

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Consolidated Financial Statements and Independent Auditors'  
Review Report  
For the Nine Months Ended September 30, 2023 and 2022

Company address: 18F., No. 186, Fuxing Road, Taoyuan Dist., Taoyuan City  
Company Phone: (03) 433-3123

*Notice to Reader:*

*For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.*

## Consolidated Financial Statements

### Table of Contents

Item	Page Number
I. Cover	1
II. Table of Contents	2
III. Independent Auditors' Review Report	3
IV. Consolidated Balance Sheets	4-5
V. Consolidated Statements of Comprehensive Income	6
VI. Consolidated Statements of Changes in Equity	7
VII. Consolidated Statements of Cash Flows	8
VIII. Notes to Consolidated Financial Statements	
1. Company Overview	9
2. Dates and Procedures of Approving Financial Statements	9
3. Applicability of New and Amended Accounting Principles and Explanations	9-12
4. Explanations of Major Accounting Policies	12-16
5. Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	16
6. Explanations of Significant Accounting Items	17-44
7. Related Party Transactions	44
8. Assets Pledged	44
9. Significant Contingent Liabilities and Unrecognized Contracts	45
10. Contingent Disaster Loss	45
11. Significant Post-reporting Period Matters	45
12. Others	46-55
13. Notes on Disclosures	
a. Information on Significant Transactions	56
b. Information on Reinvestments	56-57
c. Information on Investments in Mainland China	57
d. Information on Substantial Shareholders	57
14. Departmental Information	57

## Independent Auditors' Review Report

To Great Tree Pharmacy Co., Ltd.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Great Tree Pharmacy Co., Ltd. (the “Company”) and its subsidiaries as of September 30, 2023 and 2022, and the related Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the three months and nine months ended September 30, 2023 and 2022, Changes in Equity and Cash Flows for the nine-month periods then ended, as well as Notes to the Consolidated Financial Statements, including the Summary of Significant Accounting Policies (together “the Consolidated Financial Statements”). The 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 Standard No. 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 Standards on Review Engagements of the Republic of China 2410 “Review of Interim 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 caused 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 September 30, 2023 and 2022, and its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022 and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Ernst & Young  
Financial Report of TWSE Listed Company as Authorized by  
the Competent Authority  
Auditing and Attestation No. (2017) FSC No. 1060026003  
No. (2002)TCZ(VI) 144183

Lo Hsiao-Chin

Certified Public Accountant (CPA)

Chang Chih-Ming

November 10, 2023

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
As of September 30, 2023, December 31, 2022, and September 30, 2022  
(September 30, 2023 and 2022 were reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars)

Asset			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Accounting item	Note	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6.1	\$2,002,379	19	\$2,458,409	24	\$2,629,464	26
1136	Financial assets measured at amortized cost	6.4 and 8	24,000	-	24,000	1	24,000	-
1150	Notes receivable, net	6.5	1,266	-	2,052	-	1,401	-
1170	Accounts receivable, net	6.6	592,033	6	428,696	4	455,115	5
1200	Other receivables		172,108	2	114,634	1	7,103	-
1300	Inventory	6.7	2,769,742	27	2,632,098	26	2,583,340	26
1410	Prepayments		86,386	1	77,500	1	59,894	1
1470	Other current assets		8,880	-	7,773	-	6,181	-
	Total current assets		5,656,794	55	5,745,162	57	5,766,498	58
15xx	Non-current assets							
1510	Financial assets measured at fair value through profit and loss	6.2 and 6.14	1,389	-	1,620	-	1,676	-
1517	Financial assets measured at fair value through other comprehensive income	6.3	84,148	1	48,833	1	50,000	-
1535	Financial assets measured at amortized cost	6.4 and 8	3,000	-	3,000	-	3,000	-
1550	Investments accounted for using the equity method	4 and 6.8	7,638	-	-	-	-	-
1600	Property, plant and equipment	6.9	853,518	8	830,729	8	788,609	8
1755	Right-of-use assets	6.20	3,424,263	33	3,222,775	32	3,162,863	32
1780	Intangible assets	6.10	34,755	-	27,626	-	27,171	-
1840	Deferred tax assets	4 and 6.24	31,820	-	25,880	-	16,944	-
1900	Other non-current assets	6.11	275,125	3	212,844	2	206,505	2
	Total non-current assets		4,715,656	45	4,373,307	43	4,256,768	42
1xxx	Total assets		\$10,372,450	100	\$10,118,469	100	\$10,023,266	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: CHENG MING LUNG

General Manager: CHENG MING LUNG

Accounting Manager: WU SHU YI

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
As of September 30, 2023, December 31, 2022, and September 30, 2022  
(September 30, 2023 and 2022 were reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Accounting item	Note	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6.12	\$-	-	\$-	-	\$370,000	4
2130	Contract liabilities	6.18	25,758	-	16,451	-	19,912	-
2150	Notes payable		672,038	7	765,473	8	672,319	7
2170	Accounts payable		1,564,558	15	1,535,533	15	1,524,939	15
2200	Other payables	6.13	358,627	4	391,984	4	308,266	3
2230	Tax liabilities for the period	4 and 6.24	129,112	1	140,397	1	87,975	1
2280	Lease liabilities	6.20	439,486	4	401,958	4	390,909	4
2300	Other current liabilities		39,181	-	27,362	-	83,071	1
	Total current liabilities		3,228,760	31	3,279,158	32	3,457,391	35
25xx	Non-current liabilities							
2530	Bonds payable	6.14	897,254	9	1,167,392	12	1,162,576	11
2572	Deferred tax liabilities		2,915	-	1,628	-	2,410	-
2580	Lease liabilities	6.20	3,127,511	30	2,949,493	29	2,893,886	29
2640	Net defined benefit liabilities		4,307	-	4,307	-	5,645	-
2645	Guarantee deposits		113,318	1	91,755	1	87,220	1
	Total non-current liabilities		4,145,305	40	4,214,575	42	4,151,737	41
2xxx	Total liabilities		7,374,065	71	7,493,733	74	7,609,128	76
31xx	Equity attributable to shareholders of parent company							
3100	Share capital	6.16						
3110	Ordinary share capital		1,106,183	11	891,352	9	891,352	9
3140	Share capital collected in advance		10,854	-	7,239	-	-	-
3200	Capital surplus	6.16	1,169,105	11	867,945	9	836,163	9
3300	Retained earnings	6.16						
3310	Legal capital reserve		203,591	2	133,468	1	133,468	1
3320	Special reserve		1,372	-	-	-	-	-
3350	Unappropriated earnings		488,056	5	701,696	7	532,197	5
3400	Other equity		(1,558)	-	(1,372)	-	-	-
36xx	Non-controlling interests	6.16	20,782	-	24,408	-	20,958	-
3xxx	Total equity		2,998,385	29	2,624,736	26	2,414,138	24
	Total liabilities and equity		\$10,372,450	100	\$10,118,469	100	\$10,023,266	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: CHENG MING LUNG

General Manager: CHENG MING LUNG

Accounting Manager: WU SHU YI

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the three months and nine months ended September 30, 2023 and 2022  
(Only reviewed and not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2023.07.01~2023.09.30		2022.07.01~2022.09.30		2023.01.01~2023.09.30		2022.01.01~2022.09.30	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6. 18	\$4,054,150	100	\$3,613,565	100	\$11,942,606	100	\$10,772,573	100
5000	Operating costs		(2,940,067)	(73)	(2,633,668)	(73)	(8,655,902)	(72)	(7,855,068)	(73)
5900	Operating gross profit		1,114,083	27	979,897	27	3,286,704	28	2,917,505	27
6000	Operating expenses									
6100	Selling and marketing expenses		(790,743)	(19)	(665,904)	(18)	(2,320,796)	(19)	(1,957,394)	(18)
6200	General and administrative expenses		(127,126)	(3)	(106,121)	(3)	(377,190)	(3)	(312,670)	(3)
6450	Expected credit (loss) gain	6. 19	-	-	186	-	-	-	-	-
	Total operating expenses		(917,869)	(22)	(771,839)	(21)	(2,697,986)	(22)	(2,270,064)	(21)
6900	Operating profit		196,214	5	208,058	6	588,718	6	647,441	6
7000	Non-operating income and expenses									
7100	Interest income	6. 22	3,055	-	302	-	10,702	-	860	-
7010	Other income		15,278	-	7,616	-	49,838	-	35,498	-
7020	Other gains and losses		3,804	-	9,376	-	7,639	-	17,675	-
7050	Financing costs		(14,750)	-	(11,386)	-	(43,578)	-	(30,581)	-
7060	Shares of subsidiaries, affiliates, and joint ventures measured at the equity method		(362)	-	-	-	(362)	-	-	-
	Total non-operating income and expenses		7,025	-	5,908	-	24,239	-	23,452	-
7900	Net profit before tax		203,239	5	213,966	6	612,957	6	670,893	6
7950	Income tax expenses	4 and 6. 24	(39,486)	(1)	(44,480)	(1)	(125,378)	(1)	(138,828)	(1)
8200	Net income		163,753	4	169,486	5	487,579	5	532,065	5
8300	Other comprehensive income (loss)									
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation		(3,654)	-	-	-	(4,248)	-	-	-
	Comprehensive income (loss) (net value after tax) for this period		(3,654)	-	-	-	(4,248)	-	-	-
8500	Total comprehensive income (loss)		\$160,099	4	\$169,486	5	\$483,331	5	\$532,065	5
8600	Net income (loss) attributable to:									
8610	Owners of the parent company		\$163,463	4	\$169,338	5	\$487,145	5	\$531,733	5
8620	Non-controlling interests		290	-	148	-	434	-	332	-
			\$163,753	4	\$169,486	5	\$487,579	5	\$532,065	5
8700	Total comprehensive income attributable to:									
8710	Owners of the parent company		\$163,723	4	\$169,338	5	\$486,959	5	\$531,733	5
8720	Non-controlling interests		(3,624)	-	148	-	(3,628)	-	332	-
			\$160,099	4	\$169,486	5	\$483,331	5	\$532,065	5
9750	Basic ESP (NT\$)	6. 25	\$1.47		\$1.55		\$4.40		\$4.85	
9850	Diluted EPS (NT\$)	6. 25	\$1.44		\$1.51		\$4.23		\$4.75	

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: CHENG MING LUNG

General Manager: CHENG MING LUNG

Accounting Manager: WU SHU YI

## Great Tree Pharmacy Co., Ltd. and Subsidiaries

## Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(Only reviewed and not audited in accordance with the Generally Accepted Auditing Standards)

(Amounts expressed in thousands of New Taiwan Dollars)

	Item	Equity attributable to shareholders of parent company								Non-control ling interests	Total equity	
		Share capital	Share capital collected in advance	Capital surplus	Retained earnings			Other equity items				Total
					Legal capital reserve	Special reserve	Unappropriat ed earnings	Exchange differences translated from the financial statements of foreign operations	Unrealized (loss) gain on financial assets measured at fair value through other comprehensive profit or loss			
Code		3100	3140	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$700,431	\$6,679	\$726,345	\$92,969	\$-	\$405,446	\$-	\$-	\$1,931,870	\$20,626	\$1,952,496
B1	Appropriation and distribution of earnings in 2021											
B1	Provision of legal capital reserve				40,499		(40,499)			-		-
B5	Cash dividends						(182,242)			(182,242)		(182,242)
B9	Share dividends	182,241					(182,241)			-		-
C5	Recognized equity components arising from the											
C5	Issuance of convertible bonds-stock options			97,348						97,348		97,348
D1	Net income for the nine months ended September											
D1	30, 2022						531,733			531,733	332	532,065
D3	Other comprehensive income (loss) for the nine											
D3	months ended September 30, 2022						-	-	-	-	-	-
D5	Total comprehensive income (loss)	-	-	-	-	-	531,733	-	-	531,733	332	532,065
N1	Share-based payment transactions	8,680	(6,679)	8,820						10,821		10,821
T1	Others - issuance of employee stock options			3,650						3,650		3,650
Z1	Balance as of September 30, 2022	\$891,352	\$-	\$836,163	\$133,468	\$-	\$532,197	\$-	\$-	\$2,393,180	\$20,958	\$2,414,138
A1	Balance as of January 1, 2023	\$891,352	\$7,239	\$867,945	\$133,468	\$-	\$701,696	\$(205)	\$(1,167)	\$2,600,328	\$24,408	\$2,624,736
B1	Appropriation and distribution of earnings in 2022											
B1	Provision of legal capital reserve				70,123		(70,123)			-		-
B3	Provision of Special reserve					1,372	(1,372)			-		-
B5	Cash dividends						(422,522)			(422,522)		(422,522)
B9	Share dividends	206,766					(206,766)			-		-
D1	Net income for the nine months ended September											
D1	30, 2023						487,145			487,145	434	487,579
D3	Other comprehensive income (loss) for the nine											
D3	months ended September 30, 2023						-	(186)		(186)	(4,062)	(4,248)
D5	Total comprehensive income (loss)	-	-	-	-	-	487,145	(186)	-	486,959	(3,628)	483,331
I1	Convertible corporate bond conversion	7	10,408	273,872						284,287		284,287
M5	Difference between consideration and carrying											
M5	amount of subsidiaries acquired or disposed						(2)			(2)	2	-
N1	Share-based payment transactions	8,058	(6,793)	4,821						6,086		6,086
T1	Others - issuance of employee stock options			22,467						22,467		22,467
Z1	Balance as of September 30, 2023	\$1,106,183	\$10,854	\$1,169,105	\$203,591	\$1,372	\$488,056	\$(391)	\$(1,167)	\$2,977,603	\$20,782	\$2,998,385

