**TWSE Stock code: 6469**

# Great Tree Pharmacy Co., Ltd. and Subsidiaries

# Consolidated Financial Statements and Independent Auditors' Report

# For the years ended December 31, 2024 and 2023

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

*Notice to Reader:*
*For the* convenience *of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## Consolidated Financial Statements

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# Company Statement

The entities that are required to be included in the Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the Combined Financial Statements is included in the Consolidated Financial Statements. Consequently, Great Tree Pharmacy Co., Ltd. and Subsidiaries do not prepare a separate set of Consolidated Financial Statements.

We hereby declare and affirm to the statement above

Company Name: Great Tree Pharmacy Co., Ltd

Person in charge: Cheng Ming Lung

February 27, 2025

Independent Auditors' Report

To Great Tree Pharmacy Co., Ltd.,

**Audit Opinion**

We have audited the accompanying Consolidated Balance Sheets of Great Tree Pharmacy Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2024 and December 31, 2023, and the related Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2024 and December 31, 2023, as well as Notes to the Consolidated Financial Statements, including the Summary of Significant Accounting Policies (together "the Consolidated Financial Statements").

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

**Basis of Audit Opinion**

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

**Key Audit Matters**

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

Revenue Recognition

Great Tree Pharmacy Co., Ltd. and its subsidiaries recognized operating revenue of NT$17,274,254 thousand in 2024. Since the Group's sources of revenue include different selling models such as retail transactions at pharmacies and revenue from management services and more, the judgment over performance obligation and the timing of its fulfillment over customer orders or contracts was needed, therefore leading to significant risk of revenue recognition. Hence, we have decided to include this as a key audit matter. Our audit procedures include (but are not limited to): understanding each selling model, evaluating the appropriateness of revenue recognition policy related to obligation fulfillment under each model, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle, conducting detailed testing by sampling the sales receipts, and conducting analytical review procedure and carrying out cut-off tests and more. Our accountants have also considered the appropriateness of operating revenue disclosure identified in Note 6 of the Consolidated Financial Statements.

Inventory Valuation

As of December 31, 2024, the net inventory of Great Tree Pharmacy Co., Ltd. and its subsidiaries was NT$3,164,557 thousand, accounting for 26% of the consolidated total asset. Main businesses of Great Tree Pharmacy Co., Ltd. and its subsidiaries include trading of maternity and infant products as well as various drugs. Most of their products have shelf lives, leading evaluations of allowance for inventory valuation and obsolescence loss to require material judgement from the Group's management. Therefore, this was included as a key audit matter. Our audit procedures include (but are not limited to): evaluating the appropriateness of the policy of allowance for inventory valuation and obsolescence loss, evaluating the management method for near expiring goods and identification of expired inventory and testing the effectiveness of the relevant internal control, sampling the inventory aging report to test its accuracy and selecting significant inventory location for physical inventory observation and count, and inspecting current inventory and utilization status and more. We have also taken the appropriateness of inventory disclosure in Note 5 and Note 6 in the Notes to Consolidated Financial Statements into consideration.

**Other Matters - Mention of Audit by Other Accountants**

Included in the consolidated financial statements of Great Tree Pharmacy Co., Ltd. and its subsidiaries, the financial statements related to equity-accounted investments of 2023 were not audited by our auditor but were audited by other auditors. Therefore, in the opinion expressed by our auditor on the aforementioned consolidated financial statements, the amounts presented in the financial statements of such investee companies are based on the audit report of other auditors. As of December 31, 2023, the equity method investments in those companies were recognized at NT$7,075 thousand, accounting for 0.07% of the total consolidated assets. For the period from January 1 to December 31, 2023, the attributable share of (loss) profit from related associates and joint ventures recognized under the equity method amounted to NT$(925) thousand, representing (0.11)% of the consolidated profit before tax. The attributable share of other comprehensive income from related associates and joint ventures recognized under the equity method amounted to NT$0, representing 0% of the net amount of consolidated other comprehensive income.

**Responsibility of the management and the governing body for the Consolidated Financial Statements**

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

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

The governing bodies of Great Tree Pharmacy Co., Ltd. and its subsidiaries (including the Audit Committee) have the responsibility to oversee the financial reporting process.

**Responsibilities of the CPA in Auditing the Consolidated Financial Statements**

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the accompanying Notes, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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

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

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

**Others**

We have also audited and expressed unqualified opinions on the Parent Company Only Financial Statements of the Company as of and for the years ended December 31, 2024 and December 31, 2023.

Ernst & Young
Financial Report of TWSE Listed Company as Authorized by the Competent Authority

Auditing and Attestation No. (2014) FSC No. 1030025503
No. (2002)TCZ(VI)144183

Certified Public Accountant (CPA)

Cheng Ching-Piao
Chang Chih-Ming

February 27, 2025

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**
**Consolidated Balance Sheets**
**As of December 31, 2024 and 2023**
(Amounts expressed in thousands of New Taiwan Dollars)

| Asset | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Note | Amount | % | Amount | % |
| 11xx | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6.1 | $1,902,002 | 16 | $2,134,734 | 20 |
| 1136 | Financial assets measured at amortized cost | 4, 6.4 and 8 | 328,500 | 3 | 24,000 | - |
| 1150 | Notes receivable, net | 4 and 6.5 | 7,659 | - | 12,779 | - |
| 1170 | Net accounts receivable | 4 and 6.6 | 668,189 | 6 | 664,924 | 6 |
| 1200 | Other receivables | | 280,924 | 2 | 248,672 | 2 |
| 1300 | Inventory | 4 and 6.7 | 3,164,557 | 26 | 2,793,580 | 26 |
| 1410 | Prepayments | | 95,053 | 1 | 86,762 | 1 |
| 1470 | Other current assets | | 42,931 | - | 10,408 | - |
| | Total current assets | | 6,489,815 | 54 | 5,975,859 | 55 |
| 15xx | Non-current assets | | | | | |
| 1510 | Financial assets measured at fair value through profit or loss | 4, 6.2 and 6.14 | - | - | 905 | - |
| 1517 | Financial assets at fair value through other comprehensive income (loss) | 4 and 6.3 | 137,624 | 1 | 84,671 | 1 |
| 1535 | Financial assets measured at amortized cost | 4, 6.4 and 8 | 3,000 | - | 3,000 | - |
| 1550 | Investments accounted for using equity method | 4 and 6.8 | 5,584 | - | 7,075 | - |
| 1600 | Property, plant, and equipment | 4 and 6.9 | 961,305 | 8 | 881,617 | 8 |
| 1755 | Right-of-use assets | 4 and 6. 20 | 4,005,891 | 33 | 3,475,938 | 32 |
| 1780 | Intangible assets | 4 and 6.10 | 57,726 | - | 43,825 | 1 |
| 1840 | Deferred tax assets | 4 and 6.24 | 39,672 | - | 32,448 | - |
| 1900 | Other non-current assets | 6.11 | 426,633 | 4 | 267,857 | 3 |
| | Total non-current assets | | 5,637,435 | 46 | 4,797,336 | 45 |
| 1xxx | Total assets | | $12,127,250 | 100 | $10,773,195 | 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 (continued)**
**As of December 31, 2024 and 2023**
(Amounts expressed in thousands of New Taiwan Dollars)

