, 2027; 17 quarterly instalments (principal), starting from June 17, 2023.
CTBC secured bank loan (Note 2)	1,500,000	3.07%	From March 28, 2024 to March 28, 2029; 10 semi-annual instalments (principal), starting from September 28, 2024.
CTBC secured bank loan (Note 3)	600,000	2.49%	From June 27, 2023 to June 27, 2026; 5 semi-annual instalments (principal), starting from June 30, 2024.
CTBC secured bank loan (Note 4)	35,000	2.46%	From June 30, 2020 to September 30, 2024; Quarterly instalments (principal) of NT\$17,500 thousand, from September 30, 2020 to the maturity date, September 30, 2024. Repay the remaining outstanding principal at maturity date with floating interest rate.
CTBC secured bank loan	159,272	2.37%	From April 28, 2022 to April 28, 2025; Quarterly instalments (principal) of NT\$30,000 thousand, from July 28, 2022. Repay the remaining outstanding principal in a lump sum at maturity date with floating interest rate.
CTBC secured bank loan (Note 5)	146,693	6.51%	From November 27, 2022 to November 27, 2025; 12 quarterly instalments (principal and interests), starting from February 27, 2023.
Subtotal	<u>3,042,754</u>		
Less: unamortized issuance cost	<u>(38,197)</u>		
Subtotal	<u>3,004,557</u>		
Less: current portion	<u>(965,392)</u>		
Total	<u><u>2,039,165</u></u>		

Lenders	December 31, 2023	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan (Note 1)	\$459,196	1.90%	From December 23, 2019 to December 23, 2034; 156 monthly instalments (principal and interests), starting from January 23, 2022.
KGI Bank unsecured bank loan	200,000	2.29%	From December 4, 2023 to December 4, 2025; 5 quarterly instalments (principal and interests), starting from December 4, 2024.
CTBC unsecured bank loan	164,000	2.34%	From June 17, 2022 to June 17, 2027; 17 quarterly instalments (principal), starting from June 17, 2023.
CTBC secured bank loan (Note 2)	600,000	2.49%	From June 27, 2023 to June 27, 2026 ; 5 semi-annual instalments (principal), starting from June 27, 2024.
CTBC secured bank loan (Note 3)	52,500	2.33%	From June 30, 2020 to September 30, 2024; Quarterly instalments (principal) of NT\$17,500 thousand, from September 30, 2020 to the maturity date, September 30, 2024. Repay the remaining outstanding principal in a lump sum at maturity date with floating interest rate.
CTBC secured bank loan	189,273	2.24%	From April 28, 2022 to April 28, 2025; Quarterly instalments (principal) of NT\$30,000 thousand, from July 28, 2022 to the maturity date, April 28, 2025. Repay the remaining outstanding principal in a lump sum at maturity date with floating interest rate.
CTBC secured bank loan (Note 4)	174,610	6.68%	From November 27, 2022 to November 27, 2025; 12 quarterly instalments (principal and interests), starting from February 27, 2023.
Subtotal	<u>1,839,579</u>		
Less: unamortized issuance cost	(23,817)		
Subtotal	<u>1,815,762</u>		
Less: current portion	(630,502)		
Total	<u>\$1,185,260</u>		

Lenders	As at 31 Mar. 2023	Interest Rate (%)	Maturity date and terms of repayment
Chang Hwa secured bank loan (Note 1)	\$487,132	1.78%	From December 23, 2019 to December 23, 2034; 156 monthly instalments (principal and interests), starting from January 23, 2022.
O-Bank unsecured bank loan	100,000	1.92%	From November 29, 2021 to November 1, 2024; 7 quarterly instalments (principal and interests), starting from May 1, 2023.
CTBC unsecured bank loan	200,000	2.22%	From June 17, 2022 to June 17, 2027. 17 quarterly instalments (principal), starting from June 17, 2023.
CTBC syndicated bank loan (Note 3)	2,581,000	2.56%	From September 30, 2022 to September 30, 2027; 9 semi-annual instalments (principal), starting from September 30, 2023.
CTBC secured bank loan (Note 4)	87,500	2.33%	From June 30, 2020 to September 30, 2024; Quarterly instalments (principal) of NT\$17,500 thousand, from September 30, 2020. Repay the remaining outstanding principal in a lump sum at maturity date with floating interest rate.
CTBC secured bank loan	279,273	2.24%	From April 28, 2022 to April 28, 2025; Quarterly instalments (principal) of NT\$30,000 thousand, from July 28, 2022. Repay the remaining outstanding principal in a lump sum at maturity date with floating interest rate
CTBC secured bank loan (Note 5)	325,224	6.12%	From November 27, 2022 to November 27, 2025; 12 quarterly instalments (principal and interests), starting from February 27, 2023.
Subtotal	4,060,129		
Less: unamortized issuance cost	(31,730)		
Subtotal	4,028,399		
Less: current portion	(1,051,027)		
Total	<u>\$2,977,372</u>		

(1) The Company pledged a portion of lands, buildings and investment properties to set first mortgage to the secured loan led by Chang Hwa Bank. Please refer to Note VIII for more details on pledges for the loan.

(2) The Company entered into a Facility Agreement in the amount of NT\$1,500,000 thousand with CTBC Bank. As of March 31, 2024, the total facilities have been fully drawn. During the term of the contract and prior to full repayment under the contract, the Group shall comply with the following financial covenants. The financial covenants will be tested based on audited or reviewed consolidated financial statements on a semi-annual basis starting from December 31, 2024:

① Current ratio shall not be less than 120%

- ② Financial liability ratio (financial liabilities over EBITDA) shall not be higher than 3.
 - ③ Interest coverage ratio (EBITDA over interest expense) shall not be less than 5.
 - ④ In the event that the Borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:
 - a. Terminate the facilities immediately and may not be drawn any more.
 - b. All the outstanding loans, together with accrued interest, and other amounts due to CTBC Bank (collectively, “Liabilities”) to become immediately due and payable.
 - c. The deposits the Borrowers maintain at CTBC Bank and all of the Borrower’s claims from CTBC Bank shall offset with all the liabilities under the agreement.
 - d. Claim for the security.
 - e. Request the maker of the promissory note under the agreement to repay the outstanding Liabilities.
 - f. Has the power to enter into, perform, or exercise all rights under applicable law, the loan agreement, and other relevant documents, without sending out a reminder, protest or any other notification in accordance with applicable law.
- (3) The Company entered into a Facility Agreement at the amount of NT\$2,581,000 thousand with CTBC Bank to replace the original syndicated facility with 7 banks. The syndicated loan was pledged by shares of TWi Pharmaceuticals, Inc. and was terminated in June 2023. Please refer to Note VIII for the details on pledges for the loan. As of March 31, 2024, the total facilities have been fully drawn and repaid. During the term of the contract, the Group shall be in compliance with the following financial covenants. The financial covenants will be tested based on audited or reviewed consolidated financial statements on a semi-annual basis starting from December 31,, 2023:
- ⑤ Current ratio shall not be less than 120%
 - ⑥ Financial liability ratio (financial liabilities over EBITDA) shall not be higher than 3.
 - ⑦ Interest coverage ratio (EBITDA over interest expense) shall not be less than 5.
 - ⑧ In the event that the Borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:
 - a. Terminate the facilities immediately and may not be drawn any more.
 - b. All the outstanding loans, together with accrued interest, and other amounts due to CTBC Bank (collectively, “Liabilities”) to become immediately due and payable.
 - c. The deposits the Borrowers maintain at CTBC Bank and all of the Borrower’s claims from CTBC Bank shall offset with all the liabilities under the agreement.
 - d. Claim for the security.
 - e. Request the maker of the promissory note under the agreement to repay the outstanding Liabilities.
 - f. Has the power to enter into, perform, or exercise all rights under applicable law, the loan agreement, and other relevant documents, without sending out a reminder, protest or any other notification in accordance with applicable law.
- (4) The secured loan entered into between Bora Pharmaceutical Laboratories Inc. (the “Borrower”) and CTBC Bank that expired in March 2021, has been extended to September 30, 2024, with a quarterly instalment of NT\$17,500 thousand. The original financial covenants had been lifted.