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: CHENG MING LUNG

General Manager: CHENG MING LUNG

Accounting Manager: WU SHU YI

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Nine Months Ended September 30, 2023 and 2022  
(Only reviewed and not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars)

Code	Item	Q3 2023	Q3 2022	Code	Item	Q3 2023	Q2 2022
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for the period	\$612,957	\$670,893	B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(35,315)	(50,000)
A20000	Adjustment items:			B01800	Acquisition of investments accounted for using the equity method	(8,000)	-
A20010	Adjustments:			B02700	Acquisition of property, plant and equipment	(210,190)	(209,854)
A20100	Depreciation expense (including right-of-use assets)	506,420	440,428	B02800	Disposal of property, plant and equipment	-	7,364
A20200	Amortization expenses	9,266	3,897	B03700	(Increase) decrease in refundable deposits	(51,439)	(103,167)
A20400	Net loss on financial assets measured at fair value through profit and loss	231	378	B04500	Acquisition of intangible assets	(16,395)	(10,538)
A20900	Interest expenses	43,578	30,581	BBBB	Net cash inflow (outflow) from investing activities	<u>(321,339)</u>	<u>(366,195)</u>
A21200	Interest income	(10,702)	(860)				
A21900	Cost of share-based payments	22,467	3,650	CCCC	Cash flow from financing activities:		
A22300	Shares of subsidiaries, affiliates, and joint ventures measured at the equity method	362	-	C01200	Issuance of corporate bonds	-	1,257,088
A22500	Loss on disposal of property, plant, and equipment	-	(1,123)	C03000	Increase (decrease) in guarantee deposits received	21,563	31,215
A23700	Reversal of impairment loss on non-financial assets	(10,000)	-	C04020	Repayment of principal on loan	(343,279)	(292,969)
A29900	Other item - gain on lease modification	(1,485)	(502)	C04500	Cash dividends	(422,522)	(182,242)
A30000	Changes in assets/liabilities related to operating activities:			C04800	Employees exercising share option	6,086	10,821
A31130	(Increase) decrease in notes receivable	786	743	CCCC	Net cash inflow (outflow) from financing activities	<u>(738,152)</u>	<u>823,913</u>
A31150	(Increase) decrease in accounts receivable	(163,337)	13,613				
A31180	(Increase) decrease in other receivables	(57,467)	37,309	DDDD	Effect of changes in exchange rate on cash and cash equivalents	(4,248)	-
A31200	(Increase) decrease in inventory, net	(127,644)	(743,872)				
A31230	(Increase) decrease in prepayments	(8,886)	(18,757)	EEEE	Increase (decrease) in cash and cash equivalents for the period	(456,030)	1,320,995
A31240	(Increase) decrease in other current assets	(1,107)	4,317	E0100	Beginning balance of cash and cash equivalents	2,458,409	1,308,469
A32125	Increase (decrease) in contract liabilities	9,307	8,010	E0200	Ending balance of cash and cash equivalents	<u>\$2,002,379</u>	<u>\$2,629,464</u>
A32130	Increase (decrease) in notes payables	(93,435)	88,202				
A32150	Increase (decrease) in accounts payables	29,025	386,621				
A32180	Increase (decrease) in other payables	(33,509)	17,530				
A32230	Increase (decrease) in other current liabilities	11,819	56,399				
A33000	Cash inflow (outflow) from operating activities	<u>738,646</u>	<u>997,457</u>				
A33100	Interest received	10,702	860				
A33300	Interest paid	(316)	(3,169)				
A33500	Income tax paid	(141,323)	(131,871)				
AAAA	Net cash inflow (outflow) from operating activities	<u>607,709</u>	<u>863,277</u>				

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: CHENG MING LUNG

General Manager: CHENG MING LUNG

Accounting Manager: WU SHU YI



Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statement  
For the Nine Months Ended September 30, 2023 and 2022  
(Only reviewed and not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

---

**1. Company Overview**

Great Tree Pharmacy Co., Ltd. (hereinafter referred to as "the Company") was authorized to be established on May 15, 2001. Our main businesses include management and trade of various drugs, health supplements, maternity and infant products, and cosmetics products. We also provide coordinated medicine procurement services to various clinics, outpatient centers, and medical communities. Besides, we are also an agency for domestic and foreign health care products sold in clinics, outpatient centers, and medical communities.

The Company's initial public offering (IPO) was on March 29, 2016 at the Taipei Exchange (TPEX). The Company's registered address and the main business operating site is at 18F., No. 186, Fuxing Road, Taoyuan District, Taoyuan City.

**2. Dates and Procedures of Approving Financial Statements**

The consolidated financial statements for the nine months ended September 30, 2023 and 2022 of the Company and its subsidiaries (hereinafter referred to as "the Group") have been approved and announced by the Board of Directors on November 10, 2023.

**3. Applicability of New and Amended Accounting Principles and Explanations**

- a. Changes in accounting policy from the first-time adoption of International Financial Reporting Standards (IFRS):

The Group has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Notices that have been approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC") for application since January 1, 2023. The first-time application has had no significant impact on the Group.

- b. As of the approval and announcement date of the financial statements, the Group has not yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) and have been approved by the FSC as either newly announced, revised, and amended standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Liabilities classified as current or non-current (amendment to IAS 1)	January 1, 2024
2	Lease liabilities of sales and leaseback (amendment to IFRS)	January 1, 2024

Great Tree Pharmacy Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statement  
For the Nine Months Ended September 30, 2023 and 2022  
(Only reviewed and not audited in accordance with the Generally Accepted Auditing Standards)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

	16)	
3	Non-current liabilities in contracts (amendment to IAS 1)	January 1, 2024
4	Supplier finance arrangement(amendment to IAS 7 and IFRS 7)	January 1, 2024

1) Liabilities classified as current or non-current (amendment to IAS 1)

This amendment targets sections 69-76 in IAS 1 -Presentation of Financial Statements concerning the classification of liability as either current or non-current.

2) Lease liabilities of sales and leaseback (amendment to IFRS 16)

This is an additional accounting treatment for IFRS 16 "Leases" for an increase in sales and leaseback transactions of sellers and lessees to ensure consistent application of the standard.

3) Non-current liabilities in contracts (amendment to IAS 1)

This amendment enhances the information on long-term liabilities contracts provided by enterprises. It describes the contractual obligations to be complied with for the 12 months after the reporting period without affecting the classification of these liabilities as current or non-current at the end of the reporting period.

4) Supplier finance arrangement(amendment to IAS 7 and IFRS 7)

In addition to adding explanations on supplier financing arrangements, this amendment also adds relevant disclosures on supplier financing arrangements.

The abovementioned standards and interpretations are issued by IASB and have been recognized by FSC, and will be applicable for annual periods beginning on or after January 1, 2024. According to the Group's evaluation, the abovementioned new standards, amendments or interpretations have no material impact on the Group.

- c. As of the approval and announcement date of the financial statements, the Group has yet to adopt the following standards that have been announced by the International Accounting Standards Board (IASB) but have not been approved by the FSC as either newly announced, amended, standards or interpretations:

Item	Newly announced/amended/revised standard and interpretation	Effective date from IASB
1	Amendments to 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 Venture	Pending resolution from the IASB
2	IFRS 17 - Insurance Contracts	January 1, 2023
3	Lack of Exchangeability (amendment to IAS 21)	January 1, 2025

- 1) Amendments to 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 Venture

This project addresses the acknowledged 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 joint venture. IAS 28 requires that gains and losses resulting from upstream and downstream transactions between an investor and its associate or a joint venture should only be recognized to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires that any investment the parent has in the former subsidiary after control is lost should be measured at fair value and that any resulting gain or loss should be recognized in profit or loss. These amendments prohibit the aforementioned regulations from IAS 28; when the loss of control of a business, as defined in IFRS 3 occurs, all gains or losses arising from which shall be recognized.

These amendments also revise IFRS 10 in which a partial gain or loss should be recognized in accounting for the sale or contributions of assets or subsidiaries that do not constitute a business between an investor and its associate or joint venture as defined in IFRS 3.

- 2) IFRS 17 - Insurance Contracts

This standard provides a comprehensive model to insurance contracts, including all accounting treatment (recognition, measurement, expression, and disclosure principle). The core of the standard is general, and under this model, initial recognition measures the insurance contract group by the combination of the cash flow from performance obligation and contract service margin; the carrying amount at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims.

In addition to the general model, a specific applicable method (Variable Fee Approach, VFA) for contracts with direct participation features as well as a simplified approach for short-term contracts (Premium Allocation Approach, PAA) are provided.

This standard was issued in May 2017 and 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.

3) Lack of Exchangeability (amendment to IAS 21)

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

For the aforementioned standards or interpretations announced by the IASB but have not yet been approved by the FSC, the actual adoption date will be made in accordance with the FSC. The Group has evaluated that the aforementioned newly announced or amended standards or interpretations do not pose material effects on the Group.

#### 4. **Explanations of Major Accounting Policies**

a. Declaration of compliance

The Group's consolidated financial reports for the nine months ended September 30, 2023 and 2022 are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "IAS 34 - Interim Financial Reporting" approved and issued by the FSC.

This consolidated financial statements adopted the same accounting policies, except for the following descriptions in 4.4 ~ 4.6., as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022 for details.

b. Basis of preparations

Besides the financial instruments measured at fair value, the Consolidated Financial Statements are prepared on the basis of historical costs. Unless otherwise specified, the Consolidated Financial Statements are denoted in thousands of New Taiwan Dollars (NT\$1,000).

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

c. Overview of consolidation

The consolidated financial statements adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 4.3 of the consolidated financial statements for the year ended December 31, 2022 for details.

The consolidated entities are listed as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding ratio (%)			
			2023.09.30	2022.12.31	2022.09.30	Explanation
The Company	Ivy Biotechnology Co., Ltd.	Wholesale and retail business	100%	100%	100%	None
The Company	Bai-Lin Logistics Co., Ltd.	Wholesale and retail business	100%	100%	100%	None
The Company	Great Tree Pets Co., Ltd.	Wholesale and retail business	100%	100%	100%	None
The Company	Greentree Pharmacy Hong Kong Limited	Investment business	100%	100%	100%	Note 1
The Company	GREAT TREE INTERNATIONAL SDN. BHD.	Wholesale and retail business	74.26%	75%	100%	Note 2
The Company	Enki Biomedical Co., Ltd.	Biotechnology R&D business	100%	-	-	Note 3
Ivy Biotechnology Co., Ltd.	Da Yu Property Management Co., Ltd.	Real estate sales and lease	60%	60%	60%	None
Ivy Biotechnology Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	Wholesale and retail business	0.99%	-	-	Note 2
Greentree Pharmacy Hong Kong Limited	Greentree Sugi Pharmacy Hong Kong Limited	Investment business	60%	60%	-	Note 1
Greentree Pharmacy Hong Kong Limited	GTSW BIOTECH SDN.BHD.	Wholesale and retail business	60%	-	-	Note 4

Note 1: On November 11, 2021, the company was resolved by board of directors to expand its business in mainland China:

- 1) Greattree Pharmacy Hong Kong Limited, a wholly-owned subsidiary, was established by direct investment of the Company and registered on April 8, 2022. As of September 30, 2023, the amount of investment has not yet been remitted.
- 2) Greattree Sugi Pharmacy Hong Kong Limited was established by Greattree Pharmacy Hong Kong Limited with a shareholding ratio of 60%. The registration was completed on October 26, 2022. As of September 30, 2023 the investment amount has not yet been remitted.

Note 2: On May 12, 2022, the Board of Directors of the Company resolved to invest NT\$10,256 thousand in GREAT TREE INTERNATIONAL SDN. BHD. for the purpose of developing overseas business.

Ivy Biotechnology Co., Ltd. invested USD 4 thousand in GREAT TREE INTERNATIONAL SDN. BHD. on June 27, 2023.

Note 3: On May 10, 2023, the Company passed the resolution of the Board of Directors, and the Company directly invested in the establishment of Enki Biomedical Co., Ltd. and completed the registration on May 19, 2023.

Note 4: GTSW BIOTECH SDN.BHD. was established by Greattree Pharmacy Hong Kong Limited with a shareholding ratio of 60%. The registration was completed on September 6, 2023. As of September 30, 2023 the investment amount has not yet been remitted.

d. Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

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

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

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

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

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.



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

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

e. Retirement pension plan

The pension cost for the interim period is calculated based on the pension cost ratio determined by the actuarial calculation at the end of the previous year. The calculation term is from the beginning to the end of the period, and adjustments and disclosure will be made for post-period major market fluctuations, curtailment, settlement, or other significant one-time matters.

f. Income tax

The interim income tax expense is accrued and disclosed at the tax rate applicable to the expected total earnings for the current year, meaning that the estimated annual average effective tax rate will be applied to pre-tax income of the interim period. The estimate of the annual average effective tax rate only includes current income tax expenses, while deferred income tax regulations are consistent with the annual financial report and are recognized and measured in accordance with the requirements of IAS 12 "Income Tax." When a change in tax rate occurs in the interim period, the impact of the change in the tax rate on deferred income tax is recognized at one time in profit or loss, other comprehensive income or loss, or directly in equity.