| Liabilities and Equity | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| Code | Accounting item | Note | Amount | % | Amount | % |
| 21xx | Current liabilities | | | | | |
| 2100 | Short-term loans | 4 and 6.12 | $455,000 | 4 | $- | - |
| 2130 | Contract liabilities | 4 and 6.18 | 11,363 | - | 18,813 | - |
| 2150 | Notes payable | | 566,737 | 5 | 712,168 | 7 |
| 2170 | Accounts payable | | 1,865,590 | 15 | 1,655,285 | 15 |
| 2200 | Other payables | 4, 6.13 and 6.15 | 372,606 | 3 | 375,639 | 4 |
| 2230 | Tax liabilities for this period | 4 and 6.24 | 85,434 | 1 | 83,269 | 1 |
| 2280 | Lease liabilities | 4 and 6. 20 | 520,694 | 4 | 450,125 | 4 |
| 2321 | Corporate bonds maturing within one year or one operating cycle, or subject to put options | 4 and 6.14 | 802,392 | 7 | - | - |
| 2399 | Other current liabilities | | 31,099 | - | 30,794 | - |
| | Total current liabilities | | 4,710,915 | 39 | 3,326,093 | 31 |
| 25xx | Non-current liabilities | | | | | |
| 2530 | Bonds payable | 4 and 6.14 | - | - | 800,441 | 8 |
| 2572 | Deferred income tax liabilities | 4 and 6.24 | 2,751 | - | 1,972 | - |
| 2580 | Lease liabilities | 4 and 6. 20 | 3,658,884 | 30 | 3,173,572 | 29 |
| 2640 | Net defined benefit liabilities | 4 and 6.15 | 2,720 | - | 4,150 | - |
| 2645 | Guarantee deposits | | 103,726 | 1 | 115,664 | 1 |
| | Total non-current liabilities | | 3,768,081 | 31 | 4,095,799 | 38 |
| 2xxx | Total liabilities | | 8,478,996 | 70 | 7,421,892 | 69 |
| 31xx | Equity attributable to shareholders of parent company | | | | | |
| 3100 | Share capital | 6.16 | | | | |
| 3110 | Ordinary share capital | | 1,318,889 | 11 | 1,117,037 | 10 |
| 3130 | Bond conversion entitlement certificates | | - | - | 4,220 | - |
| 3140 | Prepaid share capital | | 3,678 | - | 4,516 | - |
| 3200 | Capital surplus | 6.16 | 1,311,886 | 11 | 1,286,228 | 12 |
| 3300 | Retained earnings | 6.16 | | | | |
| 3310 | Legal capital reserve | | 270,196 | 2 | 203,591 | 2 |
| 3320 | Special capital reserve | | 2,356 | - | 1,372 | - |
| 3350 | Unappropriated earnings | | 684,390 | 6 | 666,957 | 6 |
| 3400 | Other equity | | 5,227 | - | (2,356) | - |
| 36xx | Non-controlling interests | | 51,632 | - | 69,738 | 1 |
| 3xxx | Total equity | | 3,648,254 | 30 | 3,351,303 | 31 |
| | Total liabilities and equity | | $12,127,250 | 100 | $10,773,195 | 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 years ended December 31, 2024 and 2023**
(Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

| Code | Item | Note | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4 and 6.18 | $17,274,254 | 100 | $16,143,701 | 100 |
| 5000 | Operating costs | | (12,431,678) | (72) | (11,658,104) | (72) |
| 5900 | Gross profit | | 4,842,576 | 28 | 4,485,597 | 28 |
| 6000 | Operating expenses | | | | | |
| 6100 | Selling and marketing expenses | | (3,511,109) | (20) | (3,158,748) | (20) |
| 6200 | General and administrative expenses | | (530,033) | (3) | (521,291) | (3) |
| 6450 | Expected credit (loss)gain | 4 and 6.19 | (248) | - | - | - |
| | Total operating expenses | | (4,041,390) | (23) | (3,680,039) | (23) |
| 6900 | Operating profit | | 801,186 | 5 | 805,558 | 5 |
| 7000 | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6.22 | 13,265 | - | 15,879 | - |
| 7010 | Other income | 6.22 | 83,578 | - | 76,013 | - |
| 7020 | Other gains and losses | 6.22 | 8,425 | - | 2,796 | - |
| 7050 | Financing costs | 6.22 | (58,900) | - | (57,500) | - |
| 7060 | Share of loss (profit) of joint ventures accounted for using equity method | | (789) | - | (925) | - |
| | Total non-operating income and expenses | | 45,579 | - | 36,263 | - |
| 7900 | Net profit before tax | | 846,765 | 5 | 841,821 | 5 |
| 7950 | Income tax expenses | 4 and 6.24 | (166,801) | (1) | (175,337) | (1) |
| 8200 | Net income | | 679,964 | 4 | 666,484 | 4 |
| 8300 | Other comprehensive income (loss) | 4 and 6.23 | | | | |
| 8310 | Items that will not be reclassified to profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plans | | 1,262 | - | (3) | - |
| 8316 | Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income (loss) | | 2,528 | - | 523 | - |
| 8360 | Items that may subsequently be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences translated from the financial statements of foreign operations | | 9,065 | - | (1,638) | - |
| | Comprehensive income (loss) (net value after tax) for this period | | 12,855 | - | (1,118) | - |
| 8500 | Total comprehensive income (loss) | | $692,819 | 4 | $665,366 | 4 |
| | | | | | | |
| 8600 | Net income (loss)attributable to: | | | | | |
| 8610 | Owners of the parent company | | $680,767 | 4 | $666,049 | 4 |
| 8620 | Non-controlling interests | | (803) | - | 435 | - |
| | | | $679,964 | 4 | $666,484 | 4 |
| 8700 | Total comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent company | | $689,612 | 4 | $665,062 | 4 |
| 8720 | Non-controlling interests | | 3,207 | - | 304 | - |
| | | | $692,819 | 4 | $665,366 | 4 |
| | | | | | | |
| | Earnings per share (EPS) (NT$) | | | | | |
| 9750 | Basic EPS | 4 and 6.25 | $5.16 | | $5.13 | |
| 9850 | Diluted EPS | 4 and 6.25 | $5.07 | | $4.98 | |