(5) The Company's subsidiary, Bora Pharmaceutical Services Inc. (the "Borrower"), entered into a secured loan agreement with CTBC Bank in the amount of NT\$689,009 thousand (CAD\$30,789 thousand) which includes a term loan in the principal amount of NT\$ 357,948 thousand (CAD\$15,789 thousand) and a revolving loan facility in the amount of NT\$340,061 thousand (CAD \$15,000 thousand) with real estates as mortgage. Please refer to Note VIII for more details on pledges for the loan. The contract term of the loan is from November 27, 2022 to November 27, 2025 with total available line of NT\$340,061 thousand (CAD\$15,000 thousand) as of December 31,, 2023. During the term of the agreement, the Borrower should comply with the following financial covenants. The financial covenants shall be tested based on audited or reviewed financial statements on a semi-annual basis:

- ①The Borrower's debt coverage ratio (EBITDA over the sum of interest expense and the current portion of long-term loans) shall not be less than 200%.
- ②The Borrower's current ratio shall not be less than 120%.
- ③In the event that the Borrower violates the restriction defined in the contract, CTBC Bank has the right pursuant to covenants to take actions, including the steps below but not limited to:
 - a. Cease the unused facilities in whole or in part.
 - b. All the outstanding loans, together with accrued interest, and other amounts due to become immediately due and payable.
 - c. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lenders under the loan agreement and applicable law.

20. Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three months ended March 31, 2024 and 2023 were NT\$32,027 thousand and NT\$16,566 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three months ended March 31, 2024 and 2023 amounted to NT\$78 thousand and NT\$86 thousand, respectively.

21. Provisions

	Onerous contracts	Decommissioning, restoration and rehabilitation costs	Employee benefits	Total
January 1, 2024	\$210,107	\$5,000	\$146,221	\$361,328
Arising during the period	-	-	2,135	2,135
Utilized	(27,317)	-	(3,387)	(30,704)
Reversal during the period	-	-	-	-
Exchange differences	3,464	-	2,462	5,926
March 31, 2024	<u>\$186,254</u>	<u>\$5,000</u>	<u>\$147,431</u>	<u>\$338,685</u>
January 1, 2023	\$311,484	\$-	\$164,613	\$476,097
Arising during the period	-	-	862	862
Utilized	(26,340)	-	(10,817)	(37,157)
Reversal during the period	-	-	(12,294)	(12,294)
Exchange differences	(2,718)	-	(1,290)	(4,008)
March 31, 2023	<u>\$282,426</u>	<u>\$-</u>	<u>\$141,074</u>	<u>\$423,500</u>
Current-March 31, 2024	<u>\$110,627</u>	<u>\$5,000</u>	<u>\$31,557</u>	<u>\$147,184</u>
Non-current-March 31, 2024	<u>\$75,627</u>	<u>\$-</u>	<u>\$115,874</u>	<u>\$191,501</u>
Current-December 31, 2023	<u>\$108,660</u>	<u>\$5,000</u>	<u>\$30,863</u>	<u>\$144,523</u>
Non-current-December 31, 2023	<u>\$101,477</u>	<u>\$-</u>	<u>\$115,358</u>	<u>\$216,805</u>
Current-March 31, 2023	<u>\$105,241</u>	<u>\$-</u>	<u>\$27,846</u>	<u>\$133,087</u>
Non-current-March 31, 2023	<u>\$177,185</u>	<u>\$-</u>	<u>\$113,228</u>	<u>\$290,413</u>

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.

22. Equity

(1) Common stock

- ① As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized capital was NT\$2,000,000, NT\$2,000,000, and NT\$1,200,000 thousand consisting of 200,000 thousand shares, 200,000 thousand shares and 120,000 thousand shares of ordinary stock with par value at NT\$10 per share, respectively. The outstanding shares amounted to NT\$1,014,128 thousand, NT\$1,014,128 thousand and NT\$753,815 thousand consisting of 101,413 thousand shares, 101,413 thousand shares and 75,382 thousand shares, respectively. Each share has one voting right and is entitled to receive dividends.
- ② In 2022, 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. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share as of March 31, 2024.
- ④ For the year ended December 31, 2023, the Company's employee stock option holders have converted 185 thousand shares at the exercise price from NT\$106.8 to NT\$150.4 per share, of which 85 thousand shares in the amount of NT\$850 thousand have not completed the registration process. The converted shares that have not completed the registration process were recognized as capital - advance receipts for ordinary share as of March 31, 2024.
- ⑤ For the three months ended March 31, 2024, the Company's employee stock option holders have converted 52 thousand shares at the subscription price of NT\$106.8 per share. The converted shares in the amount of NT\$520 thousand that have not completed the registration process were recognized as capital - advance receipts for ordinary share at March 31, 2024.
- ⑥ 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.
- ⑦ As of March 31, 2023, 137 thousand shares in the amount of NT\$1,373 thousand were recognized as share capital - advance receipts.