**5. Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions**

When preparing the Consolidated Financial Statements, the Group's management shall exercise judgment, estimation and assumption at the end of the reporting period. This will influence the reported amounts of revenue, expense, assets and liabilities, and disclosure on liabilities. Nevertheless, the uncertainty of these material assumptions and estimates may result in material adjustments to the carrying amount of an asset or liability in the future.

This consolidated financial statements adopted the same primary sources of uncertainties in major accounting judgments, estimates, and assumptions as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022 for details.



**6. Explanations of Significant Accounting Items**

a. Cash and cash equivalents

	2023.09.30	2022.12.31	2022.09.30
Cash on hand and petty cash	\$11,487	\$10,826	\$10,426
Checks and demand deposit	1,179,682	1,471,713	2,504,488
Fixed deposit	811,210	975,870	114,550
Total	<u>\$2,002,379</u>	<u>\$2,458,409</u>	<u>\$2,629,464</u>

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

	2023.09.30	2022.12.31	2022.09.30
Measured at fair value through profit and loss:			
Convertible corporate bonds	<u>\$1,389</u>	<u>\$1,620</u>	<u>\$1,676</u>
Current	\$-	\$-	\$-
Non-current	<u>1,389</u>	<u>1,620</u>	<u>1,676</u>
Total	<u>\$1,389</u>	<u>\$1,620</u>	<u>\$1,676</u>

There was no Group's endorsement/guarantee provided for financial assets measured at fair value through profit and loss.

c. Financial assets at fair value through other comprehensive income (loss)

	2023.09.30	2022.12.31	2022.09.30
Investments in equity instruments measured at fair value through other comprehensive income:			
Unlisted and non-OTC company stock	\$85,315	\$50,000	\$50,000
Valuation adjustment	<u>(1,167)</u>	<u>(1,167)</u>	-
Total	<u>\$84,148</u>	<u>\$48,833</u>	<u>\$50,000</u>
Current	\$-	\$-	\$-
Non-current	<u>84,148</u>	<u>48,833</u>	<u>50,000</u>
Total	<u>\$84,148</u>	<u>\$48,833</u>	<u>\$50,000</u>

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

There was no Group's endorsement/guarantee provided for financial assets measured at fair value through other comprehensive income.

d. Financial assets measured at amortized cost

	2023.09.30	2022.12.31	2022.09.30
Restrictive fixed deposit	\$27,000	\$27,000	\$27,000
Less: allowance for loss	-	-	-
Total	\$27,000	\$27,000	\$27,000
Current	\$24,000	\$24,000	\$24,000
Non-current	\$3,000	\$3,000	\$3,000

The Group only has transactions with financial institutions in good credit standing and therefore has no material credit risk.

Please refer to Note 8 for the Group's endorsement/guarantee provided for financial assets measured at amortized cost.

e. Notes receivable, net

	2023.09.30	2022.12.31	2022.09.30
Notes receivable - from operating activities	\$1,266	\$2,052	\$1,401
Less: allowance for loss	-	-	-
Total	\$1,266	\$2,052	\$1,401

The Group's notes receivable has not had conditions of endorsement/guarantee.

The Group assesses information related to impairment and allowance for loss using regulations from IFRS 9. Please refer to Note 6.19, and please refer to Note 12 for information on credit risk.

f. Net accounts receivable

1) Below is a list of the accounts receivable, net:

	2023.09.30	2022.12.31	2022.09.30
Total accounts receivable	\$592,461	\$429,124	\$455,732
Less: allowance for loss	(428)	(428)	(617)
Net balance	\$592,033	\$428,696	\$455,115

- 2) The aforementioned accounts receivable has not had conditions of endorsement/guarantee.
- 3) The Group's credit period to customers is 60-120 days. The total carrying amounts were NT\$592,461 thousand, NT\$429,124 thousand and NT\$455,732 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Please refer to Note 6.19 for information related to allowance for impairment loss for the nine months ended September 30, 2023 and 2022. Please refer to Note 12 for information on credit risk.

g. Inventory

- 1) Net inventory is as follows:

	2023.09.30	2022.12.31	2022.09.30
Raw materials	\$12	\$-	\$-
Work-in-progress	682	3,806	1,747
Commodity	2,769,048	2,628,292	2,581,593
Total	<u>\$2,769,742</u>	<u>\$2,632,098</u>	<u>\$2,583,340</u>

- 2) The Group recognized the cost of inventories NT\$2,940,067 thousand and NT\$2,633,668 thousand as expenses for the three months ended September 30, 2023 and 2022, respectively. The cost of inventories recognized as expenses for the nine months ended September 30, 2023 and 2022 were NT\$8,655,902 thousand and NT\$7,855,068 thousand, respectively. These expenses include the following:

Item	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Allowance for inventory valuation and obsolescence loss (gains on recovery)	\$(10,000)	\$7,514	\$(10,000)	\$7,627
Loss (profit) on physical inventory	(1,056)	4,211	6,431	7,499
Inventory scrap loss	6,618	228	18,501	5,766
Total	<u>\$(4,438)</u>	<u>\$11,953</u>	<u>\$14,932</u>	<u>\$20,892</u>

For the three months and nine months ended September 30, 2023, due to the valuation that the partial inventory sustaining from inventory valuation and obsolescence loss has been disposed of, its allowance for inventory valuation and obsolescence loss has been recognized as gains on recovery.

- 3) Aforementioned inventory has not had conditions of endorsement/guarantee.

h. Investments accounted for using the equity method

Investee name	2023.09.30		111.12.31		2022.09.30	
	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Investment in affiliates :						
Keychain Co., Ltd.	<u>\$7,638</u>	40%	<u>\$-</u>	-%	<u>\$-</u>	-%

1) Investment in Affiliates

The information on affiliates without significant influence over the Group is as follows:

The Group invested in Kechain Co., Ltd. on June 12, 2023 with a shareholding ratio of 40%. The Group's total carrying amount as of September 30, 2023 was NT\$7,638 thousand. The summarized financial information based on the shares held is shown below :

	2023.07.01~ 2023.09.30	2023.07.01~ 2023.09.30
Net profit(loss) of continuing operations in this period	\$(362)	\$(362)
Other comprehensive income in this period (net income after tax)	-	-
Total comprehensive income in this period	<u>\$(362)</u>	<u>\$(362)</u>

The aforementioned investment in affiliates did not incur contingent liabilities or capital pledges, and have not been pledged as collateral.

- 2) On August 10, 2023, the Board of Directors of the Company resolved to invest NT\$8,000 thousand in Keychain Co., Ltd. with a shareholding ratio of 40%.
- 3) Aforementioned investments accounted for using equity method has not had conditions with endorsement/guarantee.

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

i. Property, plant, and equipment

	Buildings and construction	Transportation vehicle	Office equipment	Leasehold improvements	Other equipment	Total
Cost:						
2023.01.01	\$48,583	\$14,338	\$547,967	\$682,015	\$339,457	\$1,632,360
Acquisition	-	-	121,742	51,798	25,960	199,500
Disposal	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Effect of changes in exchange rate	-	-	-	-	-	-
2023.09.30	<u>\$48,583</u>	<u>\$14,338</u>	<u>\$669,709</u>	<u>\$733,813</u>	<u>\$365,417</u>	<u>\$1,831,860</u>
2022.01.01	\$48,583	\$14,338	\$412,011	\$554,115	\$316,722	\$1,345,769
Acquisition	-	-	103,032	74,454	21,561	199,047
Disposal	-	-	(1,996)	(3,543)	(3,931)	(9,470)
Transfer	-	-	-	-	-	-
2022.09.30	<u>\$48,583</u>	<u>\$14,338</u>	<u>\$513,047</u>	<u>\$625,026</u>	<u>\$334,352</u>	<u>\$1,535,346</u>
Depreciation and impairment:						
2023.01.01	\$7,081	\$14,061	\$300,597	\$316,113	\$163,779	\$801,631
Depreciation	2,441	277	57,474	69,898	46,621	176,711
Disposal	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Effect of changes in exchange rate	-	-	-	-	-	-
2023.09.30	<u>\$9,522</u>	<u>\$14,338</u>	<u>\$358,071</u>	<u>\$386,011</u>	<u>\$210,400</u>	<u>\$978,342</u>
2022.01.01	\$3,826	\$13,582	\$237,053	\$234,835	\$106,641	\$595,937
Depreciation	2,441	375	47,037	60,475	43,701	154,029
Disposal	-	-	(752)	(1,054)	(1,423)	(3,229)
Transfer	-	-	-	-	-	-
2022.09.30	<u>\$6,267</u>	<u>\$13,957</u>	<u>\$283,338</u>	<u>\$294,256</u>	<u>\$148,919</u>	<u>\$746,737</u>
Net carrying amount:						
2023.09.30	<u>\$39,061</u>	<u>\$-</u>	<u>\$311,638</u>	<u>\$347,802</u>	<u>\$155,017</u>	<u>\$853,518</u>
2022.12.31	<u>\$41,502</u>	<u>\$277</u>	<u>\$247,370</u>	<u>\$365,902</u>	<u>\$175,678</u>	<u>\$830,729</u>
2022.09.30	<u>\$42,316</u>	<u>\$381</u>	<u>\$229,709</u>	<u>\$330,770</u>	<u>\$185,433</u>	<u>\$788,609</u>

The aforementioned property, plant, and equipment have no conditions of endorsement/guarantee.

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

j. Intangible assets

	Computer software	Trademarks	Total
Cost:			
2023.01.01	\$27,225	\$14,286	\$41,511
Acquisition - separately acquired	16,395	-	16,395
Derecognized at the end of useful life	-	-	-
2023.09.30	<u>\$43,620</u>	<u>\$14,286</u>	<u>\$57,906</u>
2022.01.01	\$14,145	\$14,286	\$28,431
Acquisition - separately acquired	10,538	-	10,538
Derecognized at the end of useful life	-	-	-
2022.09.30	<u>\$24,683</u>	<u>\$14,286</u>	<u>\$38,969</u>
Amortization and impairment:			
2023.01.01	\$13,885	\$-	\$13,885
Amortization	9,266	-	9,266
Derecognized at the end of useful life	-	-	-
2023.09.30	<u>\$23,151</u>	<u>\$-</u>	<u>\$23,151</u>
2022.01.01	\$7,901	\$-	\$7,901
Amortization	3,897	-	3,897
Derecognized at the end of useful life	-	-	-
2022.09.30	<u>\$11,798</u>	<u>\$-</u>	<u>\$11,798</u>
Net carrying amount:			
2023.09.30	<u>\$20,469</u>	<u>\$14,286</u>	<u>\$34,755</u>
2022.12.31	<u>\$13,340</u>	<u>\$14,286</u>	<u>\$27,626</u>
2022.09.30	<u>\$12,885</u>	<u>\$14,286</u>	<u>\$27,171</u>

Amortization for recognition of intangible assets is as follows:

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Operating expenses	<u>\$3,791</u>	<u>\$1,742</u>	<u>\$9,266</u>	<u>\$3,897</u>

k. Other non-current assets

	2023.09.30	2022.12.31	2022.09.30
Prepaid equipment	\$22,550	\$11,708	\$9,381
Refundable deposits	252,575	201,136	197,124
Total	<u>\$275,125</u>	<u>\$212,844</u>	<u>\$206,505</u>

For long-term business development needs to increase operational performance, the Group has made a joint bid on “Taoyuan Aerotropolis Project Priority Industrial Zone Land Auction - Base B” with Company A on June 22, 2022 through the resolution of the Board of Directors. The deposit of NT\$83,877 thousand was paid and recognized under refundable deposits. It won the bid for a total price of NT\$1,679,968 thousand on July 28, 2022.

l. Short-term loans

1) Details on short-term loans are as follows:

	Range of interest rates (%)	2023.09.30	2022.12.31	2022.09.30
Unsecured bank loan	0.83%~1.18%	\$-	\$-	\$370,000

2) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's unused short-term loan credits are NT\$506,090 thousand, NT\$0 thousand and NT\$131,625 thousand, respectively.

m. Other payables

	2023.09.30	2022.12.31	2022.09.30
Expenses payable	\$330,800	\$364,309	\$287,102
Equipment payable	27,790	27,638	21,127
Net defined benefit liability - current	37	37	37
Total	\$358,627	\$391,984	\$308,266

n. Bonds payable

1) Details of bonds payable are as follows:

	2023.09.30	2022.12.31	2022.09.30
Elements of liability:			
Nominal amount of domestic convertible bond payable	\$925,900	\$1,220,000	\$1,220,000
Less: discount on domestic convertible bond payable	(28,646)	(52,608)	(57,424)
Sum	897,254	1,167,392	1,162,576
Less: portion maturing within 12 months	-	-	-
Net balance	\$897,254	\$1,167,392	\$1,162,576

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Embedded derivative financial instruments - redemption rights	<u>\$1,389</u>	<u>\$1,620</u>	<u>\$1,676</u>
Equity element - conversion rights	<u>\$71,823</u>	<u>\$97,348</u>	<u>\$97,348</u>

For valuation of profit or loss for embedded derivative financial instruments - redemption rights and the recognition of interest expense from corporate bonds, please refer to Note 6.22(4).