(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 years ended December 31, 2024 and 2023**
(Amounts expressed in thousands of New Taiwan Dollars)

| | | Equity attributable to shareholders of parent company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Retained earnings | | | Other equity items | | | | |
| | Item | Share capital | Bond conversion entitlement certificates | Prepaid share capital | Capital surplus | Legal capital reserve | Special capital reserve | Unappropriated 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 | Total | Non-controlling interests | Total equity |
| Code | | 3100 | 3130 | 3140 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 31XX | 36XX | 3XXX |
| 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 |
| | Appropriation of earnings in 2022 | | | | | | | | | | | | |
| B1 | Provision of legal capital reserve | | | | | 70,123 | | (70,123) | | | - | | - |
| B3 | Provision of special capital reserve | | | | | | 1,372 | (1,372) | | | - | | - |
| B5 | Cash dividends | | | | | | | (422,522) | | | (422,522) | | (422,522) |
| B9 | Share dividends | 206,766 | | | | | | (206,766) | | | - | | - |
| D1 | 2023 net income | | | | | | | 666,049 | | | 666,049 | 435 | 666,484 |
| D3 | Other comprehensive income (loss) in 2023 | | | | | | | (3) | (1,507) | 523 | (987) | (131) | (1,118) |
| D5 | Total comprehensive income (loss) | - | - | - | - | - | - | 666,046 | (1,507) | 523 | 665,062 | 304 | 665,366 |
| I1 | Convertible corporate bond conversion | 10,415 | 4,220 | | 370,167 | | | | | | 384,802 | | 384,802 |
| M5 | Difference between consideration and carrying amount of subsidiaries acquired or disposed | | | | | | | (2) | | | (2) | 2 | - |
| N1 | Share-based payment transaction | 8,504 | | (2,723) | 17,924 | | | | | | 23,705 | | 23,705 |
| O1 | Increase or decrease in non-controlling interest | | | | | | | | | | | 45,024 | 45,024 |
| T1 | Others - issuance of employee stock options | | | | 30,192 | | - | | | | 30,192 | | 30,192 |
| Z1 | Balance as of December 31, 2023 | 1,117,037 | 4,220 | 4,516 | 1,286,228 | 203,591 | 1,372 | 666,957 | (1,712) | (644) | 3,281,565 | 69,738 | 3,351,303 |
| | Appropriation and distribution of earnings in 2023 | | | | | | | | | | | | |
| B1 | Provision of legal capital reserve | | | | | 66,605 | | (66,605) | | | - | | - |
| B3 | Provision of special capital reserve | | | | | | 984 | (984) | | | - | | - |
| B5 | Cash dividends | | | | | | | (405,514) | | | (405,514) | | (405,514) |
| B9 | Share dividends | 191,493 | | | | | | (191,493) | | | - | | - |
| D1 | 2024 net income | | | | | | | 680,767 | | | 680,767 | (803) | 679,964 |
| D3 | Other comprehensive income (loss) in 2024 | | | | | | | 1,262 | 5,055 | 2,528 | 8,845 | 4,010 | 12,855 |
| D5 | Total comprehensive income (loss) | - | - | - | - | - | - | 682,029 | 5,055 | 2,528 | 689,612 | 3,207 | 692,819 |
| I1 | Convertible corporate bond conversion | 4,669 | (4,220) | | 10,181 | | | | | | 10,630 | | 10,630 |
| M5 | Difference between consideration and carrying amount of subsidiaries acquired or disposed | | | | 2 | | | | | | 2 | (2) | - |
| N1 | Share-based payment transaction | 5,690 | | (838) | 11,929 | | | | | | 16,781 | | 16,781 |
| O1 | Increase or decrease in non-controlling interest | | | | | | | | | | | (21,311) | (21,311) |
| T1 | Others - issuance of employee stock options | | | | 3,546 | | | | | | 3,546 | | 3,546 |
| Z1 | Balance as of December 31, 2024 | $1,318,889 | $- | $3,678 | $1,311,886 | $270,196 | $2,356 | $684,390 | $3,343 | $1,884 | $3,596,622 | $51,632 | $3,648,254 |

(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 years ended December 31, 2024 and 2023**
(Amounts expressed in thousands of New Taiwan Dollars)

| Code | Item | 2024 Amount | 2023 Amount |
|---|---|---|---|
| AAAA | Cash flow from operating activities: | | |
| A10000 | Net profit before tax for the period | $846,765 | $841,821 |
| A20000 | Adjustment items: | | |
| A20010 | Adjustments: | | |
| A20100 | Depreciation expense(including right-of-use assets) | 781,733 | 687,235 |
| A20200 | Amortization expenses | 19,131 | 13,855 |
| A20300 | Expected credit impairment loss | 248 | - |
| A20400 | Net loss(gain) on financial assets measured at fair value through profit or loss | 905 | 715 |
| A20900 | Interest expenses | 58,900 | 57,500 |
| A21200 | Interest income | (13,265) | (15,879) |
| A21900 | Cost of share-based payments | 3,546 | 30,192 |
| A22300 | Share of loss (profit) of joint ventures accounted for using equity method | 789 | 925 |
| A22500 | Gain on disposal of property, plant and equipment | (422) | (499) |
| A23700 | Allowance for inventory valuation and obsolescence loss(gains on recovery) | (315) | (10,000) |
| A22800 | Gain on disposal of intangible assets | (2) | - |
| A23100 | Gain on disposal of investments | (5,298) | - |
| A29900 | Other item - gain on lease modification | - | (1,485) |
| A30000 | Changes in assets/liabilities related to operating activities: | | |
| A31130 | (Increase) decrease in notes receivable | 5,120 | (10,727) |
| A31150 | (Increase) decrease in accounts receivable | (3,515) | (236,228) |
| A31180 | (Increase) decrease in other receivables | (32,489) | (134,031) |
| A31200 | (Increase) decrease in inventories | (370,662) | (151,482) |
| A31230 | (Increase) decrease in prepayments | (8,291) | (9,262) |
| A31240 | (Increase) decrease in other current assets | (32,523) | (2,635) |
| A32125 | Increase (decrease) in contract liabilities | (7,450) | 2,362 |
| A32130 | Increase (decrease) in notes payables | (145,431) | (53,305) |
| A32150 | Increase (decrease) in accounts payables | 210,305 | 119,752 |
| A32180 | Increase (decrease) in other payables | (9,738) | (18,633) |
| A32230 | Increase (decrease) in other current liabilities | 305 | 3,432 |
| A32240 | Increase (decrease) in net defined benefit liabilities | (168) | (160) |
| A33000 | Cash inflow (outflow) from operating activities | 1,298,178 | 1,113,463 |
| A33100 | Interest received | 13,265 | 15,879 |
| A33300 | Interest paid | (1,926) | (315) |
| A33500 | Income tax paid | (170,844) | (238,696) |
| AAAA | Net cash inflow (inflow) from operating activities | 1,138,673 | 890,331 |