(2) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$945,403	\$936,839	\$904,268
Conversion premium from convertible bonds	908,017	908,017	748,952
Employee stock option	151,865	118,876	52,624
Treasury stock	44,092	40,683	35,315
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	874,793	874,793	2,177
Increase (decrease) through changes in ownership interests in subsidiaries	41,523	47,125	-
Due to recognition of equity component of convertible bonds issued	392,017	392,017	18,320
Total	<u>\$3,357,710</u>	<u>\$3,318,350</u>	<u>\$1,761,656</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 three months ended March 31, 2024:

(Unit: thousand shares)

Cause	Beginning balance	Addition	Decrease	Ending balance
Transfer to employees	288	-	(7)	281

For the three months ended March 31, 2023:

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

b. As of March 31, 2024, December 31, 2023 and March 31, 2023, the treasury stock held by the Company amounted to NT\$49,729 thousand, NT\$50,968 thousand and NT\$52,738 thousand, respectively, and the number of treasury stock held by the Company was 281 thousand, 288 thousand and 298 thousand shares, respectively.

c. As of March 31, 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 as approved and resolved by the board of directors' meeting held on March 7, 2024 and shareholders' meeting on June 6, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2024	2023	2024	2023
Legal reserve	\$303,014	\$139,065	\$-	\$-
Special reserve	-	(23,919)	-	-
Common stock — cash dividend	1,214,798	619,134 (Note)	12	8
Common stock — stock dividend	-	231,410 (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

	Three months ended March 31	
	2024	2023
Beginning balance	\$2,681,024	\$612,134
Profit attributable to non-controlling interests	27,524	3,927
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	70	-
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	88,538	-
Issuance of employee stock option by subsidiaries	7,235	1,264
Distribution of cash dividend by subsidiaries	(38,132)	-
Ending balance	<u>\$2,766,259</u>	<u>\$617,325</u>

23. 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	\$140.3
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

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%		
Risk-free interest rate (%)	1.146% ~ 1.176%		
Expected option life (Years)	3.5 ~ 4.5		
Weighted average share price (\$)	\$625		
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:

	Three months ended March 31			
	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	264	625.0	-	-
Forfeited	(15)	258.1	(21)	387.5
Exercised	(52)	106.8	(40)	140.3
Expired	-	-	-	-
Outstanding, ending	2,232	\$343.58	1,664	\$225.2
Exercisable, ending	38	-	38	-

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

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of March 31, 2024		
Options outstanding	\$106.8~\$646.0	1.02~3.99
As of March 31, 2023		
Options outstanding	\$140.3~\$387.5	1.83~2.94

(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:

	Three months ended March 31			
	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	-	-	-	-
Forfeited	(228)	28	(177)	28
Exercised	(2,962)	28	-	-
Expired	-	-	-	-
Outstanding, ending	1,696	\$28	5,010	\$28
Exercisable, ending	401	-	-	-

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

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of March 31, 2024		
Options outstanding	\$28	2.09
As of March 31, 2023		
Options outstanding	\$28	3.00~3.03

(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:

	Three months ended March 31			
	2024		2023	
	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT\$)	Number of options outstanding (in thousand shares)	Weighted average exercise price per share (NT\$)
Outstanding, beginning	1,734	\$48.4	-	\$-
Granted	-	-	1,874	95.0
Forfeited	(55)	48.4	(62)	95.0
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, ending	1,679	\$31.0	1,812	\$95.0
Exercisable, ending	-	-	-	-

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

	Range of exercise price per share	Weighted average remaining contractual life (Years)
As of March 31, 2024		
Options outstanding	\$31	2.75
As of March 31, 2023		
Options outstanding	\$95	4.00

(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 three months ended March 31, 2024.

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

(5) The expense recognized for employee share-based plan payment during the three months ended March 31, 2024 and 2023, is shown in the following table:

	Three months ended March 31,	
	2024	2023
Total expense arising from equity-settled share-based payment transactions	\$43,755	\$17,420

24. Operating revenue

Analysis of revenue from contracts with customers for the three months ended March 31, 2024 and 2023 are as follows:

(1) Disaggregation of revenue

	Three months ended March 31,	
	2024	2023
Revenue from contracts with customers		
Sales of goods	\$1,610,844	\$3,537,078
CDMO – services and manufacturing	1,244,467	1,241,378
Others	2,182	2,076
Total	\$2,857,493	\$4,780,532
	Three months ended March 31,	
	2024	2023
Timing of revenue recognition:		
At a point in time	\$2,661,655	\$4,667,912
Over time	195,838	112,620
Total	\$2,857,493	\$4,780,532

(2) Contract assets – current

	As at			
	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023	1 Jan. 2023
CDMO – services and manufacturing	<u>\$15,443</u>	<u>\$15,111</u>	<u>\$19,390</u>	<u>\$35,197</u>

The material changes to the Group's contract assets for the three months ended March 31, 2024 and 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			
	31 Mar. 2024	31 Dec. 2023	31 Mar. 2023	1 Jan. 2023
Commercial sales	\$43,602	\$44,189	\$12,903	\$14,866
CDMO – services and manufacturing	200,001	180,408	97,794	69,290
Other	<u>6,500</u>	<u>-</u>	<u>10,296</u>	<u>5,720</u>
Total	<u>\$250,103</u>	<u>\$224,597</u>	<u>\$120,993</u>	<u>\$89,876</u>
Current	<u>\$250,103</u>	<u>\$224,597</u>	<u>\$120,993</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 three months ended March 31, 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>
Addition/(reversal)	2,811,177
Payment	(2,595,693)
Exchange differences	81,235
Balance as of March 31, 2024	<u>\$2,163,620</u>
Balance as of January 1, 2023	\$2,023,565
Addition/(reversal)	3,085,844
Payment	(2,886,013)
Exchange effects	(16,652)
Balance as of March 31, 2023	<u>\$2,206,744</u>

Refund liabilities represented the estimated sales discounts and allowance.

25. Expected credit losses/ (gains)

	Three months ended March 31,	
	2024	2023
Operating expenses – expected credit losses/(gains)		
Accounts receivable	\$7,808	\$(492)
Other receivables	-	(341)
Total	<u>\$7,808</u>	<u>\$(833)</u>

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

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 March 31, 2024, December 31, 2023 and March 31, 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 March 31, 2024

Group 1		Overdue					Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$3,183,726	\$81,805	\$464	\$-	\$-	\$198	\$3,266,193
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	<u>\$3,183,726</u>	<u>\$81,805</u>	<u>\$464</u>	<u>\$-</u>	<u>\$-</u>	<u>\$198</u>	<u>\$3,266,193</u>
Group 2		Overdue					Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$707,718	\$40,033	\$7,392	\$4,659	\$1,376	\$19,459	\$780,637
Loss rate	0.03%~ 0.06%	0.03%~ 1.65%	0.03%~ 18.49%	0.03%~ 32.03%	0.03%~ 32.03%	0.03%~ 100%	
Lifetime expected credit losses	(672)	(858)	(2,329)	(890)	(412)	(18,399)	(23,560)
Net	<u>\$707,046</u>	<u>\$39,175</u>	<u>\$5,063</u>	<u>\$3,769</u>	<u>\$964</u>	<u>\$1,060</u>	<u>\$757,077</u>
Receivables, net							<u>\$4,023,270</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 March 31, 2023

Group 1		Overdue					Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$4,044,489	\$128,911	\$7,199	\$2,946	\$867	\$6,459	\$4,190,871
Loss rate	0%	0%	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Net	4,044,489	128,911	7,199	2,946	867	6,459	4,190,871
Group 2		Overdue					Total
	Not past due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross	\$770,259	\$28,718	\$3,181	\$3,228	\$1,014	\$12,748	\$819,148
Loss rate	0%	0%~ 100%	0%~ 100%	0.01%~ 100%	13.18%~ 100%	37.03%~ 100%	
Lifetime expected credit losses	-	(5)	(130)	(591)	(1,009)	(8,014)	(9,749)
Net	770,259	28,713	3,051	2,637	5	4,734	809,399
Receivables, net							<u>\$5,000,270</u>

Note: Notes receivable were not overdue.