2) On September 12, 2022, the Company issued the second domestic unsecured convertible corporate bonds with the major terms as follows:

- (A) Total issuance: NT\$1,000,000 thousand
- (B) Date of issuance: 2022.09.12
- (C) Issuance price: Issued at 104.21% of par value
- (D) Coupon rate: 0%
- (E) Issuance period: 2022.09.12~2025.09.12
- (F) Repayment at maturity: The Company shall repay the convertible corporate bonds held by the holders of the convertible corporate bonds (hereinafter referred to as the "Bondholders") at par value in one lump sum in cash within 10 business days from the day after the maturity of the convertible corporate bonds, except for the conversion of the convertible corporate bonds by the Bondholders into common shares of the Company in accordance with Article 10 of this regulation, and the early redemption by the Company, or cancellation by purchase from the Taipei Exchange in accordance with Article 18 of this regulation.
- (G) Conversion period: Starting from the day after the 3-month period of issuance of this convertible bond to the date due (December 13, 2022), except for (I) stock transfer is halted pursuant to applicable laws; (II) 15 business days before the Company's ex-dividend date for share or cash dividend distribution or ex-stock transfer date for a capital increase, until the base date for right distribution, (III) capital reduction base-date to one day before the capital reduction in issuance of shares, (iv) from the day of the cessation of the conversion of the change of the face value of the shares to the day before the start of trading of the new shares for shares, conversion may not be requested, and may be transmitted to Taiwan Depository & Clearing Corporation at any time through the brokerage (hereinafter referred to as the "TDCC") to the Company's stock agency to request in accordance with the provisions of these measures to convert the bonds held in the conversion of common shares of the Company, and in accordance with the provisions of the present Procedure.
- (H) Conversion price and adjustments: The conversion price is set at NT\$304.98 per share at the time of issuance. In the event that the conversion price of the Company's common stock or stock options is adjusted in accordance with the terms of the issuance, the conversion price will be adjusted in accordance with the formula set forth in the terms of the issuance.

Due to cash dividends in 2023, the Company's conversion price adjustment was carried out in accordance with the provisions of the second domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from July 11, 2023, the conversion price was adjusted from NT\$304.98 to NT\$300.92.

Due to capital increase and surplus transfer in 2023, the Company's conversion price adjustment was carried out in accordance with the provisions of the second domestic unsecured convertible corporate bonds issuance and conversion procedures. Therefore, from August 19, 2023, the conversion price was adjusted from NT\$300.92 to NT\$245.03.



Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

---

- |                                      |   |
|--------------------------------------|---|
| (I) The Company's redemption rights: | <p>(1) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (December 13, 2022) to forty days before the expiration of the issuance period (August 3, 2025). When the closing price of the ordinary shares of the Company exceeds 30% (inclusive) of the conversion price for the 30th consecutive business day, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail within the next 30 business days. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as stated in Article 9.) (The bondholder will be based on the bondholder's register on the fifth business day prior to the date of the "bond recovery notice," and for investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons, they shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash. The Company shall execute the call request and redeem the convertible corporate bonds in cash at the par value of the bonds within five business days after the base date of bond redemption.</p> <p>(2) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (December 13, 2022) to forty days before the expiration of the issuance period (August 3, 2025). If the outstanding balance of the convertible bond is less than 10% of the initial total denomination at issuance, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail at any time. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) The bondholder will be based on the bondholder's register on the fifth business day prior to the date of the "bond recovery notice," and investors who subsequently obtain the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement.) Taipei Exchange will also be notified in writing, and the convertible bonds of the bondholders shall be recovered in cash. The Company shall execute the call request and redeem the outstanding convertible corporate bonds in cash at the par value of the bonds within five business days after the base date of bond redemption.</p> <p>(3) If the creditor does not reply to the Company's share transfer agency before the bond recovery base date denoted on the "bond recovery notice" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), the Company shall redeem the bonds in cash within five business day after maturity date at nominal value.</p> <p>(4) If the Company executes the call request, the deadline for the Bondholders to request the conversion is the second business day after the date of termination of trading of the convertible corporate bonds on the Taipei Exchange.</p> |
|--------------------------------------|---|

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

3) On September 29, 2022, the Company issued the first domestic private placement of convertible corporate bonds with the major terms as follows:

- |                                       |   |
|---------------------------------------|---|
| (A) Total issuance:                   | NT\$220,000 thousand  |
| (B) Date of issuance:                 | 2022.09.29  |
| (C) Issuance price:                   | Issued at 100% of par value   |
| (D) Coupon rate:                      | 0%  |
| (E) Issuance period:                  | 2022.09.29~2025.09.29   |
| (F) Repayment at maturity:            | The Company shall repay the bonds at par value in one lump sum in cash upon the maturity of the private placement of convertible corporate bonds, except for the conversion of the private placement of convertible corporate bonds by the holders of the private placement of convertible corporate bonds (hereinafter referred to as the "Bondholders") into common shares of the Company in accordance with Article 10 of this regulation, or the early redemption by the Company in accordance with Article 17 of this regulation, or the exercising of the put rights by the Bondholders in accordance with Article 18 of this regulation.   |
| (G) Conversion period:                | Starting from the day after the 3-month period of issuance of this convertible bond (December 30, 2022) to the date due (September 29, 2025), except for (I) stock transfer is halted pursuant to applicable laws; (II) 15 business days before the Company's ex-dividend date for share or cash dividend distribution or ex-stock transfer date for a capital increase, until the base date for right distribution, (III) capital reduction base-date to one day before the capital reduction in issuance of shares, (iv) from the day of the cessation of the conversion of the change of the face value of the shares to the day before the start of trading of the new shares for shares, conversion may not be requested, at any time through the brokerage to the Company's stock agency to request in accordance with the provisions of these measures to convert the bonds held in the conversion of common shares of the Company, and in accordance with the provisions of the present Procedure.  |
| (H) Conversion price and adjustments: | The conversion price is set at NT\$270.5 per share at the time of issuance. In the event that the conversion price of the Company's common stock or stock options is adjusted in accordance with the terms of the issuance, the conversion price will be adjusted in accordance with the formula set forth in the terms of the issuance.<br><br>Due to cash dividends in 2023, the Company's conversion price adjustment was carried out in accordance with the provisions of the first domestic private placement of convertible corporate bonds issuance and conversion procedures. Therefore, from July 11, 2023, the conversion price was adjusted from NT\$270.5 to NT\$266.9.<br><br>Due to capital increase and surplus transfer in 2023, the Company's conversion price adjustment was carried out in accordance with the provisions of the first domestic private placement of convertible corporate bonds issuance and conversion procedures. Therefore, from August 19, 2023, the conversion price was adjusted from NT\$266.9 to NT\$217.3.   |
| (I) The Company's redemption rights:  | <p>(1) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (December 30, 2022) to forty days before the expiration of the issuance period (August 21, 2025). When the closing market price of the ordinary shares of the Company exceeds 30% (inclusive) of the conversion price for the 30th consecutive business day, the Company may send a one-month "bond recovery notice" to the bondholder by registered mail within the next 30 business days. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as stated in Article 9.) The bondholder will redeem the bonds in cash within the fifth business day after maturity date at nominal value.</p> <p>(2) The conversion of corporate bonds shall be from the day after the expiration of three months from the date of issue (December 30, 2022) to forty days before the expiration of the issuance period (August 21, 2025). If the outstanding balance of the convertible bond is less than 10% of the initial total denomination at issuance, the Company may</p> |

send a one-month "bond recovery notice" to the bondholder by registered mail at any time. (The aforementioned foregoing period starts from the date of the Company's letter of notice, and the expiration date of the period is the base date for the bond recovery, and the aforementioned period cannot be the conversion termination period as started in Article 9.) The bondholder will redeem the bonds in cash within the fifth business day after maturity date at nominal value.

- (3) If the Bondholders does not reply to the Company's share transfer agency before the bond recovery base date denoted on the "bond recovery notice" by writing (the notice is effective at the time of delivery, and takes postmark as its basis), the Company shall redeem the bonds in cash within five business day after maturity date at nominal value.

- 4) As of September 30, 2023, the declared conversion amount of the Company's second batch of unsecured convertible bonds has reached NT\$294,100 thousand, and 1,042 thousand ordinary shares have been converted. The net amount that should be written off due to the conversion (including the face value and discount of the converted corporate bonds, etc.) is higher than the par value of the stock, which is NT\$299,397 thousand and listed as an addition to the capital reserve; in addition, due to the exercise of corporate bond conversion rights, the capital surplus recognized in the original issuance - convertible corporate bond stock options decreased by NT\$ 25,525 thousand.

o. Retirement pension plan

Defined allocation plan

The Group recognized defined allocation expense of NT\$14,288 thousand and NT\$11,747 thousand for the three months ended September 30, 2023 and 2022, respectively. The Group recognized defined allocation expense of NT\$42,931 thousand and NT\$33,277 thousand for the nine months ended September 30, 2023 and 2022, respectively.

Defined benefit plan

The expense of the defined benefit plan of the Group for the three months ended September 30, 2023 and 2022 were both NT\$55 thousand. The expense of the defined benefit plan of the Group for the nine months ended September 30, 2023 and 2022 were both NT\$167 thousand.

p. Equity

1) Ordinary Shares

As of September 30, 2023, December 31, 2022 and September 30, 2022, the authorized share capital of the Company was NT\$2,000,000 thousand, NT\$1,500,000 thousand and NT\$1,500,000 thousand, respectively ; in addition, the issued share capital was NT\$1,106,183 thousand, NT\$891,352 thousand, and NT\$891,352 thousand, respectively, with 110,618 thousand shares, 89,135 thousand shares, and 89,135 thousand shares, respectively, issued at par value of NT\$10. Each share has one voting right and the right to receive dividends.

On May 31, 2022, the Company approved a surplus capital increase of NT\$ 182,241 thousand by resolution of the shareholders' meeting. On July 7, 2022, the capital increase plan was decided by the Board of Directors to use August 8 of the same year as the base date for the capital increase. The paid-in share capital after the capital increase was NT\$ 891,352 thousand, with per value of NT\$10 at 89,135 thousand shares.

For the nine months ended September 30, 2022, the employee stock options issued by the Company exercised conversion rights of NT\$10,821 thousand, for which 200 thousand ordinary shares were converted. Upon approval from the Board of Directors on February 25, 2022, March 10, 2022 was set to be the base date of the increase. The paid-in capital after the increase was NT\$709,111 thousand with par value of NT\$10 for 70,911 thousand shares.

In 2022, a total of NT\$46,748 thousand was exercised, for which 924 thousand common shares were converted. After the capital increase, the paid-in share capital was NT\$898,591 thousand, with per value of NT\$10 at 89,859 thousand shares, of which 724 thousand common shares were still pending for the Board of Directors' approval as of December 31, 2022, so the capital is recognized as a prepaid capital.

For the nine months ended September 30, 2023, the second batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT\$294,100 thousand, for which 1,042 thousand common shares were converted. The paid-in capital after the increase was NT\$909,006 thousand with par value of NT\$10 at 90,901 thousand shares, of which 1,041 thousand common shares were still pending for the Board of Director's approval as of September 30, 2023, so the capital is recognized as a prepaid capital.

For the nine months ended September 30, 2023, the employee stock options issued by the Company exercised subscription rights of NT\$4,202 thousand, for which 126 thousand ordinary shares were converted, and the paid-in capital after the increase was NT\$910,271 thousand with par value of NT\$10 at 91,027 thousand shares, in which 45 thousand shares are ordinary shares. Base date of increase is still pending for the Board of Directors' approval as of September 30, 2023, so the capital is recognized as a prepaid capital.

On May 31, 2023, the Company's Annual Shareholders' Meeting has approved the capital increase by reinvestment of a surplus of NT\$206,766 thousand. Upon approval of the Board of Directors on July 7, 2023, August 19 of the same year was set to be the base date of the capital increase, after the capital increase, the paid-in share capital was NT\$1,106,183 thousand, with per value of NT\$10 at 110,618 thousand shares.

2) Capital surplus

	2023.09.30	2022.12.31	2022.09.30
Share premium of ordinary shares	\$1,055,966	\$751,748	\$723,060
Employee stock options	38,047	15,589	12,610
Stock options	71,823	97,348	97,348
Expired stock options	3,269	3,260	3,145
Total	<u>\$1,169,105</u>	<u>\$867,945</u>	<u>\$836,163</u>

According to the law, the capital reserve shall not be used except to make up for the Company deficit. When the Company has no deficit, the overage of the shares issued by the par value and the capital reserve generated by the proceeds of the donation can be used to charge up the capital up to a certain percentage of the paid-up capital each year. The aforesaid capital surplus may also be distributed in cash in proportion to the original share of the shareholders. In addition, capital surplus arising from any long-term equity investment shall not be used for any purpose.

3) Appropriation of net income and dividend policy

a) Appropriation of net income

Pursuant to the Company's Articles of Incorporation, if a surplus is available after closing the accounts, it shall be first used to pay taxes, make up past deficits, then 10% of which shall be appropriated as legal capital reserve. However, the Company is exempted from such appropriation in case the legal capital reserve has reached the Company's total capital, and the Company shall appropriate special capital reserve according to applicable laws or regulations from the competent authority. The remainder of which and any accumulated and unappropriated net income from previous years shall be appropriated as net income available for appropriation. The Board of Directors shall propose the appropriation of net income and submit for a resolution at the Shareholders' Meeting, then distribute bonus to shareholders accordingly.