| Code | Item | 2024 Amount | 2023 Amount |
|---|---|---|---|
| BBBB | Cash flow from investing activities: | | |
| B00010 | Acquisition of financial assets measured at fair value through other comprehensive income | (50,425) | (35,315) |
| B00040 | Increase (decrease) in financial assets measured at amortized cost | (304,500) | - |
| B01800 | Acquisition of investments accounted for using equity method | (6,000) | (8,000) |
| B01900 | Disposal of investments accounted for using equity method | 12,000 | - |
| B02700 | Acquisition of property, plant and equipment | (359,029) | (296,250) |
| B02800 | Disposal of property, plant and equipment | 4,882 | 2,219 |
| B03700 | (Increase) decrease in refundable deposits | (145,271) | (49,126) |
| B04500 | Acquisition of intangible assets | (33,055) | (30,054) |
| B04600 | Disposal of intangible assets | 25 | - |
| BBBB | Net cash inflow(outflow) from investing activities | (881,373) | (416,526) |
| CCCC | Cash flow from financing activities: | | |
| C00100 | Proceeds from short-term borrowings | 455,000 | - |
| C03000 | Increase (decrease) in guarantee deposits received | (11,938) | 23,909 |
| C04020 | Repayment of principal on loan | (532,097) | (465,958) |
| C04500 | Cash dividends | (405,514) | (422,522) |
| C04800 | Employees exercising share option | 16,781 | 23,705 |
| C05800 | Changes in non-controlling interests | (21,311) | 45,024 |
| CCCC | Net cash inflow(outflow) from financing activities | (499,079) | (795,842) |
| DDDD | Effect of changes in exchange rate on cash and cash equivalents | 9,047 | (1,638) |
| EEEE | Amount of Increase(decrease)in cash and cash equivalents for the period | (232,732) | (323,675) |
| E00100 | Beginning balance of cash and cash equivalents | 2,134,734 | 2,458,409 |
| E00200 | Ending balance of cash and cash equivalents | $1,902,002 | $2,134,734 |

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

Chairman: Cheng Ming-Lung General Manager: Cheng Ming-Lung Accounting Manager: Wu Shu-Yi

(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 2024 and 2023 Consolidated Financial Statements of the Company and its subsidiaries (hereinafter referred to as "the Group") have been approved and announced by the Board of Directors on February 27, 2025.

## 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, 2024. 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 | Lack of Exchangeability (amendment to IAS 21) | January 1, 2025 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1) Lack of Exchangeability (amendment to IAS 21)

This amendment explains the exchangeability between currencies and the lack thereof, and how exchange rates are determined when a currency lacks exchangeability. It also introduces additional disclosure requirements regarding currencies lacking exchangeability.

The aforementioned amendments will be applied starting from the accounting year beginning on January 1, 2025. The Group has assessed and determined that there is no material impact.

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 | IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| 4 | Disclosure Initiative – Subsidiaries without Public Accountability: Disclosure (IFRS 19) | January 1, 2027 |
| 5 | Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) | January 1, 2026 |
| 6 | IFRS Accounting Standard “Annual Improvements—Volume 11” | January 1, 2026 |
| 7 | Contracts related to reliance on renewable electricity (Amendments to IFRS 9 and IFRS 7) | January 1, 2026 |

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) IFRS 18 ‘‘Presentation and Disclosure in Financial Statements’’

This standard will replace IAS 1 “Presentation of Financial Statements,” with the following main changes:

a) Enhancing the comparability of the income statement

In the income statement, revenue and expenses are classified into five categories: operating, investing, financing, income tax, and discontinued operations. The first three categories are new classifications aimed at improving the structure of the income statement. Additionally, all entities are required to provide new subtotal definitions, including operating profit or loss. By enhancing the structure of the income statement and introducing new subtotal definitions, investors will have a consistent starting point when analyzing the financial performance of companies, making it easier to compare them.

b) Enhancing the transparency of management performance measurement

Requiring companies to disclose explanations of company-specific metrics related to the income statement (referred to as management performance measures).

c) Summarizing useful financial statement information

Guidance should be established on whether the financial information is included in the primary financial statements or the notes. This change is expected to provide more detailed and useful information. Requiring companies to provide more transparent operating expense information to assist investors in finding and understanding the information they use.

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

Simplifying the disclosure requirements for subsidiaries that are not subject to public accountability and allowing subsidiaries that meet the definition to choose whether to apply this standard.

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

These amendments include:

a) Clarifying that financial liabilities are derecognized on the settlement date and specifying the accounting treatment for financial liabilities settled using electronic payments prior to the settlement date.

b) Providing guidance on assessing the cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent characteristics.

c) Clarifying the treatment of non-recourse assets and contractually linked instruments.

d) Requiring additional disclosures under IFRS 7 for financial assets or liabilities with terms and contingent features (including ESG-linked features), as well as for equity instruments classified as measured at fair value through other comprehensive income (FVOCI).

6) IFRS Accounting Standard ‘‘Annual Improvements—Volume 11’’

a) Amendments to IFRS 1

The primary amendment clarifies the application of hedge accounting for first-time adopters to align with IFRS 9.

b) Amendments to IFRS 7

This amendment updates outdated cross-references related to the recognition of gains or losses on derecognition.

c) Amendments to the Implementation Guidance of IFRS 7

This amendment enhances certain textual explanations in the implementation guidance, including the preface, disclosures on deferred fair value and trade price differences, and credit risk disclosures.

d) Amendments to IFRS 9

This amendment introduces cross-references to address uncertainties regarding the derecognition of lessees' lease liabilities and clarifies the determination of transaction price.

e) Amendments to IFRS 10

This amendment eliminates inconsistencies between paragraph B74 and paragraph B73 of the standard.

f) Amendments to IAS 7

This amendment removes the reference to the cost method in paragraph 37 of the standard.

7) Contracts related to reliance on renewable electricity (Amendments to IFRS 9 and IFRS 7)

These amendments include:

a) Clarification of the provisions applicable to "own use" contracts.

b) Allowing the application of hedge accounting when a contract is used as a hedging instrument.

c) Introducing additional disclosure requirements to help investors understand the impact of such contracts on the company's financial performance and cash flows.

The standards or interpretations issued by the International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission (FSC) will have their actual application dates determined by FSC regulations. Except for the potential impact of the newly published or amended standards or interpretations currently under evaluation (3), which cannot be reasonably estimated at this time, the remaining newly published or amended standards or interpretations have no significant impact on the Group.

## 4. Explanations of Major Accounting Policies

a Declaration of compliance

The Group's 2024 and 2023 Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) as approved and announced by the Financial Securities Committee (FSC).

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).

c Overview of consolidation

Principles of preparing the Consolidated Financial Statements

When the Company is exposed to the varied remunerations participated by the investees or is entitled to the varied remunerations and is capable of affecting the remunerations through the authority over the investees, the controlling is achieved. The Company will only have control over the investee when the following three criteria of control have been met:

1) Right over the investee (i.e. existing right granted to the investor to lead relevant activities)
2) Risk exposure or right to variable compensations from participation in investees, and
3) Capability to effect monetary compensations for investors by using its influence and right over the investee.

When the Company directly or indirectly holds minority voting rights or other similar rights in an investee, the Company will consider all relevant facts and conditions to evaluate whether it has rights over the investee, including:

1) Contractual agreements with other holders of voting rights over the investee
2) Rights arising from other contractual agreements
3) Voting rights and potential voting rights

When facts and conditions indicate that changes to one or more of the following criteria for control have occurred, the Company will immediately re-evaluate whether it still has control over the investee.