The movement of loss allowance for accounts receivable for the three months ended March 31, 2024 and 2023 is as follows:

	Accounts receivable	Contract assets
Balance as of January 1, 2024	\$17,408	\$-
Provision/(reversal)	7,808	-
Others	(2,082)	-
Exchange differences	426	-
Balance as of March 31, 2024	23,560	\$-
Balance as of January 1, 2023	\$10,314	\$-
Business combinations	(492)	-
Provision/(reversal)	(73)	-
Balance as of March 31, 2023	\$9,749	\$-

26. 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

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$275,528	\$279,326	\$290,724
Buildings	536,990	556,674	338,676
Transportation equipment	3,978	4,768	7,038
Decommissioning liabilities	1,364	1,818	-
Total	\$817,860	\$842,586	\$636,438

There was no addition to right-of-use assets for the three months ended March 31, 2024 and 2023.

(b) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	\$846,129	\$869,372	\$654,286
Current	\$106,814	\$106,039	\$77,827
Non-current	\$739,315	\$763,333	\$576,459

Please refer to Note VI.28 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 three months ended March 31, 2024 and 2023.

B. Amounts recognized in the consolidated statements of comprehensive income

Depreciation of right-of-use assets

	Three months ended March 31,	
	2024	2023
Land	\$3,799	\$3,799
Buildings	20,315	13,686
Transportation equipment	794	917
Decommissioning liabilities	455	-
Total	<u>\$25,363</u>	<u>\$18,402</u>

C. Income and costs related to leasing activities

	Three months ended March 31,	
	2024	2023
Expenses related to short-term leases	\$1,066	\$1,098
Expenses related to leases of low-value assets (Excluding expenses related to short-term leases of low-value assets)	350	798

D. Cash outflow related to leasing activities

During the three months ended March 31, 2024 and 2023, the Group's total cash outflows for leases amounted to NT\$29,389 thousand and NT\$22,447 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 March 31,	
	2024	2023
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$1,506</u>	<u>\$2,303</u>

Please refer to Note VI.12 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 March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Not later than one year	\$8,995	\$8,991	\$8,571
Later than one year but not later than two years	8,995	8,991	8,571
Later than two years but not later than three years	8,995	8,991	8,571
Later than three years but not later than four years	8,995	8,991	8,571
Later than four years but not later than five years	5,220	7,467	8,571
Later than five years	-	-	5,114
Total	<u>\$41,200</u>	<u>\$43,431</u>	<u>\$47,969</u>

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

Function Character	Three months ended March 31					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense:						
Wages and salaries	\$348,752	\$217,478	\$566,230	\$310,386	\$188,436	\$498,822
Labor and health insurance	33,412	10,231	43,643	18,000	10,348	28,348
Pension costs	24,260	7,845	32,105	12,453	4,199	16,652
Other employee benefits expense	12,633	6,874	19,507	25,009	7,897	32,906
Depreciation	94,995	18,969	113,964	87,835	13,068	100,903
Amortization	58,737	18,649	77,386	29,878	2,895	32,773

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 March 31, 2024 to be NT\$14,663 thousand and NT\$7,332 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 March 31, 2023 to be NT\$21,686 thousand and NT\$10,843 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.

28. Non-operating income and expenses

(1) Other revenue

	Three months ended March 31,	
	2024	2023
Interest income	\$5,491	\$7,626
Others	1,662	15,579
Total	<u>\$7,153</u>	<u>\$23,205</u>

(2) Other gains and losses

	Three months ended March 31,	
	2024	2023
(Losses) on disposal of property, plant and equipment	\$(112)	\$(4)
Foreign exchange gains	114,429	(7,984)
Gains (Losses) on financial assets at fair value through profit or loss (Note)	2,218	(76,180)
Others gains (losses)	59	(39)
Total	<u>\$116,594</u>	<u>\$(84,207)</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.32 for more details.

(3) Financial costs

	Three months ended March 31	
	2024	2023
Interest expenses from bank borrowings	\$18,201	\$38,624
Interest expenses from bonds payable	8,358	2,056
Interest expenses from lease liabilities	4,020	3,028
Others	1,671	293
Total	<u>\$32,250</u>	<u>\$44,001</u>

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

Three months ended March 31, 2024

	Arising	Reclassification	before tax	Tax (Expense)	Net of tax
Not to be reclassified to profit or loss:					
Translation differences of foreign operations	\$80,125	\$-	\$80,125	\$(16,003)	\$64,122
Total comprehensive income	<u>\$80,125</u>	<u>\$-</u>	<u>\$80,125</u>	<u>\$(16,003)</u>	<u>\$64,122</u>

Three months ended March 31, 2023

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

30. Income tax

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

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

	Three months ended March 31,	
	2024	2023
Current income tax expense (income):		
Current income tax expense	\$350,661	\$227,473
Adjustments in respect of prior periods	2,392	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(39,139)	36,817
Deferred tax expense (income) relating to origination and (reversal) of tax loss and tax credit	(74,035)	134,879
Total income tax expense	<u>\$239,879</u>	<u>\$399,169</u>

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

	Three months ended March 31,	
	2024	2023
Deferred tax expense (income):		
Translation differences of foreign operations	\$16,003	\$(5,018)
Remeasurement of the defined benefit plan	-	(3,067)
Income tax relating to other comprehensive income	<u>\$16,003</u>	<u>\$(8,085)</u>

(3) The assessment of income tax returns

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

	The assessment of income tax returns
The Company	Assessed and approved up to 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 (Note1)
TWi Pharmaceuticals, Inc.	Assessed and approved up to 2021 (Note2)
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: 2021 income tax return has not assessed and approved.

Note 2: 2020 income tax return has not assessed and approved.

31. 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 March 31,	
	2024	2023
(1) Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT\$)	\$716,137	\$1,039,340
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	\$101,232	99,130
Basic earnings per share (NT\$)	\$7.07	\$10.48
	Three months ended March 31,	
	2024	2023
(2) Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (in thousand NT\$)	\$716,137	\$1,039,340
Interest expense from convertible bonds (in thousand NT\$)	6,686	1,645
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$722,823	\$1,040,985
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	101,232	99,130
Effect of dilution:		
Employee compensation-stock (in thousand shares)	84	73
Employee stock options (in thousand shares)	996	788
Bonds payable (in thousand shares)	2,732	1,491
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	105,044	101,482
Diluted earnings per share (NT\$)	\$6.88	\$10.26

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.