Where the aforementioned dividends and bonuses are distributed entirely or partially in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two-thirds of the Directors and report to the Shareholders' Meeting, and the submission for a resolution at the Shareholders' Meeting in Paragraph 1 is not applicable.

b) Dividend policy

To respond to economic changes and to strengthen the Company's financial

structure, the Company has adopted a balanced dividend policy. The policy for future dividend distribution is as follows:

- i. The Company will appropriate no less than 10% of the aforementioned distributable net income as shareholders' dividends. Nevertheless, when distributable net income is less than 10% of the paid-in capital, the Company may propose not to appropriate any bonus.
- ii. In consideration of a balanced and stable dividend policy, the Company will appropriate either share or cash dividends according to the needs of funds and the degree of dilution to earnings per share. Appropriations of cash dividend shall be no less than 10% of the annual total dividends.

c) Legal capital reserve

Pursuant to the Company Act, legal capital reserve shall be appropriated until the total sum of which has reached the paid-in capital. Legal capital reserve shall be used toward making up for the deficit. When the Company does not have past deficits, the Company may issue new shares or distribute cash with the portion of legal capital reserve that exceeds 25% of the paid-in capital.

d) Special capital reserve

During appropriation of distributable net income, the Company appropriated the difference between the balance allocated to special capital reserve during first-time adoption of IFRS and net deductions in other equity items to the special capital reserve in compliance with regulations. Subsequently, if the net balance of other equity deduction has reversed, the reversal shall be applicable to special capital reserve to distribute earnings for the reversed part of other equity net deductions.

Pursuant to the FSC Explanation Order No. 1090150022 issued on March 31, 2021, upon the first-time adoption of IFRS, on the transition date, the Company's partial retained earnings transferred due to the exemption of IFRS 1 "First-time Adoption of IFRS" from those accounted under unrealized revaluation increment and cumulative adjustment gains shall be recognized as a special capital reserve for the same amount. Where the Company's relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings.

The Company has no conditions where special capital reserve appropriation amount has occurred due to first-time adoption of IFRS.

- e) The Meeting of Shareholders as of May 31, 2022 and 2023, respectively, proposed and resolved the appropriation of earnings for the years 2022 and 2021,

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2022	2021	2022	2021
Legal capital reserve	\$70,123	\$40,499		
Special capital reserve	1,372	-		
Cash dividends for ordinary shares	455,522	182,242	\$4.70	\$2.57
Stock dividends for ordinary shares	206,766	182,241	2.30	2.57

Please see Note 6.21 for information on the standards of estimate and recognition of amounts of employee compensation and remunerations of the Directors.

f) Non-controlling interests

	2023.01.01~2023.09.30	2022.01.01~2022.09.30
Beginning balance	\$24,408	\$20,626
Net profit attributable to non-controlling interests in the current period	434	332
Other comprehensive income (loss) attributable to non-controlling interests		
Exchange differences translated from the financial statements of foreign operation	(4,062)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2	-
Ending balance	\$20,782	\$20,958

q. Share-based payment plan

Company employees can receive share-based payment as a part of the employee benefits plan. Employees provide service as the consideration for receiving equity instruments, and such transactions will be treated as equity-settled share-based payment transactions.

Employee share-based payment plan

Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 4,000 units of employee stock options on October 29, 2019. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such an option. Equity security subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock option certificate has been granted. The duration of this stock option certificate is six years.



Upon approval from the FSC's Securities and Futures Bureau, the Company has issued 4,500 units of employee stock options on November 29, 2022. Each unit of equity security can be used to subscribe for 1,000 shares of the Company's ordinary shares. The Company will issue new shares when employees exercise such an option. Equity security subscriber may exercise the stock options for a certain period of time and proportion two years after the employee stock options certificate has been granted. The duration of this stock options certificate is five years.

Information on the aforementioned share-based payment is as follows:

Grant date of the stock options certificate	Total units issued	Execution price per unit (NT\$)
2019.12.01	1,879	\$35.00
2020.10.27	2,017	\$43.10
2022.12.15	4,500	\$283.20

- 1) The following pricing model and assumptions are used toward the share-based payment plan granted:

	2019	2020	2022
Expected fluctuation rate (%)	16.56%-24.87%	13.86%-45.03%	19.31%
Risk-free interest rate (RFR) (%)	0.552%-0.580%	0.158%-0.203%	1.0935%-1.1094%
Expected year of 100% stock subscription (year)	6	6	5
Weighted-average stock price (NT\$)	82.60	86.20	287
Pricing model used	Black-Scholes	Black-Scholes	Black-Scholes

The expected duration of the option is based on historical data and current expectations and therefore may not necessarily be consistent with actual implementation. The expected volatility is the historical volatility of the period in which the hypothesis is similar to the duration of the stock options, which represents the future trend, but may not necessarily be consistent with future actual results.

- 2) Information on the employee stock option plan issued for the nine months ended September 30, 2023 and 2022 :

	2023.01.01~2023.09.30		2022.01.01~2022.09.30	
	Number of outstanding stock options (unit)	Weighted-av erage Execution price (NT\$)	Number of outstanding stock options (unit)	Weighted-av erage Execution price (NT\$)
Outstanding stock options on January 1	6,593	\$211.61	3,103	\$60.52
Stock subscriptions in the current period	(136)	48.46	(200)	54.10



Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Stock options expired for the period	(15)	-	(63)	-
Outstanding stock options on September 30	<u>6,442</u>	\$173.22	<u>2,840</u>	\$49.57
Executable stock options on September 30	1,942		956	
Weighted-average fair value of the stock options granted in the current period		\$-		\$-

- 3) Below is the aforementioned share-based payment plan outstanding as of September 30, 2023, December 31, 2022 and September 30, 2022:

<u>2023.09.30</u>	<u>Execution price</u>	<u>Weighted-average remaining duration (year)</u>
Granted on December 1, 2019	\$35.00	2.17 years
Granted on October 27, 2020	\$43.10	3.07 years
Granted on December 15, 2022	\$283.20	4.21years

<u>2022.12.31</u>	<u>Execution price</u>	<u>Weighted-average remaining duration (year)</u>
Granted on December 1, 2019	\$43.00	2.92 years
Granted on October 27, 2020	\$52.90	3.82 years
Granted on December 15, 2022	\$287.00	4.96years

<u>2022.09.30</u>	<u>Execution price</u>	<u>Weighted-average remaining duration (year)</u>
Granted on December 1, 2019	\$43.00	3.17 years
Granted on October 27, 2020	\$52.90	4.07 years

- 4) The expense recognized by the Company for employee share-based payment plans is shown as the following:

Recognized expenses due to share-based payment transactions (All are equity delivery share-based payment)	<u>2023.07.01~ 2023.09.30</u>	<u>2022.07.01~ 2022.09.30</u>	<u>2023.01.01~ 2023.09.30</u>	<u>2022.01.01~ 2022.09.30</u>
	<u>\$7,779</u>	<u>\$1,207</u>	<u>\$22,467</u>	<u>\$3,650</u>

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

r. Operating revenue

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Revenue from customer contracts				
Revenue from sale of goods	\$4,040,427	\$3,600,385	\$11,899,457	\$10,735,925
Revenue from provision of service	11,859	11,544	37,591	31,741
Others	1,864	1,636	5,558	4,907
Total	<u>\$4,054,150</u>	<u>\$3,613,565</u>	<u>\$11,942,606</u>	<u>\$10,772,573</u>

Information regarding the Group's revenue from customer contracts is as follows:

1) Breakdown of revenue

	Single department			
	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Revenue from sale of goods	\$4,040,427	\$3,600,385	\$11,899,457	\$10,735,925
Revenue from provision of service	11,859	11,544	37,591	31,741
Others	1,864	1,636	5,558	4,907
Total	<u>\$4,054,150</u>	<u>\$3,613,565</u>	<u>\$11,942,606</u>	<u>\$10,772,573</u>

Timing of revenue recognition:

At a fixed point in time	\$4,052,286	\$3,611,929	\$11,937,048	\$10,767,666
Over a period of time	1,864	1,636	5,558	4,907
Total	<u>\$4,054,150</u>	<u>\$3,613,565</u>	<u>\$11,942,606</u>	<u>\$10,772,573</u>

2) Contract balance

a) Contract liability - current

	2023.09.30	2022.12.31	2022.09.30	2022.01.01
Sales of goods	\$759	\$716	\$559	\$627
Customer loyalty program	24,999	15,735	19,353	11,275
Total	<u>\$25,758</u>	<u>\$16,451</u>	<u>\$19,912</u>	<u>\$11,902</u>

Explanations of the changes in the balance of contract liabilities for the nine month ended September 30, 2023 are as follows:

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	\$(70)	\$(2,055)
Increase in advance payment for the period	112	11,319

Explanations of the changes in the balance of contract liabilities for the nine month ended September 30, 2022 are as follows:

	Sales of goods	Customer loyalty program
Beginning balance is recognized as revenue in the current period	\$(122)	\$(3,324)
Increase in advance payment for the period	54	11,402

s. Expected credit loss (gain)

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Operating expenses - expected credit loss (gain on reversal)				
Accounts receivable	\$-	\$(186)	\$-	\$-

Please refer to Note 12 for information on credit risk.

- 1) Historical records of credit impairment on the Group's receivables (including notes receivable and accounts receivable) indicate that diverse types of impairment loss is not found between different groups of customers. Therefore, allowance for loss is assessed using the same group and relevant information as of September 30, 2023, December 31, 2022 and September, 2022 can be found in the following:

As of September 30, 2023

	Not overdue (Note)	Days overdue		Total
		31-180 days	More than 181 days	
Total carrying amount	\$593,689	\$-	\$38	\$593,727
Rate of loss	0.07%	-%	100%	
Expected lifetime credit loss	(390)	-	(38)	(428)
Carrying Amount	\$593,299	\$-	\$-	\$593,299

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

As of December 31, 2022

	Not overdue(Note)	Days overdue		Total
		31-180 days	More than 181 days	
Total carrying amount	\$431,138	\$-	\$38	\$431,176
Rate of loss	0.09%	100%	100%	
Expected lifetime credit loss	(390)	-	(38)	(428)
Carrying Amount	\$430,748	\$-	\$-	\$430,748

As of September 30, 2022

	Not overdue(Note)	Days overdue		Total
		31-180 days	More than 181 days	
Total carrying amount	\$456,967	\$38	\$128	\$457,133
Rate of loss	0.10%	50%	100%	
Expected lifetime credit loss	(470)	(19)	(128)	(617)
Carrying Amount	\$456,497	\$19	\$-	\$456,516

Note : All of the Group's notes receivable is not overdue.

- 2) Information on the changes in the allowances for notes receivable and accounts receivable of the Group for the nine months ended September 30, 2023 and 2022 is as:

	Notes receivable	Accounts receivable
2023.01.01	\$-	\$428
Increase (reversal) in the period	-	-
2023.09.30	\$-	\$428
2022.01.01	\$-	\$617
Increase (reversal) in the period	-	-
2022.09.30	\$-	\$617

t. Lease

- 1) The Group is the lessee

The Group leases real property (building and construction), and the term of the lease for each contract is between 3 years to 20 years. Some of the contracts have stipulated that without the lessor's consent, a lessee may not lease out, sublease, dispose of right, or grant all or part of the leased object's use to others using other methods, or to give the right of the lease to others.

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

The following is a description of the leases' impacts on the Group's financial position, financial performance, and cash flow:

a) Amount recognized in the balance sheet

i. Right-of-use assets

	<u>Building and construction</u>
Cost:	
2023.01.01	\$4,990,039
Acquisition	574,242
Disposal	(78,122)
Reclassification	1,944
2023.09.30	<u>\$5,488,103</u>
2022.01.01	\$4,144,333
Acquisition	718,002
Disposal	(38,171)
2022.09.30	<u>\$4,824,164</u>
Depreciation and impairment:	
2023.01.01	\$1,767,264
Depreciation	329,709
Disposal	(35,077)
Reclassification	1,944
2023.09.30	<u>\$2,063,840</u>
2022.01.01	\$1,375,532
Depreciation	286,399
Disposal	(630)
2022.09.30	<u>\$1,661,301</u>
Carrying amount:	
2023.09.30	<u>\$3,424,263</u>
2022.12.31	<u>\$3,222,775</u>
2022.09.30	<u>\$3,162,863</u>

ii. Lease liabilities

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Lease liabilities	<u>\$3,566,997</u>	<u>\$3,351,451</u>	<u>\$3,284,795</u>
Current	<u>\$439,486</u>	<u>\$401,958</u>	<u>\$390,909</u>
Non-current	<u>\$3,127,511</u>	<u>\$2,949,493</u>	<u>\$2,893,886</u>

Please refer to Note 6.22(4) Financing Costs for the Group's interest expense for lease liabilities for the three months and nine months ended September 30, 2023 and 2022; and refer to Note 12.5 Liquidity Risk Management for the analysis on the expiration of lease liabilities as of September 30, 2023, December 31, 2022 and September 30, 2022.

b) Revenues and expenses related to the lessee and lease activities

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Short-term lease expense	\$(12,911)	\$(9,568)	\$(36,021)	\$(34,971)
Revenue from sublease of right-of-use assets	8,719	6,187	24,468	25,015

As of September 30, 2023 and 2022, the Group's committed short-term lease composition is not similar to the category of the aforementioned lease target related to short-term lease expense, and related lease commitment has amounted to NT\$0.

c) Cash outflow related to the lessee and lease activities

	2023.01.01~2023.09.30	2022.01.01~2022.09.30
Total cash flows on lease	\$379,300	\$327,940

2) The Group is the lessor

The Group classifies leases in which nearly all risks and rewards associated with the ownership of the target asset will not be transferred during the lease as operating leases.