Starting from the acquisition date (when the Company obtains control), the subsidiary will be completely included in the Consolidated Financial Statements until the control over the subsidiary is lost. The accounting cycle and accounting policy of the subsidiary’s financial statements will follow those of the parent company. All balances and transactions in the Group and unrealized internal gains and losses arising from internal transactions within the Group and dividends will be completely written off.

If control over the subsidiary is not lost, changes in shares held in the subsidiary will be treated as equity transactions.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

A subsidiary's total comprehensive income is attributed to the shareholders of the Company and non-controlling interests, even if non-controlling interests become deficit balance in the process.

If the Company's control over the subsidiary is lost, then

1) Subsidiary's assets (including goodwill) and liabilities will be derecognized;
2) Carrying amount of any non-controlling interests will be derecognized;
3) Fair value of the considerations acquired will be recognized;
4) Fair value of any retained investments will be recognized;
5) Amounts recognized in other comprehensive income by the parent company will be reclassified as gains or losses in the period, or transferred directly to retained earnings in accordance with other International Financial Reporting Standards.
6) Difference in profit or loss for the period will be recognized.

The consolidated entities are listed as follows:

| | | | Shareholding ratio (%) | | |
|---|---|---|---|---|---|
| Name of investing company | Name of subsidiary | Nature of business | 2024.12.31 | 2023.12.31 | Explanation |
| The Company | Ivy Biotechnology Co., Ltd. | Wholesale and retail business | 100% | 100% | None |
| The Company | Bai-Lin Logistics Co., Ltd. | Wholesale and retail business | 100% | 100% | None |
| The Company | Great Tree Pets Co., Ltd. | Wholesale and retail business | 100% | 100% | None |
| The Company | Greattree Pharmacy Hong Kong Limited | Investment business | 100% | 100% | None |
| The Company | GREAT TREE INTERNATI-ONAL SDN. BHD. | Wholesale and retail business | 74.26% | 74.26% | None |
| The Company | Enki Biomedical Co., Ltd. | Biotechnology research and development business | 100% | 100% | Note 1 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | | | | | |
|---|---|---|---|---|---|
| The Company | SUNYAO Healthcare Co., Ltd. | Wholesale and retail business | 80% | - | Note 7 |
| Ivy Biotechnology Co., Ltd. | Da Yu Property Management Co., Ltd. | Real estate sales and lease | 60% | 60% | None |
| Ivy Biotechnology Co., Ltd. | GREAT TREE INTERNATI-ONAL SDN. BHD. | Wholesale and retail business | 0.99% | 0.99% | Note 2 |
| Greattree Pharmacy Hong Kong Limited | Greattree Sugi Pharmacy Hong Kong Limited | Investment business | 95% | 60% | Note 5 |
| Greattree Pharmacy Hong Kong Limited | Greattree Changhe (Shanghai) Pharmacy Co., Ltd. | Wholesale and retail business | 100% | - | Note 6 |
| Greattree Sugi Pharmacy Hong Kong Limited | Greattree Sugi (Shangtong) Pharmacy Co., Ltd. | Wholesale and retail business | 100% | - | Note 8 |
| Greattree Sugi (Shangtong) Pharmacy Co., Ltd. | Shangtong Greattree Shuyu Pharmacy Limited | Wholesale and retail business | 51% | - | Note 9 |
| GREAT TREE INTERNATI-ONAL SDN. BHD. | GTSW BIOTECH SDN.BHD. | Wholesale and retail business | 60% | 60% | Note 3 |
| GREAT TREE INTERNATI-ONAL SDN. BHD. | GTM HEALTHCA-RE SDN. BHD. | Wholesale and retail business | 51% | - | Note 4 |

Note 1: On May 10, 2023, the Board of Directors resolved to establish Enki Biomedical Co., Ltd., in which the Company invested. The registration was completed on May 19, 2023.

Note 2: On June 27, 2023, Ivy Biotech Co., Ltd. invested US$4,000 in GREAT TREE INTERNATIONAL SDN. BHD.

Note 3: The Company invested through GREAT TREE INTERNATIONAL SDN.BHD. to establish the subsidiary GTSW BIOTECH SDN.BHD., acquiring a 60% equity stake. The registration was completed on September 6, 2023.

Note 4: The Company established a subsidiary, GTM HEALTHCARE SDN. BHD., through its investment in GREAT TREE INTERNATIONAL SDN.BHD., acquiring a 51% equity interest. The registration was completed on December 28, 2023, and the investment funds were remitted on January 1, 2024.

Note 5: On August 1, 2024, Greattree Pharmacy Hong Kong Limited acquired a 35% equity interest in Greattree Sugi Pharmacy Hong Kong Limited for US$ 1,400,000, increasing its ownership stake from the original 60% to 95%.

Note 6: The Company established a subsidiary, Greattree Changhe (Shanghai) Pharmacy Co., Ltd., through its investment in Greattree Pharmacy Hong Kong Limited. The registration was completed on March 8, 2024, and the investment funds were remitted on September 30, 2024.

Note 7: On May 10, 2024, the Board of Directors resolved to establish Enki Biomedical Co., Ltd. and acquire an 80% equity interest through the Company's investment. The registration was completed on October 18, 2024.

Note 8: The Company established a subsidiary, Greattree Sugi (Shangtong) Pharmacy Co., Ltd., through its investment in Greattree Sugi Pharmacy Hong Kong Limited. The registration was completed on April 8, 2024, and the investment funds were remitted on October 29, 2024.

Note 9: The Company established a subsidiary, Shangtong Greattree Shuyu Pharmacy Limited, through its investment in Greattree Sugi (Shangtong) Pharmacy Co., Ltd., acquiring a 51% equity interest. The registration was completed on October 16, 2024, and the investment funds were remitted on November 25, 2024.

d Foreign currency transaction

The functional currency of the Group's Consolidated Financial Statements is New Taiwan Dollar (NT$). Every entity within the Group will decide its own functional currency, and to measure its financial statements using said functional currency.

Transactions in foreign the currencies from the consolidated entities are recorded by their respective functional currency rates at the date of the transaction. At the end of every reporting period, items denoted in foreign currencies will be translated at the closing exchange rate of the day. Non-monetary foreign currency items measured at fair value will be translated using the exchange rate on the date when the fair value is measured. Non-monetary foreign currency items measured at historical cost are translated at the exchange rate of the date of the transaction.

Except for the following items, exchange differences resulting from delivery or exchange of monetary items will be recognized as gain or loss as they occur:

1) For foreign currency loans that arise from acquisition of assets that meet the requirements, if the resulting exchange differences are treated as adjustments of the interest capital, which is a component of the cost of loans, they will be capitalized as the cost of the asset.
2) Foreign currency items within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.
3) Monetary items that construe part of the net investments for overseas operations in the Parent Company Only Financial Statements. When translation differences that arise are recognized as other comprehensive income (loss), it will be reclassified to gain or loss from equity when the net asset is disposed.