32. 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 fair values of the identifiable assets and liabilities of TWi Group as at the acquisition date were as follows:

	<u>Fair value recognized on the acquisition date</u>
Asset:	
Cash and cash equivalents	\$786,578
Financial assets at amortized cost - current	598,961
Accounts receivable	3,776,212
Other receivables	1,715
Inventories	1,132,578
Prepayments	103,899
Intangible assets	1,015,248
Property, plant and equipment	2,339,229
Right-of-use assets	205,428
Deferred tax assets	728,485
Refundable deposits	8,563
Other non-current assets	70,253
Subtotal	<u>10,767,149</u>
Liabilities	
Short-term loans	\$720,000
Notes payable	455
Accounts payable	116,844
Other payables	1,481,255
Income tax payable	41,203
Deferred tax liabilities	97,835
Refund liabilities	1,794,855
Lease liabilities - current	39,513
Contract liabilities	8,174
Lease liabilities - non-current	174,191
Provisions	3,880
Other non-current liabilities	67,975
Non-controlling interests	1,004
Subtotal	<u>4,547,184</u>
Identifiable net assets	<u>\$6,219,965</u>
Goodwill is as follows:	
Purchase considerations	\$6,274,670
Less: identifiable net assets at fair value	<u>(6,219,965)</u>
Goodwill	<u>\$54,705</u>

Acquisition considerations

Cash	\$3,853,261
Other payables	862,473
Contingent consideration (shown as “Financial liabilities measured at fair value through profit or loss”)	1,558,936
Total consideration	<u>\$6,274,670</u>

Analysis of cash flows on acquisition:

Cash	\$(6,274,670)
Other payables	862,473
Contingent consideration (shown as “Financial liabilities measured at fair value through profit or loss”)	1,558,936
Net cash acquired through acquisition	<u>786,578</u>
Net cash flow on acquisition	<u>\$(3,066,683)</u>

The fair value of accounts receivable was NT\$3,776,212 thousand in which no impairment loss incurred and was expected to recover all of the amount. Intangible assets include drug licenses, product distribution or use right, and software amortized over the estimated economic lives.

The purchase included a holdback of US\$28,250 thousand and contingent considerations. As of March 31, 2024, US\$15,000 thousand was paid and outstanding balance of US\$13,250 thousand (NT\$424,000 thousand, approximately) was recognized as other payables and other non-current liabilities.

Contingent considerations

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

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

Subsequent to the acquisition date, the performance of TWi Group was better than the estimated performance at the acquisition date. As of March 31, 2024, the Company paid earn-out consideration for 2022 in the amount of US\$25,201 thousand (NT\$770,684 thousand approximately). The estimated fair value of the contingent considerations for 2023 and 2024 was US\$63,070 thousand (NT\$2,018,261 thousand approximately) and was recognized as financial liabilities measured at fair value through profit or loss, current and financial liabilities measured at fair value through profit or loss, non-current. Please refer to Note XII. 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 21,257 thousand shares (35.79% of equity interests, approximately) of SunWay Biotech Co., LTD. in exchange for all the Company's equity interest of Bora Health Inc. Upon the completion of share conversion effective on November 1, 2023, the Company became the single largest shareholder of SunWay Biotech Co., LTD. This transaction accounts for a reverse acquisition according to IFRS 3 "*Business Combination*". For the acquisition, SunWay Biotech Co., LTD. is a legal acquirer (accounting acquiree) while Bora Health Inc. is the legal acquiree (accounting acquirer).

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

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

Intangible assets include distribution rights, outstanding contracts, and software amortized over

the estimated economic lives.

The Group has engaged an independent 3rd party professional for the valuation of the identified net assets. As of March 31, 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 three months ended March 31, 2024.

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)

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 3T TECHNOLOGY CO., LTD. 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

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Hoan Pharmaceuticals, Ltd.	\$-	\$10,198
3T TECHNOLOGY CO., LTD.	67,899	-
Total	<u>\$67,899</u>	<u>\$10,198</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

	<u>Three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$16,636</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-related party

	March 31, 2024	December 31, 2023	March 31, 2023
Hoan Pharmaceuticals, Ltd.	\$-	\$-	\$17,280
3T TECHNOLOGY CO., LTD.	71,293	68,290	-
Less: loss allowance	-	-	-
Net	<u>\$71,293</u>	<u>\$68,290</u>	<u>\$17,280</u>
4. Accounts payable-related party			
	March 31, 2024	December 31, 2023	March 31, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$22,021</u>
5. Other receivable -related party			
	March 31, 2024	December 31, 2023	March 31, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$26</u>
6. Other payables-related party			
	March 31, 2024	December 31, 2023	March 31, 2023
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$-</u>	<u>\$1,071</u>
7. Sales and marketing expenses			
	Three months ended March 31		
	2023	2022	
Hoan Pharmaceuticals, Ltd.	<u>\$-</u>	<u>\$3,234</u>	
8. Key management personnel compensation			
	Three months ended March 31		
	2024	2023	
Short-term employee benefits	\$64,823	\$16,798	
Post-employment benefits	135	81	
Total	<u>\$64,958</u>	<u>\$16,879</u>	

VIII. Assets Pledged as Security

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

Items	Carrying amount			Secured liabilities
	March 31, 2024	December 31, 2023	March 31, 2023	
Financial assets measured at amortized cost	\$21,500	\$21,176	\$231,622	Customs deposit; guarantee bond with Science Park Administration and bank; interest reserved account for syndicated bank loans.
Property, plant and equipment - land	2,221,156	2,204,356	2,175,156	Short-term loans and long-term loans
Property, plant and equipment - buildings	805,438	813,467	812,466	Short-term loans and long-term loans
Investment properties	16,866	17,018	17,474	Long-term loans
Refundable Deposits	120,875	-	-	Lodged at Courts
Total	<u>\$3,185,835</u>	<u>\$3,056,017</u>	<u>\$ 3,236,718</u>	

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

IX. Significant Contingencies and Unrecognized Contractual Commitments

Contingent items of civil action:

None.

X. Losses due to Major Disasters

None.

XI. Significant Subsequent Events

1. The Group has successfully completed the acquisition of Upsher-Smith Laboratories, LLC. ("Upsher-Smith") on April 1, 2024 (US Eastern Standard Time). Upsher-Smith becomes the 100% owned subsidiary of the Group.
2. The Company's board of directors resolved on April 12, 2024, to issue new shares to the subsidiary Bora Biologics Co., Ltd.'s stockholder except for the Company to acquire all of Bora Biologics Co., Ltd.'s shares. The expected newly issued shares amounted to 1,657,656 shares, with par value of NT\$10, totaling NT\$16,577 thousand.
3. To maintain the Company's credit and shareholder's equity, the Company's board of directors resolved on March 7, 2024, to repurchase the Company's shares. The number of

shares repurchased was 519 thousand shares, and the total monetary amount of shares repurchased was NT\$389,681 thousand as of May 7, 2024.