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Lease revenue recognized from operating lease				
Fixed lease payment	\$8,719	\$6,187	\$24,468	\$25,015

In signing operating lease contracts, the Group has the following total amount of undiscounted lease payment as of September 30, 2023, December 31, 2022 and September 30, 2022 and for the remaining years:

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

	2023.09.30	2022.12.31	2022.09.30
Less than one year	\$23,265	\$25,742	\$28,203
More than 1 but no more than 2 years	22,716	20,070	20,283
More than 2 but no more than 3 years	19,800	19,751	19,733
More than 3 but no more than 4 years	12,684	17,018	18,593
More than 4 but no more than 5 years	9,555	11,383	12,132
More than 5 years	23,131	29,501	71,353
Total	<u>\$111,151</u>	<u>\$123,465</u>	<u>\$170,297</u>

- u. The following is a compilation of employee benefits, depreciation and amortization expense by function:

Function Characteristic	2023.07.01~2023.09.30			2022.07.01~2022.09.30		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$-	\$291,547	\$291,547	\$-	\$230,404	\$230,404
Labor and health insurance expenses	-	30,012	30,012	-	25,186	25,186
Pension expenses	-	14,343	14,343	-	11,802	11,802
Other employee benefit expenses	-	21,075	21,075	-	18,151	18,151
Depreciation expenses	1,657	172,585	174,242	1,657	152,405	154,062
Amortization expenses	-	3,791	3,791	-	1,742	1,742

Function Characteristic	2023.01.01~2023.09.30			2022.01.01~2022.09.30		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$-	\$835,105	\$835,105	\$-	\$691,231	\$691,231
Labor and health insurance expenses	-	91,144	91,144	-	70,367	70,367
Pension expenses	-	43,098	43,098	-	33,444	33,444
Other employee benefit expenses	-	65,546	65,546	-	51,406	51,406
Depreciation expenses	4,971	501,449	506,420	4,971	435,457	440,428
Amortization expenses	-	9,266	9,266	-	3,897	3,897

The Company's Articles of Incorporation provide that if there is profit in the year, 3% to 10% of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. But when accumulated loss is present, the Company shall first retain the profit to make up for deficits. The aforementioned employee compensation appropriated in shares or dividends shall be approved by a Board

of Directors meeting attended by two-thirds or more of all Directors, and by a majority vote of all attending Directors, and reported to the Shareholders' Meeting. Please see the Market Observation Post System (MOPS) from the Taiwan Stock Exchange (TWSE) for information on employee compensation and remunerations of the Directors, as approved by the Board of Directors.

The Company estimated the pay to employees and Directors based on profitability conditions. Employee compensation and remunerations of the Directors and Supervisors recognized for the three months ended September 30, 2023 were NT\$6,225 thousand and NT\$1,183 thousand, respectively. For the nine months period ended September 30, 2023, employee compensation and remunerations of the Directors/Supervisors of NT\$18,751 thousand and NT\$3,563 thousand, respectively. Employee compensation and remunerations of the Directors and Supervisors recognized for the three months ended September 30, 2022 were NT\$6,291 thousand and NT\$1,866 thousand, respectively, and for the nine months period ended September 30, 2022, employee compensation and remunerations of the Directors of NT\$20,275 thousand and NT\$6,015 thousand, respectively. The aforementioned amounts were recorded under compensation expenses.

On February 23, 2023, the Company's Board approved of distribution of cash-based employee compensation and remunerations of the Directors for 2022 of NT\$26,697 thousand and NT\$5,072 thousand respectively. No material difference is found between the actual distributions and the expenses recognized on the 2022 financial statements.

The actual distribution of employee compensation and remunerations of the Directors for the year ended December 31, 2021 had no material difference from the expenses recognized in financial statements.

v. Non-operating income and expenses

1) Interest income

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Financial assets measured at amortized cost	\$3,055	\$302	\$10,702	\$860

2) Other income

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Rental revenue	\$8,719	\$6,187	\$24,468	\$25,015
Other income - others	6,559	1,429	25,370	10,483
Total	\$15,278	\$7,616	\$49,838	\$35,498



Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

3) Other gains and losses

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Gain (Loss) from foreign exchange, net	\$4,562	\$8,631	\$6,385	\$16,434
Gains on lease modifications	261	-	1,485	502
Gain (Loss) on disposal of property, plant and equipment	-	1,123	-	1,123
Gain (loss) on financial assets measured at fair value through profit or loss	(1,019)	(378)	(231)	(378)
Other expenditures-other				(6)
Total	<u>\$3,804</u>	<u>\$9,376</u>	<u>\$7,639</u>	<u>\$17,675</u>

4) Financing costs

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Interest from bank loans	\$146	\$1,320	\$316	\$3,169
Interest expense from corporate bonds	4,615	782	14,149	782
Interest from lease liabilities	9,989	9,284	29,113	26,630
Total	<u>\$14,750</u>	<u>\$11,386</u>	<u>\$43,578</u>	<u>\$30,581</u>

w. Components of the other comprehensive income (loss)

Other comprehensive income for the three months ended September 30, 2023 is as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income (loss)	Tax benefits	After-tax amount
Items that will not be reclassified to profit or loss: Exchange differences translated from the financial statements of foreign operations	<u>\$(3,654)</u>	<u>\$-</u>	<u>\$(3,654)</u>	<u>\$-</u>	<u>\$(3,654)</u>

Other comprehensive income for the three months ended September 30, 2022: None.

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Other comprehensive income for the nine months ended September 30, 2023 is as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income (loss)	Tax benefits	After-tax amount
Items that will not be reclassified to profit or loss:					
Exchange differences translated from the financial statements of foreign operations	<u>\$(4,248)</u>	<u>\$-</u>	<u>\$(4,248)</u>	<u>\$-</u>	<u>\$(4,248)</u>

Other comprehensive income for the nine months ended September 30, 2022: None.

x. Income tax

1) Major components of income tax expenses (gains) are as follows:

Income tax recognized in profit or loss

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Current tax expenses (gains):				
Current tax payable	\$39,122	\$46,430	\$130,033	\$141,421
Adjustments in respect of current income tax of prior periods	-	(1)	(2)	113
Deferred tax expenses (gains):				
Deferred tax expenses related to initial recognition of temporary difference and its reversal	364	(1,949)	(4,653)	(2,706)
Income tax expenses	<u>\$39,486</u>	<u>\$44,480</u>	<u>\$125,378</u>	<u>\$138,828</u>

2) Filing and review of income tax

As of September 30, 2023, the Company's income tax filing and review conditions are as follows:

	<u>Filing and review of income tax</u>
The Company	Reviewed to 2021
Subsidiary - Ivy Biotechnology Co., Ltd.	Reviewed to 2021
Subsidiary - Bai-Lin Logistics Co., Ltd.	Reviewed to 2021
Subsidiary - Da Yu Property Management Co., Ltd.	Reviewed to 2021
Subsidiary – Great Tree Pets Co., Ltd.	Reviewed to 2021

y. Earnings per share (EPS)

The calculation of the basic earnings per share (Basic EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the parent company for the current year by the weighted-average number of ordinary shares outstanding in the current year.

Diluted earnings per share (Diluted EPS) is calculated by dividing the net profit attributable to holders of ordinary shares of the Company (after adjusting for the dilution effect) by the weighted-average number of ordinary shares outstanding in the current year plus all weighted-average number of ordinary shares to be issued when the potential ordinary shares with dilutive effect are converted into ordinary shares.

1) Basic EPS

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Net profit attributable to holders of the parent company's ordinary shares	\$163,463	\$169,338	\$487,145	\$531,733
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	111,210	109,596	110,793	109,546
Basic ESP (NT\$)	\$1.47	\$1.55	\$4.40	\$4.85

2) Diluted EPS

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Net profit attributable to holders of the parent company's ordinary shares	\$163,463	\$169,338	\$487,145	\$531,733
Redemption gain or loss from issuance of domestic convertible bonds	1,019	378	231	378
Interest from convertible bonds	3,776	642	11,568	642
Net profit attributable to holders of the parent company's ordinary shares after dilutive effect	\$168,258	\$170,358	\$498,944	\$532,753
Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares)	111,210	109,596	110,793	109,546

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Dilutive effect:				
Employee stock options (in 1,000 shares)	3,278	2,354	3,314	2,404
Employee bonus - shares (in 1,000 shares)	54	73	70	85
Convertible bonds (in 1,000 shares)	2,552	695	3,898	234
Weighted-average number of ordinary shares after adjustments for dilutive effects (in 1,000 shares)	117,094	112,718	118,075	112,269
Diluted EPS (NT\$)	\$1.44	\$1.51	\$4.23	\$4.75

## 7. Related Party Transactions

Bonuses for the Group's key managerial officers

	2023.07.01~ 2023.09.30	2022.07.01~ 2022.09.30	2023.01.01~ 2023.09.30	2022.01.01~ 2022.09.30
Short-term employee benefits	\$5,209	\$4,709	\$14,642	\$14,199
Retirement benefits	293	172	637	516
Share-based payment	48	196	144	588
Total	\$5,550	\$5,077	\$15,423	\$15,303

## 8. Assets Pledged

The Company has pledged the following assets as collateral:

Item	Carrying Amount			Content of the secured liabilities
	2023.09.30	2022.12.31	2022.09.30	
Financial assets measured at amortized cost - current	\$24,000	\$24,000	\$24,000	Credit card guarantee
Financial assets measured at amortized cost - non-current	3,000	3,000	3,000	Purchase contract guarantee
Total	\$27,000	\$27,000	\$27,000	

**9. Significant Contingent Liabilities and Unrecognized Contracts**

N/A.

**10. Contingent Disaster Loss**

N/A.

**11. Significant Post-reporting Period Matters**

- a. For the three months ended September 30, 2023, the second batch of unsecured convertible bonds issued by the Company exercised conversion rights of NT\$293,900 thousand, for which 1,041 thousand common shares were converted. Upon approval from the Board of Directors on November 10, 2023, November 10, 2023 was set to be the base date of the increase.
- b. For the three months ended September 30, 2023, the employee stock options issued by the Company exercised subscription rights of NT\$1,889 thousand, for which 45 thousand ordinary shares were converted. Upon approval from the Board of Directors on November 10, 2023, November 10, 2023 was set to be the base date of the increase.

## 12. Others

### a. Categories of financial instruments

#### Financial assets

	2023.09.30	2022.12.31	2022.09.30
Financial assets measured at fair value through profit or loss compulsory	\$1,389	\$1,620	\$1,676
Financial assets at fair value through other comprehensive income (loss)	84,148	48,833	50,000
Financial assets measured at amortized cost:			
Cash and cash equivalents	2,002,379	2,458,409	2,629,464
Financial assets measured at amortized cost	27,000	27,000	27,000
Notes receivable, net	1,266	2,052	1,401
Net accounts receivable	592,033	428,696	455,115
Other receivables	172,108	114,634	7,103
Subtotal	2,794,786	3,030,791	3,120,083
Total	\$2,880,323	\$3,081,244	\$3,171,759

#### Financial liabilities

	2023.09.30	2022.12.31	2022.09.30
Financial liabilities at amortized cost:			
Short-term loans	\$-	\$-	\$370,000
Accounts payable	2,595,223	2,692,990	2,505,524
Bonds payable (including those maturing within 12 months)	897,254	1,167,392	1,162,576
Lease liabilities	3,566,997	3,351,451	3,284,795
Total	\$7,059,474	\$7,211,833	\$7,322,895

### b. Objective and policy of financial risk management

The objective of the Group's financial risk management is to manage the market risk, credit risk, and liquidity risk related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on the Group's policy and risk appetite.

The Group has set up appropriate policies, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regards to relevant standards and internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations for financial risk management that have been set up.

c. Market risk

The Group's market risk is the risk of changes in fair value or cash flow from financial instruments due to market price changes. Market risk mostly includes exchange rate risk, interest rate risk, and other pricing risks (e.g. equity instruments).

In practice, very few risk variables are single-occurring, and the change in each risk variable is usually correlated. Nevertheless, the sensitivity analysis on the following risks does not take the interactions between various risk variables into consideration.

Exchange rate risk

The Group's operating activities are mostly transactions using the functional currency; therefore, exchange rate risk should not arise.

Interest rate risk

Interest rate risk is the risk of changes in fair value or future cash flow from financial instruments due to changes in market interest rate. The Group's interest rate risk mostly includes variable rate investments classified as variable rate debt instrument investments.

Sensitivity analysis for interest rate risk mostly targets interest rate exposure items after the reporting period and includes variable rate investments. It adopts the assumption that in a given accounting period, when the interest increases/decreases by 0.1%, the Group's income for the nine months ended September 30, 2023 and 2022 will increase/decrease by NT\$1,493 thousand and by NT\$1,970 thousand, respectively.

Equity price risk

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group does not hold equity securities measured by fair value. Therefore, equity price risk does not exist.

d. Credit risk management

Credit risk refers to the risk that the counterparty is unable to fulfill contractual obligations and leads to financial loss. The Group's credit risk mostly comes from operating activities (mostly from accounts receivable and notes) and financing activities (mostly bank deposits and various financial instruments).