When gains or losses from non-monetary items are recognized as other comprehensive income (loss), any translation component from such gain or profit will be recognized as other comprehensive income. When gains or losses from non-monetary items are recognized as loss, any translation component from such gain or profit will be recognized as loss.

e <u>Standard of classifying assets and liabilities as either current or non-current</u>

When any of the following conditions occur, the item will be classified as a current asset, and when it is not a current asset, it will be classified as a non-current asset:

1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
2) Asset is held for trading purposes.
3) The asset is due to be realized within 12 months after the reporting period.
4) It is cash or cash equivalent, except where the asset is exchanged or used to settle liabilities at least 12 months after the reporting period.

When any of the following conditions occur, the item will be classified as a current liability, and when it is not a current liability, it will be classified as a non-current liability:

1) The liability is expected to be settled during normal business cycle.
2) Liability is held for trading purposes.
3) The liability is due to be settled within 12 months after the reporting period.
4) At the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months beyond the reporting period.

f Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposit, short-term and highly liquid investments that can be immediately converted to fixed amount of cash with very small risks of valuation changes (including contract-based fixed deposits of less than 3 months).

g Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are recognized initially at fair value and the transaction costs directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) are derived by addition or subtraction from the fair value of assets and financial liabilities.

1) Recognition and valuation of financial assets

The accounting treatment for recognition and derecognition of all customary trading of financial assets of the Group is made on the settlement date.

The Group classifies financial assets as either financial assets subsequently measured at amortized costs, measured at fair value through other comprehensive income (loss), or measured at fair value through profit or loss:

a) Business model used in managing the financial assets
b) Characteristics of the contractual cash flows from the financial asset

Financial assets measured at amortized cost

Financial assets that meet the following two conditions will be measured at cost after amortization, and will be listed in the balance sheet under one of the following items: notes payable, accounts receivable, financial assets measured at amortized cost and other receivables:

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows
b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Such financial assets (excluding hedging relationships) will be measured at subsequent amortized cost {amount measured at the time of initial recognition, less the principal repaid, and add or subtract the accumulated amortized difference (using effective interest method) between the original amount and the amount due, and by adjusting allowances for loss}. When derecognizing, through amortization procedure, or recognizing impairment gain or loss, the gain or loss will be recognized as profit or loss.

Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:

a) If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets

b) If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

<u>Financial assets at fair value through other comprehensive income (loss)</u>

Financial assets that meet both of the following criteria will be measured at fair value through other comprehensive income (loss), and stated on the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss):

a) Business model used in managing the financial assets: financial asset is held to receive contractual cash flows and for sale of financial asset

b) Characteristics of the contractual cash flows from the financial asset: cash flow is the interest paid solely on the principal and the outstanding principal

Recognition of gain or loss related to such financial assets will be explained as follows:

a) Prior to derecognition or reclassification, except for impairment interest or loss, exchange gain or loss will be recognized in the profit or loss, and its gain or loss will be recognized in other comprehensive income (loss)

b) During derecognition, accumulated gain or loss recognized in other comprehensive income (loss) will be reclassified from equity to profit or loss as adjustments for reclassification

c) Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:

   i. If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets

   ii. If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

In addition, for equity instruments applicable to IFRS 9 and are not held as available-for-sale or applicable as a contingent consideration by the acquirer in business consolidation in IFRS 3, during initial recognition, the Company will choose (this is not reversible) to state its subsequent fair value changes in the other comprehensive income (loss). Amounts stated in other comprehensive income cannot be converted to income or loss (during disposal of such equity instrument, the accumulated amount stated in other equity item will be directly transferred to retained earnings), and will be stated in the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss). Investment dividends will be recognized in profit or loss, unless such dividends clearly represent a portion of the investment cost.

<u>Financial assets measured at fair value through profit or loss</u>

In addition to the aforementioned measurement at cost after amortization for having met certain conditions or measurement at fair value through other comprehensive income, financial assets are all measured at fair value through profit or loss, and are stated in the balance sheet as financial assets at fair value through profit or loss.

These financial assets are measured at fair value, and any gain or loss from their revaluation will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial asset.

2) Impairments of Financial Assets

For the debt instrument investment measured at fair value through other comprehensive income (loss) and the financial assets measured at amortized cost, the Group recognizes expected credit losses and measures allowances for loss. For the debt instrument investment measured at fair value through other comprehensive income, allowance for loss is recognized in the other comprehensive income (loss), and the book value of the investment will not be reduced.

The Group measures expected credit loss by reflecting the following methods:

a) Unbiased and probability-weighted amount determined by evaluating each possible outcome
b) The time value of money
c) Reasonable and corroborative information related to past events, current conditions, and future economic forecasts (can be obtained at no excessive cost or input on the Balance Sheet date)

Method for valuating allowance for loss is as follows:

a) Measure the expected credit loss over the next 12 months: including financial asset without significant increase in credit risk after initial recognition, or those ruled to have low credit risk on the Balance Sheet date. In addition, this also includes those with allowance loss measured by the expected credit loss during the previous reporting period, but no longer meets the condition in which the credit risk has significant increased since the original recognition on the Balance Sheet date.

b) Measurement of the amount of lifetime expected credit losses: including financial asset with significant increase in credit risk after initial recognition or purchased or originated credit-impaired financial asset with credit impairment.

c) For accounts receivable or contractual asset arising from transactions within the scope of IFRS 15, the Group adopts lifetime expected credit loss to measure allowance for loss.

On each Balance Sheet date, the Group uses comparisons between the changes of default risk on the Balance Sheet date and on the date of initial recognition to measure whether there has been a significant increase in the financial instrument's credit risk after initial recognition. Additionally, please refer to Note 12 for information related to credit risk.

3) Derecognition of financial asset

The Group's financial assets will be derecognized when one of the following conditions occurs:

a) The contractual right from the cash flow of the financial asset is terminated.

b) When nearly all risk and compensations associated with ownership of a financial asset has been transferred.

c) Nearly all risk and compensations associated with ownership of an asset has neither been transferred nor retained, but the control of the asset has been transferred.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and any cumulative gain or loss that has been received or is receivable and recognized in other comprehensive income (loss), will be recognized in profit or loss.

4) Financial liabilities and equity instruments

<u>Classification of liability or equity</u>

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

<u>Equity instruments</u>

Equity instruments refer to any contract with residual interest after subtracting all liabilities from assets. Equity instruments issued by the Group are recognized by the acquisition cost minus direct distribution costs.

Hybrid instruments

The Group recognizes the financial liabilities and equity components of the convertible corporate bonds issued in accordance with contractual terms. In addition, the conversion of corporate bonds issued is based on the assessment of whether the economic characteristics and risks of the embedded purchase and sale rights are closely related to the primary debt commodity before classifying the equity elements.