XII. Financial Instruments

1. Categories of financial instruments

Financial assets

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets measured at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$20,275	\$-	\$ 1,718
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	27,758	7,758	-
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	8,064,457	3,052,260	4,806,301
Financial assets measured at amortized cost	341,700	356,127	231,622
Notes receivables	48,485	54,323	21,745
Accounts receivable	3,974,785	3,958,874	4,978,525
Other receivables	103,147	82,614	287,685
Refundable deposits	165,433	44,111	38,276
Subtotal	12,698,007	7,548,309	10,364,154
Total	<u>\$12,746,040</u>	<u>\$7,556,067</u>	<u>\$10,365,872</u>

Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities measured at amortized cost:			
Short-term loans	\$3,646,523	\$767,508	\$1,873,385
Accounts and other payables (including amount recognized in other non-current liabilities)	3,239,589	2,129,814	4,343,098
Bonds payable	1,546,719	1,538,361	141,161
Long-term loans (including current portion)	3,004,557	1,815,762	4,028,399
Lease liabilities	846,129	869,372	654,286
Subtotal	12,283,517	7,120,817	11,040,329
Financial liabilities at fair value through profit or loss:			
Held for trading	9,349	9,009	-
Contingent considerations from business combinations	2,018,261	1,935,436	1,685,664
Subtotal	2,027,610	1,944,445	1,685,664
Total	\$14,311,127	\$9,065,262	\$12,725,993

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 three months ended March 31, 2024 and 2023 will be decreased/increased by NT\$35,034 thousand and NT\$4,271 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, an increase of 10 basis points of interest rate in a reporting period could cause the profit for the three months ended March 31, 2024 and 2023 to decrease by NT\$511 thousand and NT\$1,428 thousand, respectively.

If all other factors remain, while the interest rate declines, the impact on profit and loss performance for the three months ended March 31, 2023 and 2022 will be the same amount as above but at the opposite direction.

4. Credit risk management

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

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all 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 March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable from top ten customers represented 83%, 90% and 89% 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>
March 31, 2024					
Borrowings	\$4,720,637	\$1,336,005	\$599,112	\$266,180	\$6,921,934
Accounts and other payables	3,007,588	235,294	-	-	3,242,882
Convertible bonds	-	-	1,699,800	-	1,699,800
Lease liabilities (Note)	112,509	178,074	108,915	576,468	975,966
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
March 31, 2023					
Borrowings	\$3,041,747	\$1,821,902	\$1,039,848	\$ 310,244	\$6,213,741
Accounts and other payables	3,939,635	403,463	-	-	4,343,098
Convertible bonds	-	-	154,800	-	154,800
Lease liabilities (Note)	82,038	161,333	118,662	394,636	756,669

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

	Maturities					Total
	Less than 5 year	5 to 10 years	11 to 15 years	16 to 20 years	>21 years	
March 31, 2024	\$399,498	\$206,815	\$210,253	\$76,507	\$82,893	\$975,966
December 31, 2023	\$416,944	\$206,582	\$210,058	\$84,071	\$85,963	\$1,003,618
March 31, 2023	\$362,033	\$112,251	\$112,251	\$74,961	\$95,173	\$756,669

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended March 31, 2024:

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
January 1, 2024	\$767,508	\$1,815,762	\$869,372	\$1,538,361	\$4,991,003
Cash flows	2,879,015	1,183,596	(23,953)	-	4,038,658
Non-cash changes					
Others	-	5,199	710	8,358	14,267
March 31, 2024	<u>\$3,646,523</u>	<u>3,004,557</u>	<u>846,129</u>	<u>1,546,719</u>	<u>\$9,043,928</u>

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

	Short-term loans	Long-term loans	Leases liabilities	Bonds Payable	Total liabilities from financing activities
January 1, 2023	\$2,161,065	\$4,120,101	\$672,186	\$642,363	\$7,595,715
Cash flows	(285,933)	(90,307)	(17,523)	-	(393,763)
Non-cash changes					
Convert	-	-	-	(503,258)	(503,258)
Others	(1,747)	(1,395)	(377)	2,056	(1,463)
March 31, 2023	<u>\$1,873,385</u>	<u>\$4,028,399</u>	<u>\$654,286</u>	<u>\$141,161</u>	<u>\$6,697,231</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		
	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities:			
Bonds payable	<u>\$1,546,719</u>	<u>\$1,538,361</u>	<u>\$141,161</u>
	Fair value as of		
	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities:			
Bonds payable	<u>\$1,536,109</u>	<u>\$1,538,829</u>	<u>\$144,583</u>

(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 March 31, 2024, December 31, 2023 and March 31, 2023 is as follows:

Embedded derivatives

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

9. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

March 31, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss:				
Stock	\$-	\$-	\$20,275	\$20,275
Financial assets measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	27,758	27,758
Total	<u>\$-</u>	<u>\$-</u>	<u>\$48,033</u>	<u>\$48,033</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
Embedded derivatives	\$-	\$-	\$9,349	\$9,349
Contingent considerations from business combinations	-	-	2,018,261	2,018,261
Total	<u>\$-</u>	<u>\$-</u>	<u>\$2,027,610</u>	<u>\$2,027,610</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	<u>\$-</u>	<u>\$-</u>	<u>\$7,758</u>	<u>\$7,758</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:				
Embedded derivatives	\$-	\$-	\$9,009	\$9,009
Contingent considerations from business combinations	-	-	1,935,436	1,935,436
Total	<u>\$-</u>	<u>\$-</u>	<u>\$1,944,445</u>	<u>\$1,944,445</u>

March 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:				
Embedded derivatives	<u>\$-</u>	<u>\$-</u>	<u>\$1,718</u>	<u>\$1,718</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:				
Contingent considerations from business combinations	<u>\$-</u>	<u>\$-</u>	<u>\$1,685,664</u>	<u>\$1,685,664</u>

Transfers between Level 1 and Level 2 during the period

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

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

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

	Financial assets (liabilities) Measured at fair value through profit or loss		
	Embedded Derivatives	Contingent considerations	Stock
As of January 1, 2024	\$(9,009)	\$(1,935,436)	\$-
Acquisition/issues	-	-	20,275
Gains (losses) recognized in profit or loss: (presented in “Net loss on financial assets or liabilities measured at fair value through profit or loss”)	(340)	2,558	-
Exchange differences	-	(85,383)	-
As of March 31, 2024	<u>\$(9,349)</u>	<u>\$(2,018,261)</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	20,000	
Gains (losses) recognized in profit or loss: (presented in “Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income”)	-	
Exchange differences	-	
As of March 31, 2024	<u>\$27,758</u>	

For the period from January 1, 2023 to March 31, 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		
Gains (losses) recognized in profit or loss: (presented in “Net loss on financial assets or liabilities measured at fair value through profit or loss”)	(618)	(76,048)
Exchange differences	-	13,565
As of March 31, 2023	\$1,718	\$(1,685,664)

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:

March 31, 2024:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group’s equity by NT\$47 thousand
Stocks	Market approach	discount for lack of marketability	34.16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group’s equity by NT\$365 thousand
Stocks	Market approach	price-book ratio of Comparable company	2.88%~3.97%	The higher the price-book ratio of Comparable company, the higher the fair	10% increase (decrease) in the price-book ratio of Comparable company would result in decrease (increase) in the

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
				value of the stocks	Group's equity by NT\$2,715 thousand
At fair value through profit and 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	1% increase (decrease) in the discount for lack of marketability would result in an increase of NT\$2,886 thousand or a decrease of NT\$2,812 thousand in the Group's profit or loss.
Financial liabilities:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	43.14%	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\$0 thousand or a decrease by NT\$0 in the Group's profit or loss.
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in a decrease of NT\$3,262 thousand or an increase of NT\$3,313 thousand in the Group's profit or loss.