Each business unit of the Group follows credit risk policy, procedure, and controls in managing credit risks. The credit risk valuation of all trading counterparties comprehensively measures factors including the counterparties' financial status, credit rating, past transaction experiences, current economic environment, and the Group's internal valuations. The Group also adopts certain credit enhancement tools (e.g. prepaid sales and insurance) on a timely basis to reduce the credit risk from certain customers.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group has not had concentration of credit risk on individual customers, so credit risk should be moderate.

The Group's finance department manages credit risk by managing bank deposits and other financial instruments in accordance with the Group policy. As the Group's transaction counterparties are determined by internal control procedures and are banks with good credit and investment-grade financial institutions, the Group is not subjected to material credit risk.

The Group has adopted IFRS 9 in the valuation of expected credit loss. Receivables are measured as loss allowance for lifetime expected credit losses. As for the rest of the debt instrument investments that are not measured at fair value through profit and loss, the initial acquisition price is based on those with low credit risk, and is evaluated on each balance sheet date to determine whether there has been significant increase in credit risk since initial recognition to determine the method of allowance for loss and its rate of loss.

Additionally, when evaluating financial assets that cannot be reasonably recovered, the Group will write-off the assets (for instance, if the issuer or the debtor experiences material financial difficulty or has become bankrupt).

e. Liquidity risk management

The Group maintains financial flexibility through contracts including cash and cash equivalents, convertible bonds, and leases. The following table summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the date on which the earliest possible repayment is required using its undiscounted cash flow. The amounts listed also include contracted interest. For interest cash flow paid using variable rate, its undiscounted interest is obtained through the yield curve at the end of the reporting period.



Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years or above	Total
<u>2023.09.30</u>							
Accounts payable	\$2,595,223	\$-	\$-	\$-	\$-	\$-	\$2,595,223
Bonds payable	-	925,900	-	-	-	-	925,900
Lease liabilities	469,899	456,782	443,854	416,320	396,383	1,486,576	3,669,814
<u>2022.12.31</u>							
Accounts payable	\$2,692,990	\$-	\$-	\$-	\$-	\$-	\$2,692,990
Bonds payable	-	-	1,220,000	-	-	-	1,220,000
Lease liabilities	426,864	411,786	398,644	381,797	353,896	1,689,325	3,662,312
<u>2022.09.30</u>							
Short-term loans	\$371,305	\$-	\$-	\$-	\$-	\$-	\$371,305
Accounts payable	2,505,524	-	-	-	-	-	2,505,524
Bonds payable	-	-	1,220,000	-	-	-	1,220,000
Lease liabilities	414,564	399,338	386,164	372,185	343,474	1,586,801	3,502,526

f. Adjustments of liabilities from financing activities

Information on adjustments of liabilities for the nine month ended September 30, 2023:

	Guarantee deposits	Bonds payable	Lease liabilities	Total liabilities from financing activities
2023.01.01	\$91,755	\$1,167,392	\$3,351,451	\$4,610,598
Cash flow	21,563	-	(344,312)	(322,749)
Non-cash changes				
Changes in scope of lease for the period	-	-	530,745	530,745
Convertible bonds	-	(284,287)	-	(284,287)
Interest expense	-	14,149	29,113	43,262
2023.09.30	\$113,318	\$897,254	\$3,566,997	\$4,577,569

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Information on adjustments of liabilities for the nine month ended September 30, 2022:

	Short-term loans	Guarantee deposits	Bonds payable	Lease liabilities	Total liabilities from financing activities
2022.01.01	\$370,000	\$56,005	\$-	\$2,871,175	\$3,297,180
Cash flow	-	31,215	1,257,088	(292,969)	995,334
Non-cash changes					
Changes in scope of lease for the period	-	-	-	679,959	679,959
Others	-	-	(95,294)	-	(95,294)
Interest expense	-	-	782	26,630	27,412
2022.09.30	\$370,000	\$87,220	\$1,162,576	\$3,284,795	\$4,904,591

g. Fair value of financial instruments

1) Valuation technique and assumptions used in measuring fair value

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. The Group's method and assumptions in valuating or disclosing the fair value of financial assets and financial liabilities are as follows:

- a. The carrying amount of the cash and cash equivalents, account receivables, account payables and other current liabilities is a reasonable approximation of the fair value, mainly because the period of maturity of such instruments is short.
- b. The fair value of financial assets and financial liabilities that are traded in active market and have standard terms and conditions are determined by reference to market quotations (e.g., listed and traded stocks and bonds).
- c. For equity instruments without active market (e.g. private placement of shares in listed cabinets, shares of publicly issued companies without active markets, and shares of undisclosed companies), fair value is estimated at market value, which is the price generated by market transactions of the same or comparable equity instruments and other relevant information (e.g. lack of liquidity discount factor, similar price-to-earnings (P/E) ratio, similar price per book value or more).
- d. For debt instrument investments without active market, bank loans, bonds payable and other non-current liabilities without quotation from active market, the fair value is determined by the counterparty quotation or valuation technique, and the valuation technique is determined based on the cash flow discount analysis. Assumptions such as interest rate and discount rate are mainly based on information related to similar instruments (e.g. information such as yield curve at the Taipei Exchange, average quotation of Reuters commercial paper rate, and credit risk and more).

2) Fair value of financial instruments measured at amortized cost

Except for the following, the carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is a close approximation of their fair value.

	Carrying amount		
	2023.09.30	2022.12.31	2022.09.30
Financial liabilities:			
Bonds payable	\$897,254	\$1,167,392	\$1,162,576

  

	Fair value		
	2023.09.30	2022.12.31	2022.09.30
Financial liabilities:			
Bonds payable	\$902,065	\$1,174,894	\$1,163,194

3) Fair value ranked information of financial instruments

Please refer to Note 12.9 for fair value ranked information of financial instruments.

h. Derivative financial instruments

Information about derivative financial instruments held by the Group that do not qualify for hedge accounting and are not yet due is as follows:

Embedded derivative financial instruments

The embedded derivative financial instruments identified by the Group as a result of the issuance of convertible corporate bonds were separated from the host contract and treated as measured at fair value through profit and loss. Please refer to Note 6 for the contract information of the transaction.

i. Ranking of fair value

1) Definition of fair value ranking

All assets and liabilities measured or disclosed at fair value are classified at their fair value rank based on the lowest rank of input that is material to the overall fair value. Input value of each rank is as follows:

- Rank 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date.
- Rank 2: Input value can be directly or indirectly observed for an asset or liability, except for the quotations at rank 1.
- Rank 3: Unobservable input value for assets and liabilities.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, revaluation of their respective classification shall be required at the end of each reporting period to determine whether there has been a transfer between ranks of fair value.

2) Information on measurement of fair value ranks

The Group does not have non-repetitive assets measured at fair value. The information on the fair value level of repetitive assets and liabilities is shown below:

September 30, 2023:

	Rank 1	Rank 2	Rank 3	Total
Financial assets measured at fair value through profit and loss				
Convertible corporate bonds	\$-	\$-	\$1,389	\$1,389
Financial assets at fair value through other comprehensive income (loss)				
Equity instruments measured at fair value through other comprehensive income	-	-	84,148	84,148

December 31, 2022:

	Rank 1	Rank 2	Rank 3	Total
Financial assets measured at fair value through profit and loss				
Convertible corporate bonds	\$-	\$-	\$1,620	\$1,620
Financial assets at fair value through other comprehensive income (loss)				
Equity instruments measured at fair value through other comprehensive income	-	-	48,833	48,833

September 30, 2022:

	Rank 1	Rank 2	Rank 3	Total
Financial assets measured at fair value through profit and loss				
Convertible corporate bonds	\$-	\$-	\$1,676	\$1,676
Financial assets at fair value through other comprehensive income (loss)				
Equity instruments measured at fair value through other comprehensive income	-	-	50,000	50,000

Transfer between rank 1 and rank 2 of fair value ranks

There were no transfers between rank 1 and rank 2 of fair value ranks from September 30, 2022 to September 30, 2023.

Details on changes in repetitive fair value rank 3

For the Group's assets and liabilities measured at repetitive fair value that are categorized as Rank 3, adjustments from beginning to ending balance is as follows:

	Asset	
	Measured at fair value through profit and loss	Measured at fair value through other comprehensive income
	Derivative instruments	Stock and preferred stock
2023.01.01	\$1,620	\$48,833
Acquired/issued during the period	-	35,315
Recognized in profit and loss during the period (recognized under "Other gains and losses")	(231)	-
2023.09.30	\$1,389	\$84,148

  

	Asset	
	Measured at fair value through profit and loss	Measured at fair value through other comprehensive income
	Derivative instruments	Stock and preferred stock
2022.01.01	\$-	\$-
Acquired/issued during the period	2,054	50,000
Recognized in profit and loss during the period (recognized under "Other gains and losses")	(378)	-
2022.09.30	\$1,676	\$50,000

In the total profit or loss recognized above, the amount of profit or loss related to assets held as of NT\$(231) thousand and NT\$(378) thousand for the nine months ended September 30, 2023 and 2022, respectively.

Information on material unobservable input in fair value rank 3

The following table presents the significant unobservable input value for fair value measurement for the Company's assets measured at repetitive fair value in the fair value rank 3:

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

September 30, 2023

	Valuation techniques	Material unobservable input value	Quantitative information	Relations between input value and fair value	Sensitivity analysis value relationship between input value and fair value
Financial assets:					
<u>Measured at fair value through profit and loss</u>					
Embedded derivatives	Binary tree convertible bond valuation model	Volatility	42.39%~42.45 %	The higher the volatility, the higher the fair value estimates	When the volatility increases (decreases) by 1%, the profit or loss on the Group will increase/decrease by NT\$66 thousand/NT\$0 thousand
<u>Financial assets at fair value through other comprehensive income (loss)</u>					
Stock	Market Law	Lack of liquidity discount	30%	The higher the degree of lack of liquidity, the lower the fair value estimation	When the percentage of lack of liquidity increases (decreases) by 1%, the equity in the Company will decrease/increase by NT\$44 thousand

December 31, 2022

	Valuation techniques	Material unobservable input value	Quantitative information	Relations between input value and fair value	Sensitivity analysis value relationship between input value and fair value
Financial assets:					
<u>Measured at fair value through profit and loss</u>					
Embedded derivatives	Binary tree convertible bond valuation model	Volatility	45.91%~45.98 %	The higher the volatility, the higher the fair value estimates	When the volatility increases (decreases) by 1%, the profit or loss on the Group will increase/decrease by NT\$222 thousand.
<u>Financial assets at fair value through other comprehensive income (loss)</u>					
Stock	Market Law	Lack of liquidity discount	30%	The higher the degree of lack of liquidity, the lower the fair value estimation	When the percentage of lack of liquidity increases (decreases) by 1%, the equity in the Company will decrease/increase by NT\$44 thousand

Notes to Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. (Continued)  
(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

September 30, 2022

	Valuation techniques	Material unobservable input value	Quantitative information	Relations between input value and fair value	sensitivity analysis value relationship between input value and fair value
Financial assets:					
<u>Measured at fair value through profit and loss</u>					
Embedded derivatives	Binary tree convertible bond valuation model	Volatility	47.20%	The higher the volatility, the higher the fair value estimates	When the volatility increases (decreases) by 1%, the profit or loss on the Group will increase/decrease by NT\$222 thousand/NT\$200 thousand

3) Ranked information not measured at fair value but fair value disclosure is required

September 30, 2023:

	Rank 1	Rank 2	Rank 3	Total
Disclosures of fair value liabilities only:				
Bonds payable (see Note 6.13 for details)	\$-	\$-	\$902,065	\$902,065

December 31, 2022:

	Rank 1	Rank 2	Rank 3	Total
Disclosures of fair value liabilities only:				
Bonds payable (see Note 6.13 for details)	\$-	\$-	\$1,174,894	\$1,174,894

September 30, 2022:

	Rank 1	Rank 2	Rank 3	Total
Disclosures of fair value liabilities only:				
Bonds payable (see Note 6.13 for details)	\$-	\$-	\$1,163,194	\$1,163,194

j. Information on financial assets and financial liabilities in foreign the currency with material effect: Not applicable.

k. Capital management

The most important objective of the Group's capital management is to ensure that a healthy credit rating and positive capital ratio can be preserved to support the maximization of business management and shareholders' rights. The Group manages and adjusts capital structure based on economic conditions. We may achieve the objective of preserving and adjusting capital structure through adjusting dividend payment or issuance of new shares.

**13. Notes on Disclosures**

a. Information on Significant Transactions

- 1) The Company's capital financing for others: None.
- 2) The Company's endorsement/guarantee for others: None.
- 3) Securities holders at the end of the period (excluding investment subsidiaries, affiliates enterprises and joint venture interests): Please refer to Table 1.
- 4) The Company's cumulative buy or sell of an individual marketable security of at least NT\$300 million or 20% of the paid-in capital in this period: None.
- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Purchases from and sales to related parties amounting to at least NT\$100 million or exceeding 20% of paid-in capital: Please see Table 2.
- 8) Receivables from related parties amounting to at least NT\$100 million or exceeding 20% of paid-in capital: Please see Table 3.
- 9) Derivatives transactions: Please refer to Note 12.8
- 10) Information on business relations and material transactions between the parent company and subsidiaries and inter-subsidiaries: Please see Table 7.

b. Information on Reinvestments

- 1) When it has a significant influence or control over the investee company, the relevant information of the investee company (excluding the mainland China investee company) should be disclosed: please refer to Table 4.
- 2) Disclosure of Investee Information in Note 13.1 When the Company Has Control over the Investee Company:
  - a) Capital financing for others: None.
  - b) Endorsement/guarantee for others: None.
  - c) Securities holders at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture interests): None.
  - d) Cumulative buy or sell of an individual marketable security of at least NT\$300 million or 20% of the paid-in capital in this period: None.
  - e) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.