For liabilities that do not involve derivatives, the fair value is measured using the market interest rate of a bond of comparable nature and without conversion characteristics. This amount is classified as a financial liability measured by amortized cost before conversion or redemption settlement. For other embedded derivatives that are not closely related to the risk characteristics of the principal contract (for instance, the embedded buy-back and redemption rights are confirmed to be substantially inconsistent with the amortized cost of the debt commodity on each execution date), they will be classified as components of liability and is measured at fair value through profit or loss in subsequent periods except for equity components. The amount of the equity component is determined by the conversion of fair value of the corporate bonds subtract the component of the liability, and the carrying amount will not be remeasured in subsequent accounting periods. If the issued conversion corporate bonds from the Company do include an equity element, they are handled in accordance with IFRS 9 Hybrid Instruments.

The transaction costs are allocated to the liability and equity components in proportion to the ratio of the convertible corporate bonds' allocations to liability and equity components during initial recognition.

When holder of the convertible corporate bonds should request to exercise conversion rights before the maturity of the convertible bond, the person should adjust the carrying amount of the liability component element to the carrying amount at the time of exercise as the basis of entry for issuance of ordinary shares.

Financial liabilities

Financial liabilities within the scope of IFRS 9: upon initial recognition, recognition and measurement are either classified as financial liabilities at fair value through profit or loss, or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss includes available-for-sale financial liabilities and designated financial liabilities at fair value through profit and loss.

A financial asset will be classified as available-for-sale when it meets one of the following conditions:

a) The primary purpose for acquisition of the asset is short-term sales;

b) It is part of an identifiable financial instrument combination of the consolidated management at the time of initial recognition, and there is evidence that the combination is a short-term profit operating model in the near future; or

c) It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

For contracts that include one or multiple embedded derivative instruments, the entire hybrid (integrated) contract could be designated as a financial instrument at fair value through profit or loss. In addition, when it meets one the following conditions and can provide more relevant information, it could be designated as at fair value through profit or loss during initial recognition:

a) It eliminates or significantly reduces a measurement or recognition inconsistency; or

b) A group of financial assets, financial liabilities or both, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investment is provided internally by the consolidated company on that basis to the key management personnel.

Any gain or loss from revaluation of these financial liabilities will be recognized as profit or loss. The gain or loss recognized as profit or loss includes any dividend or interest received from the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payables and loans, and will continue to be measured through effective interest method after initial recognition. When financial liabilities are derecognized and amortized using effective interest method, related gain or loss and amortization will be recognized in profit or loss.

Calculation of the amortized cost will take discount or premium during acquisition and transaction cost into consideration.

<u>Derecognition of financial liabilities</u>

When the obligation of a financial liability is terminated, canceled or no longer effective, the financial liability will be derecognized.

When the Group and the creditors exchange debt instruments with significant differences, or make major changes to all or part of the existing financial liabilities (whether due to financial difficulties or otherwise), treatment will include derecognition of the original liabilities and the recognition of new liabilities, During derecognition of financial liabilities, the difference between the carrying amount and the total amount of the consideration paid or payable, including the transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can only be offset and presented in net terms on the balance sheet only when the recognized amounts currently contain exercise of legal rights for offset and are intended to be settled on a net basis or can be realized simultaneously and the debt can be settled.

h <u>Fair value measurement</u>

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. Fair value measurement assumes that the transaction for the asset being sold or liability being transferred takes place in one of the following markets:

1) Principal market of the asset or liability, or
2) If no principal market exists, the most favorable market for the asset or liability

The Group needs to be able to enter the principal or most favorable market in order to carry out the transaction.

Fair value measurement of the asset or liability uses the assumption that market participants would adopt while pricing the asset or liability, where the assumption is that the market participants would take the most favorable economic conditions into consideration.

The fair value measurement of a non-financial asset takes into consideration the market participant’s use of the asset for its highest price and best use or by selling the asset to another market participant who will use the asset for its highest price and best use to generate economic benefits.

The Group uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

i Inventory

Inventories are evaluated on a case-by-case basis by the cost and net realizable value.

Cost refers to the cost of bringing inventory to a state of sale or availability for production and location:

Raw materials and commodities - The weighted average method is used for the actual purchase cost.

Goods in progress and finished goods - including direct raw materials and manufacturing costs; weighted average is adopted.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

j Investments accounted for using equity method

The Group classifies its investments in associates as held for sale assets, and otherwise applies the equity method. An associate is an entity over which the Group has significant influence. A joint venture is an entity in which the Group holds a right to the net assets under a joint agreement (with joint control).

Under the equity method, investments in associates or joint ventures are recorded on the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, adjusted for any changes in the Group's ownership interest. When the carrying amount of investments in associates or joint ventures, including other related long-term equity interests, is reduced to zero under the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, deemed obligations, or payments made on behalf of the associated entity. Unrealized gains and losses arising from transactions between the Group and associates or joint ventures are eliminated in proportion to the Group's equity interest in the associated entity or joint venture.

When changes occur in the equity of associates or joint ventures that are not attributable to items of profit or loss and other comprehensive income and do not affect the Group's ownership percentage, the Group recognizes all related ownership equity changes according to its ownership percentage. As a result, the capital surplus recognized is transferred to profit or loss upon subsequent disposal of associates or joint ventures in proportion to the disposal ratio.

When associates or joint ventures issue new shares, resulting in a change in the Group's ownership percentage because the Group did not subscribe in proportion to its existing ownership, causing fluctuations in the Group's share of the net assets of the associate or joint venture, the Group adjusts such fluctuations under "Capital Surplus" and "Investments Accounted for using Equity Method". In the event of a decrease in the investment percentage, any relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts in proportion to the decrease. The aforementioned capital surplus recognized is transferred to profit or loss upon subsequent disposal of associates or joint ventures in proportion to the disposal ratio.

The financial statements of associates or joint ventures are prepared for the same reporting period as the Group's, and adjustments are made to align their accounting policies with those of the Group.

At the end of each reporting period, the Group assesses whether there is any objective evidence indicating impairment of investments in associates or joint ventures in accordance with IFRS 28 "Investments in Associates and Joint Ventures". If there is objective evidence of impairment, the Group calculates the impairment amount in accordance with IFRS 36 "Impairment of Assets" by determining the difference between the recoverable amount and the carrying amount of the investment in the associate or joint venture, and recognizes this amount in the profit or loss related to the associate or joint venture. The recoverable amount mentioned above, if determined based on the fair value less costs of disposal of the investment, is estimated by the Group according to the following:

1) The Group's proportionate share of the estimated present value of future cash flows from associates or joint ventures includes the cash flows generated from the operations of associates or joint ventures and the proceeds from the ultimate disposal of the investment; or
2) The Group's expected present value of future cash flows from the investment includes dividends received and the proceeds from the ultimate disposal of the investment.

As the components comprising the goodwill of investments in associates or joint ventures are not separately recognized, the provisions of IFRS 36 "Impairment of Assets" relating to goodwill impairment testing do not apply to them.