December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income:					
Stocks	Asset-based approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) 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:					
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
Contingent consideration	Discounted cash flow	Discount rate	10.90%	The higher the discount rate, the lower the fair value of the contingent consideration	1% increase (decrease) in the discount rate would result in an decrease of NT\$3,080 thousand or an increase of NT\$3,135 thousand in the Group's profit or loss

March 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) in the Group's equity by NT\$51 thousand
Financial liabilities:					
Embedded derivatives	Binomial tree pricing method for convertible bond	Volatility	61.71%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in an increase by NT\$15 thousand or a decrease by NT\$31 in the Group's profit or loss
Contingent consideration	Discounted cash flow	Discount rate	10.09%	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\$12,705 thousand or an increase of NT\$12,991 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

March 31, 2024:

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

March 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	\$-	\$-	\$54,405	\$54,405

10. Significant assets and liabilities denominated in foreign currencies

	Unit: thousands		
	March 31, 2024		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	\$213,146	32.00	\$6,820,672
Financial liabilities			
Monetary items:			
USD	\$103,666	32.00	\$3,317,312

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

			Unit: thousands
March 31, 2023			
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	\$139,104	30.45	\$4,235,717
Financial liabilities			
Monetary items:			
USD	\$125,075	30.45	\$ 3,808,533

The Group mainly uses USD as transaction currency. The Group only disclosures monetary financial assets and financial liabilities of USD. For the three months ended March 31, 2024 and 2023, the foreign exchange gain (loss) on monetary financial assets and financial liabilities amounted to NT\$114,429 thousand and NT\$(7,984) thousand, respectively.

11. Capital management

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

12. Other

Some accounts reported in the previous financial statements have been reclassified 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 March 31, 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 three months ended March 31, 2024: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 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 three months ended March 31, 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 three months ended March 31, 2024: Please refer to Table 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2024: Please refer to Table 6.
- (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 March 31, 2024

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	\$1,610,844	\$1,244,467	\$2,182	\$-	\$2,857,493
Inter-segment (Note)	23,196	201,187	137,052	(361,435)	-
Total revenue	<u>\$1,634,040</u>	<u>\$1,445,654</u>	<u>\$139,234</u>	<u>\$(361,435)</u>	<u>\$2,857,493</u>
Segment profit	<u>\$848,558</u>	<u>\$250,951</u>	<u>\$(91,193)</u>	<u>\$(24,776)</u>	<u>\$983,540</u>

Three months ended March 31, 2023

	Sales segment	CDMO segment	Other segment	Adjustment and elimination	Consolidated
Revenue					
External customer	\$3,537,078	\$1,241,378	\$2,076	\$-	\$4,780,532
Inter-segment (Note)	8,395	66,277	42,635	(117,307)	-
Total revenue	<u>\$3,545,473</u>	<u>\$1,307,655</u>	<u>\$44,711</u>	<u>\$(117,307)</u>	<u>\$4,780,532</u>
Segment profit	<u>\$1,338,495</u>	<u>\$285,831</u>	<u>\$(158,315)</u>	<u>\$(23,575)</u>	<u>\$1,442,436</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 three months ended March 31, 2024

No. (Note 1)	Company Name	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Financial statement account	Amount	Terms	Percentage of consolidated operating revenue or consolidated total assets (Note 3)
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Accounts receivable	95,833	60 days from the date of invoice	0.31%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Other receivables	350,141	Note 4	1.15%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Operating revenue	81,859	60 days from the date of invoice	2.86%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	1	Other revenue	4,200	60 days from the date of invoice	0.15%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Holdings, Inc.	1	Other receivables	1,664,000	Note 5	5.43%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Operating revenue	55,193	60 days from the date of invoice	1.93%
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	1	Other revenue	11,615	60 days from the date of invoice	0.40%
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	1	Other receivables	428,930	Note 4	1.40%
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	1	Other revenue	28,387	60 days from the date of invoice	0.99%
0	Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals USA, Inc.	1	Other revenue	4,952	60 days from the date of invoice	0.17%
0	Bora Pharmaceuticals Co., Ltd.	Bora Health Inc.	1	Operating revenue	22,791	60 days from the date of invoice	0.80%
1	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other receivables	61,389	Net 30 days	0.20%
1	Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Services Inc.	3	Other revenue	52,302	Net 30 days	1.83%
1	Bora Pharmaceuticals USA Inc.	TWi Pharmaceuticals USA, Inc.	3	Other revenue	7,788	60 days from the date of invoice	0.27%
2	TWi Pharmaceuticals, Inc.	Bora Pharmaceuticals Co., Ltd.	2	Operating revenue	4,033	60 days from the date of invoice	0.14%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Accounts receivable	4,295,924	120 days from the date of invoice	14.01%
2	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	3	Operating revenue	1,972,017	120 days from the date of invoice	69.01%
3	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Accounts receivable	80,117	60 days from the date of invoice	0.26%
3	Bora Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	141,147	60 days from the date of invoice	4.94%
3	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	3	Other receivables	152,166	Note 5	0.50%
3	Bora Pharmaceutical Laboratories Inc.	Bora Health Inc.	3	Accounts receivable	33,763	60 days from the date of invoice	0.11%
3	Bora Pharmaceutical Laboratories Inc.	Bora Health Inc.	3	Operating revenue	36,202	60 days from the date of invoice	1.27%
4	Bora Pharmaceutical Services Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	16,136	60 days from the date of invoice	0.56%
5	Bora Pharmaceuticals Ophthalmic Inc.	TWi Pharmaceuticals, Inc.	3	Operating revenue	7,516	60 days from the date of invoice	0.26%

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: Dividends payable by subsidiaries; no related similar transactions can be followed. The transaction terms are agreed by both parties.

Note 5: 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	\$1,664,000	\$1,664,000	\$1,664,000	7%	2	\$-	Need for operation	\$-	None	\$-	\$3,476,519	\$4,345,649
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic	Other receivables- related parties	Yes	\$150,000	\$150,000	\$150,000	2.5%	2	\$-	Need for operation	\$-	None	\$-	\$843,095	\$1,053,869

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

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

Note 2: Limit loans granted to a single party:

- (1) Business transaction: limit on loans granted to a single party shall not exceed 10% of the lender's net assets value as of the period and the accumulated business transaction amounts of the past 12 months. Transaction amounts is defined as amount the higher of sales to or purchases from.
- (2) Short-term financing: limit on loans granted to a single party shall not exceed 40% of the lender's net assets value as of the period.

Note 3: Ceiling on total loan granted:

- (1) The ceiling on total loans granted by the Company to all parties shall not exceed 50% of the Company's net asset value.
- (2) The ceiling on total loans granted by the subsidiaries to all parties shall not exceed 50% of the subsidiaries' net asset value.