- f) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - g) Transactions with related parties amounting to NT\$100 million or 20% more than the paid-in capital: Please refer to Table 5.
  - h) Receivables from related parties amounting to NT\$100 million or 20% more than the paid-in capital: please refer to Table 6.
  - i) Derivatives transactions: None.
- c. Information on investments in Mainland China: None.
- d. Information on Substantial Shareholders

Name of substantial shareholder	Shares Number of shares held	Shareholding ratio
Jun Wei Investment Co., Ltd.	11,857,440	13.02%
Zhen Han Investment Co., Ltd.	9,885,264	10.86%
Hao Cheng Investments Co., Ltd.	6,897,715	7.57%
Feasttogether Gruoup Co., Ltd.	5,647,254	6.20%

#### 14. Departmental Information

Revenues from the Group mostly come from sales of various medicine, health foods, maternity and infant products, and cosmetics. The Group's operational decision-makers will review the overall operating results to establish decisions regarding Company resources and to evaluate overall performance. Hence, it is a single business unit, and adopts the same fundamental compilations and preparations as the compilation and explanations of material accounting policies summarized in Note 4.

**Table 1****Great Tree Pharmacy Co., Ltd. and Subsidiaries****Securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture interests)****As of September 30, 2023**

Unit: in NT\$1,000

Name of Held Company	Types and names of securities (Note 1)	Relationship with securities issuer (Note 2)	Financial statement account	End of the Period				Notes (Note 3)
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
Great Tree Pharmacy Co., Ltd.	<u>Stock</u> Top Taiwan XIV Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income Less: Adjustment of Equity instrument investment measured at fair value measured through other comprehensive income	5,000,000	\$50,000  (1,167)	2.50%	\$48,833	None
	Yoda Pharmaceuticals Inc.	-	Financial assets measured at fair value through other comprehensive income Less: Adjustment of Equity instrument investment measured at fair value measured through other comprehensive income	1,250,000	15,315  -	2.31%	15,315	None
	ANNJI PHARMACEUTICAL CO., LTD.	-	Financial assets measured at fair value through other comprehensive income Less: Adjustment of Equity instrument investment measured at fair value measured through other comprehensive income	666,666	20,000  -	0.76%	20,000	None
			Total		<u>\$84,148</u>			

Note 1: The term “marketable securities” as used in this table refers to stocks, bonds, beneficiary certificates and securities derived from the above-mentioned items within the scope of IAS 9 “Financial Instruments”.

Note 2: Issuers of marketable securities that are not related persons are exempt from this column.

Note 3: For those listed marketable securities are subject to restricted use due to provision of collateral, pledged loans or other agreements, they shall be indicated in the remarks column for the number of guaranteed or pledged shares, the amount of guarantee or pledged and the restricted usage.

Table 2

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Purchases from and Sales to Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of Paid-in Capital

January 1, 2023 to September 30, 2023

Unit: in NT\$1,000

Company that imports (sells) goods	Name of counterparty	Relations	Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		Remark
			Imports (sale) goods	Amount	Ratio to total inputs (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes receivable (paid) to accounts receivable	
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	Sales	\$3,168,789	26.74%	Offset of debts and claims	No other customers for comparison	Non-related parties: 60-120 days credit	Accounts receivable \$590,624	55.10%	Note
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	Subsidiary	Purchases	\$377,602	4.30%	Credit 30 days	No other vendor for comparison	Non-related parties: 60-90 days credit	Notes payable \$125,465	16.16%	Note
									Accounts payable \$40,466	2.61%	Note

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

**Table 3**

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**  
**Receivables from Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of Paid-in Capital**  
**As of September 30, 2023**  
Unit: in NT\$1,000

Company name	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount Collected Subsequent to the Balance Sheet Date	Allowance for doubtful accounts
					Amount	Treatment		
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	Subsidiary	<u>\$590,624</u> (Note)	<u>7.82</u>	<u>\$-</u>	-	<u>\$66,090</u>	<u>\$-</u>

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

**Table 4****Great Tree Pharmacy Co., Ltd. and Subsidiaries****When it has a significant influence or control over the investee company, it should disclose the relevant information of the investee company (excluding the mainland China investee company)****As of September 30, 2023**

Unit: in NT\$1,000

Name of investing company	Investee	Location	Major operations	Initial investment amount		Ending balance			Profit (Loss) of Investee for the Period	Investment income (loss) recognized by the Company for the period	Remark
				Ending balance for the period	Year-end in previous year	Shareholding	Rate %	Carrying amount			
Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	19F.,No.186, Fuxing Road,Taoyuan District,Taoyuan City	Wholesale and retail business of foods and assorted goods, daily supplies, cleaning products, assorted drugs, health supplements, maternity and infant products, and cosmetics	\$40,612	\$40,612	5,900,000 shares	100.00%	\$126,551	\$71,974	\$86,168 (Note 1)	Note 4
Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	19F.,No.186, Fuxing Road,Taoyuan District,Taoyuan City	Wholesale and retail business, and packaging and warehousing services of foods and assorted goods, beverages, daily supplies, cleaning products and cosmetics	\$2,000	\$2,000	200,000 shares	100.00%	\$7,584	\$4,104	\$4,104	Note 4
Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	18F.,No.186, Fuxing Road,Taoyuan District,Taoyuan City	Retail business of animal medication, aquarium fish, and retail and wholesale business of pet food and supply	\$150,000	\$90,000	15,000,000 shares	100.00%	\$85,714	\$(36,452)	\$(36,452)	Note 4
Great Tree Pharmacy Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	No.39-1, JalanAnggerik VanillaBF31/BF,Kota Kemuning,Seksyen31, 40460ShanAlam,Selangor,Malaysia	Wholesale and retail business of foods and assorted goods, daily supplies, cleaning products, assorted drugs and other products	\$10,256	\$10,256	1,500,000 shares	74.26%	\$9,780	\$199	\$145	Note 4
Great Tree Pharmacy Co., Ltd.	Enki Biomedical Co., Ltd.	20F.,No.186, Fuxing Road,Taoyuan District,Taoyuan City	Wholesale and retail business of food and other goods, beverages, daily necessities, cleaning supplies, cosmetics, precision instruments, etc., and biotechnology R&D business	\$15,000	\$-	1,500,000 shares	100.00%	\$13,749	\$(1,251)	\$(1,251)	Note 4
Great Tree Pharmacy Co., Ltd.	Keychain Co., Ltd.	9F., No. 219, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	Wholesale and retail business of information software, electronic materials, computers and office machinery and equipment, information software and data processing and other service businesses	\$8,000	\$-	323,981 shares	40.00%	\$7,638	\$(3,202)	\$(362)	
Ivy Biotechnology Co., Ltd.	Da Yu Property Management Co., Ltd.	18F.,No.186, Fuxing Road,Taoyuan District,Taoyuan City	Management consultancy, housing and commercial building development, lease and sales, development of special zones, real estate sales and lease, and development, lease, and sales of factory buildings	\$30,000	\$36,000	3,000,000 shares	60.00%	\$26,284	\$963	\$578	Note 4
Ivy Biotechnology Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	No.39-1, JalanAnggerik VanillaBF31/BF,Kota Kemuning,Seksyen31, 40460ShanAlam,Selangor,Malaysia	Wholesale and retail business of foods and assorted goods, daily supplies, cleaning products, assorted drugs and other products	\$128	\$-	20,000 shares	0.99%	\$125	\$199	\$5	Note 4

Note 1: Includes income from investment recognized using equity method for the period of NT\$71,966 thousand, write-off for lease transaction with related party NT\$614 thousand, realized profit from upstream transactions in previous period of NT\$60,661 thousand, and unrealized profit from upstream transactions for this period of NT\$45,845 thousand.

Note 2: On November 11, 2021, the Company was resolved by the Board of Directors to expand its business in mainland China. A wholly-owned subsidiary of Greattree Pharmacy Hong Kong Limited was established by direct investment of the Company and registration was completed on April 8,2022 . Greattree Sugi Pharmacy Hong Kong Limited was established by Greattree Pharmacy Hong Kong Limited with a shareholding ratio of 60%. The registration was completed on October 26, 2022. As of September 30, 2023 the investment amount has not yet been remitted.

Note 3: GTSW BIOTECH SDN.BHD. was established by GREAT TREE INTERNATIONAL SDN.BHD. with a shareholding ratio of 60%. The registration was completed on September 6, 2023. As of September 30, 2023 the investment amount has not yet been remitted.

Note 4: It has already been charged-off during writing of the Consolidated Financial Statements.

Table 5

Great Tree Pharmacy Co., Ltd. and Subsidiaries

Purchases from and Sales to Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of Paid-in Capital

January 1, 2023 to September 30, 2023

Unit: in NT\$1,000

Company that imports (sells) goods	Counterparty	Relations	Transaction conditions				Terms that are different from the average transactions		Notes and accounts receivable (payable)		Remark
			Imports (sale) goods	Amount	Ratio to total inputs (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes receivable (paid) to accounts receivable	
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Sales	\$377,602	99.91%	Credit 30 days	No other customers for comparison	Non-related parties 30-60 days credit	Notes receivable \$125,465	100.00%	Note
									Accounts receivable \$40,466	99.77%	Note
Bai-Lin Logistics Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	Purchases	\$3,168,789	100.00%	Offset of debts and claims	No other supplier available for comparison	No other supplier available for comparison	Accounts payable \$590,624	100.00%	Note

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

**Table 6**

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**  
**Receivables from Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of Paid-in Capital**  
**As of September 30, 2023**  
Unit: in NT\$1,000

Company name	Name of counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Amount Collected Subsequent to the Balance Sheet Date	Allowance for doubtful accounts
					Amount	Treatment		
Ivy Biotechnology Co., Ltd.	Great Tree Pharmacy Co., Ltd.	Parent company	\$165,931	2.96	\$-	-	\$80,312	\$-
			(Note)					

Note: It has already been charged-off during writing of the Consolidated Financial Statements.

**Table 7****Great Tree Pharmacy Co., Ltd. and Subsidiaries****Business Relationships and Significant Intercompany Transactions**

Unit: in NT\$1,000

Code (Note 1)	Name of counterparty	Transaction counterparty	Relationship with Traders (Note 2)	Transaction status			
				Item	Amount	Transaction conditions	Ratio to total consolidated revenue or assets (Note 3)
	<u>2023.01.01~2023.09.30</u>						
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Purchases	\$377,602	Credit 30 days	3.16%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Rental revenue	4,025	-	0.03%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Accounts receivable	40	Credit 30 days	-
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Other receivables	8,827	-	0.09%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Notes payable	125,465	Credit 30 days	1.21%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Accounts payable	40,466	Credit 30 days	0.39%
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Other payables	118	-	-
0	Great Tree Pharmacy Co., Ltd.	Ivy Biotechnology Co., Ltd.	1	Guarantee deposits	240	-	-
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Sales	3,168,789	Offset of debts and claims	26.53%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Shipping fee	13,943	Offset of debts and claims	0.12%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Accounts receivable	590,624	Offset of debts and claims	5.69%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Dividends receivable	4,900	-	0.05%
0	Great Tree Pharmacy Co., Ltd.	Bai-Lin Logistics Co., Ltd.	1	Other payables	124	-	-
0	Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	1	Sales	1,672	Credit 30 days	0.01%
0	Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	1	Rental revenue	3,643	Credit 30 days	0.03%
0	Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	1	Accounts receivable	1,563	-	0.02%
0	Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	1	Other receivables	23,158	-	0.22%
0	Great Tree Pharmacy Co., Ltd.	Great Tree Pets Co., Ltd.	1	Accounts payable	2	-	-
0	Great Tree Pharmacy Co., Ltd.	Da Yu Property Management Co., Ltd.	1	Other receivable	340	-	-
0	Great Tree Pharmacy Co., Ltd.	Da Yu Property Management Co., Ltd.	1	Rental expenses	1,457	Credit 30 days	0.01%
0	Great Tree Pharmacy Co., Ltd.	Enki Biomedical Co., Ltd.	1	Accounts receivable	4	-	-
0	Great Tree Pharmacy Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	1	Sales	1,598	-	0.01%
0	Great Tree Pharmacy Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	1	Accounts receivable	1,833	-	0.02%
0	Great Tree Pharmacy Co., Ltd.	GREAT TREE INTERNATIONAL SDN.BHD.	1	Other receivables	1,283	-	0.01%

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered in the "Code" column with the following coding method:

1. The parent company is 0.
2. Subsidiaries are numbered sequentially beginning with the Arabic numeral 1.

Note 2: Relations with counterparty can be any one of the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 3: Regarding the percentage of the transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on the interim accumulated amount to consolidated net revenue for profit or loss items.

Note 4: Amounts in foreign currency will be converted to NTD by the exchange rate as of the balance sheet date.