Note 4: Circumstances for the financing provided to others:

- (1) Business transaction is "1".
- (2) Short-term financing is "2".

Note 5: Where the purpose of the loan is for business transaction (Type "1") the transaction amount 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	\$43,456,485	\$3,840,000	\$3,840,000	\$-	\$-	44.18%	\$43,456,485	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Biologics Co., Ltd.	2	\$43,456,485	\$240,000	\$240,000	\$-	\$-	2.76%	\$43,456,485	Y	N	N
0	Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Service Inc.	2	\$43,456,485	\$2,834,400	\$2,834,400	\$2,834,400	\$-	32.61%	\$43,456,485	Y	N	N
1	Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	4	\$21,077,373	\$200,000	\$200,000	\$200,000	\$-	9.49%	\$21,077,373	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 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 March 31, 2024				Note
				Shares/Units (thousand)	Carrying amount	Percentage of ownership	Fair value	
Bora Pharmaceuticals Co., Ltd.	Non-listed stock – Taifong Venture Capital Co.	None	Financial assets 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-current	467,000	\$20,750	2.20%	\$20,750	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	\$20,000	1.89%	\$20,000	No pledged or collateral
SunWay Biotech Co., LTD.	Preferred stock – CMC PharmaSolutions 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

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

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 Pharmaceutical Laboratories Inc.	TWi Pharmaceuticals, Inc.	Subsidiary	Sales	\$141,147	37.89%	60 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable \$80,117	38.57%	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Sales	\$1,972,017	99.63%	120 days from the date of invoice	Unit price and terms were not significantly different from transactions with third parties		Accounts receivable \$4,295,924	99.23%	-

Table 6

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

Company Name	Counter-party	Relationship	Ending balance of receivables from related party (Note 1、2)	Turnover Rate	Overdue		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Action			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Holdings, Inc.	Parent/ subsidiary	Other receivable \$1,664,000	Note 1	Note 1	Note 1	\$-	\$-	Note 1
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Parent/ subsidiary	Other receivable \$350,141	Note 2	Note 2	Note 2	\$-	\$-	Note 2
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Parent/ subsidiary	Other receivable \$428,930	Note 2	Note 2	Note 2	\$-	\$-	Note 2
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Subsidiary	Other receivable \$152,166	Note 1	Note 1	Note 1	\$185	\$-	Note 1
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Account receivable \$4,295,924	0.50	\$1,528,303	Collected in subsequent reporting period	\$599,807	\$-	-

Note 1: Loans to subsidiaries, not available.

Note 2: Dividends payable by subsidiaries, not available.

Table 7

Information on investees

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of March 31, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Laboratories Inc.	Miaoli County, Taiwan	Pharmaceutical contract development and manufacturing	\$1,156,810	\$1,156,810	165,000,000	100%	\$2,063,589	\$95,770	\$95,770	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceuticals USA Inc.	State of Delaware, USA	Pharmaceutical wholesale	\$3,264,309	\$59,969	500,000	100%	\$3,284,751	\$10,445	\$10,445	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	\$219,279	\$219,279	100,000,000	50%	\$1,490,955	\$90,218	\$45,109	-
Bora Pharmaceuticals Co., Ltd.	Bora Management Consulting Co., Ltd.	Taipei City, Taiwan	Management and consulting	\$1,000	\$1,000	100,000	100%	\$4,011	\$(378)	\$(378)	
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	62.60%	\$1,216,402	\$20,687	\$13,592	-
Bora Pharmaceuticals Co., Ltd.	Bora Pharmaceutical and Consumer Health Inc.	Taipei City, Taiwan	Biotechnical research and management and consulting	\$400	\$100	40,000	100%	\$225	\$(34)	\$(34)	-
Bora Pharmaceuticals Co., Ltd.	TWi Pharmaceuticals, Inc.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	\$5,676,416	\$5,676,416	60,000,000	100%	\$6,122,485	\$637,596	\$612,822	(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%	\$1,134,359	\$32,307	\$11,682	(Note 1)
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceutical Services Inc.	Province of Ontario, Canada	Pharmaceutical contract development and manufacturing	\$213,100	\$213,100	100,000,000	50%	\$1,490,955	\$90,218	\$45,109	-

Investor	Investee company	Location	Main businesses	Initial investment amount		Balance as of March 31, 2024			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying amount			
Bora Pharmaceutical Laboratories Inc.	Bora Pharmaceuticals Ophthalmic Inc.	Taipei City, Taiwan	Pharmaceutical contract development and manufacturing	\$160,126	\$160,126	64,252,492	98.85%	\$74,771	\$(26,902)	\$(26,593)	-
Bora Pharmaceuticals USA Inc.	Bora Pharmaceutical Holdings, Inc.	State of Delaware, USA	Investment holding	\$1,603,332	\$-	1,000	100%	\$1,603,332	\$-	\$-	-
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA ,Inc.	State of New Jersey, USA	Pharmaceutical wholesale	\$231,982	\$231,982	38	100%	\$(1,533,125)	\$(540,110)	\$(540,110)	-
SunWay Biotech Co., LTD.	Sunway Group Holding Limited	Republic of Seychelles	Investment holding	\$18,947	\$18,947	1,000,000	100%	\$2,051	\$(211)	\$(211)	-
SunWay Biotech Co., LTD.	Chen Run Marketing Co., Ltd.	Taipei City, Taiwan	Healthcare product wholesale	\$2,550	\$2,550	255,000	51%	\$2,981	\$(13)	\$(7)	-
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%	\$316,276	\$21,100	\$21,100	-
SunWay Biotech Co., LTD.	GTSW BIOTECH SDN. BHD.	Malaysia	Healthcare product wholesale	\$1,392	\$-	200,000	40%	\$1,392	\$-	\$-	-
Sunway Group Holding Limited	Sunway Investment(H.K.) Limited	Hong Kong	Investment holding	\$18,776	\$18,776	3,500,000	100%	\$4,679	\$(215)	\$(215)	-
Bora Health Inc.	Union Chemical & Pharmaceutical Co., Ltd.	Taipei City, Taiwan	Pharmaceutical manufacturing and wholesale	\$31,558	\$31,558	1,500,000	100%	\$31,239	\$(8)	\$(8)	-

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.

Table 8

Investment in Mainland China at the end of the reporting period

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	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 March 31, 2024
					Outflow	Inflow						
Sunway (Dongguan) Biotech Co., Ltd.	Healthcare product wholesale and retail	\$17,654	(ii)	\$17,654	\$-	\$-	\$17,654	\$(154)	100%	\$(154)	\$4,101	\$7,725

Accumulated outward remittance for investments in Mainland China as of March 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper limit on the amount of investments stipulated by the Investment Commission, MOEA (Note 3)
\$17,654	\$19,547	1,902,293

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 9

Information on major shareholders

Shares	Shares	Percentage of Ownership
Name of major shareholders		
Baolei Co., Ltd.	18,704,939	18.41%
Reibaoshin Co., Ltd.	11,380,676	11.20%
Sheng Pao-Shi	5,392,672	5.31%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business 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.