When significant influence over an associate or joint control over a joint venture is lost, the Group measures and recognizes the retained portion of the investment at fair value. Upon loss of significant influence or joint control, any difference between the carrying amount of the investment in the associate or joint venture and the fair value of the retained investment plus any proceeds from disposal is recognized in profit or loss. Moreover, when 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 Group continues to apply the equity method without remeasuring the retained interest.

k Property, plant, and equipment

Property, plant, and equipment is recognized at the acquisition cost less accumulated depreciation and accumulated impairment. The aforementioned cost includes the dismantling of property, plant, and equipment, removing, and restoring the site on which it is located, and any necessary interest expense arising from unfinished construction. If the various component of property, plant, and equipment is material, it shall be separately recognized for depreciation. When the material components of property, plant and equipment requires to be regularly replaced, the Group will see the item as a separate asset and to separately recognize it through its useful life and depreciation method. The carrying amount of the replaced component will be derecognized in accordance with the derecognition rule in IAS 16 - Property, Plant, and Equipment. When material inspection cost complies with criteria for recognition, it will be treated as a replacement cost and recognized as a part of the carrying amount of the property, plant, and equipment. All other fixture and maintenance expense will be recognized in profit or loss.

Depreciation is recognized through the straight-line method with the following asset useful life estimation:

Housing and constructions: 10 years

Transportation vehicle: 5 years

Office equipment: 3-15 years

Leasehold improvements: 3-10 years

Other equipment: 3-10 years

After initial recognition of property, plant, and equipment, or any of its material components, if disposal occurs or if inflow of economic benefit is not expected to occur from its use or disposal thereof in the future, it shall be derecognized and recognized in profit or loss.

Residual value, useful life and depreciation methods of property, plant, and equipment will be evaluated at the end of each fiscal year. If expected value differs from previous estimates, the changes will be treated as changes in accounting estimates.

l Lease

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date. A contract is (or includes) a lease if it transfers control of the use of an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Group will evaluate whether the following two factors will occur during the entire duration of use:

1) Rights to nearly all economic benefits of the identified asset have been received; and

2) The control over the right to use the identified asset.

For contracts that are (or include) leases, the Group will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Group will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Group will maximize the use of observable information to estimate their respective single unit prices.

<u>The Group is the lessee</u>

Except for leases that meet and are selected to be treated as short-term leases or low-value assets, when the Group is the lessee of a lease contract, the Group will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Group measures the lease liability at the present value of the unpaid lease payments on that date. If the interest rate implicit in a lease is easy to determine, the lease payment is discounted using that interest rate. If such interest rate is difficult to determine, the lessee’s incremental loan rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
3) Expected residual value guarantee from the lessee;
4) Exercise price for purchase of options, if the Group can be reasonably assured that the right will be exercised; and
5) Penalties for termination of the lease, in case the lease period reflects that the lessee will exercise the option to terminate the lease.

After the start date, the Group will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect interest of the lease liability. Lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Group will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

1) The original valuation of the lease liability;
2) Any lease payment paid on the start date or before, minus any lease incentives taken;
3) Any original direct cost that the lessee incurs; and
4) Estimated cost of the lessee's dismantling, removing the target asset and restoration at the asset's location, or the cost to restore the target asset to the state required in the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost minus accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured at cost model.

If the ownership of the target asset will be transferred to the Group when the lease period expires, or if the cost of the right-of-use asset reflects that the Group will exercise purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Group will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Group uses IAS 36 Asset Impairment to determine whether an asset has been impaired and treats any identified impairment loss.

Except for lease of assets that meet and were selected to be short-term lease or low-value asset, the Group will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expense and interest expense related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Group chooses to use straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

<u>The Group is the lessor</u>

On the date of establishing the contract, the Group will classify each lease as either operating lease or financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Group will recognize assets held under financing leases on the balance sheet on the start date, and express them as lease payment receivable based on the net lease investment.

For contracts that include lease components and non-lease components, the Group will distribute the considerations in the contract using regulations from IFRS 15.

The Group uses direct-line basis or another systematic basis to recognize lease payments from operating leases as lease revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Company will recognize them as lease revenue when they occur.

m Intangible assets

Separately acquired intangible assets will be measured by cost during initial recognition. After initial recognition of intangible assets, its carrying amount will be the cost reduced by any accumulated amortization. Internally-arising intangible assets that do not meet the recognition criteria will not be capitalized, and will be recognized in profit or loss as they occur.

The useful life of an intangible asset has been classified as either finite or indefinite.

Intangible assets with finite useful life will be amortized during the duration of the useful life, and impairment tests will be conducted when there are indicators of impairment. The duration of amortization and method of amortization of intangible assets with finite useful life should be reviewed at least once at the end of each fiscal year. If the expected useful life of an asset is found to be different from the estimation or if the expected model of consumption of future economic benefits has changed, then the amortization method or duration of amortization shall be adjusted and treated as changes in estimate.

Intangible assets with indefinite useful life will not be amortized; however, impairment test shall be conducted based on individual asset or cash-generating unit level in each year. Intangible asset with indefinite useful life will be expected in each term for whether matters and conditions continue to support its indefinite useful life. If the useful life is changed from indefinite to finite, applicability will be deferred.

Gains or loss arising from derecognition of intangible assets will be recognized in profit or loss.

Below is a compilation of the Group’s accounting policy for intangible assets:

| | Computer software | Trademarks |
|---|---|---|
| Useful life | 1-5 years | Indefinite |
| Amortization method used | Straight-line amortization during the expected useful life | Do not amortize |
| Internally-arising or acquired externally | Acquired externally | Acquired externally |

n Non-monetary impairment

At the end of every reporting period, the Group will evaluate all assets for indicators of impairment pursuant to IAS 36 - Impairment of Assets. If signs of impairment exist or if regular annual impairment test is required for a certain asset, the Group will test it on the basis of individual assets or the cash generating unit to which the asset belongs. If result of the impairment test indicates that the carrying amount of the asset or the cash generating unit to which the asset belongs is greater than its recoverable amount, impairment loss will be recognized. Recoverable amount is the higher of the net fair value or useful value.

At the end of every reporting period, the Group will evaluate all assets except for goodwill for indicators of whether previously recognized impairment loss no longer exists or has been reduced. If such signs exist, the Group will estimate the recoverable amount of the asset or the cash generating unit. If the estimated service potential of the asset changes, resulting in an increase in the recoverable amount, the impairment will be reversed to profit or loss. However, the carrying amount after reversal shall not exceed the amount of the depreciation or amortization of the asset after deducting the depreciation or amortization.

Impairment loss and reversal of continuing operations will be recognized in profit or loss.

o Revenue Recognition

The Group's revenue from customer contracts is mostly from sales of goods and provision of service, and their accounting treatments are explained as follows:

Sales of goods

The Group sells products and recognizes revenue when the promised product is delivered to the customer and the customer obtains control (the customer has the ability to lead the use of the product and obtain almost all of the remaining benefits of the product) and satisfies performance obligation. The Group's primary products are various types of medicine, health supplements, as well as maternity and infant products. During some of the sales transactions, when the ownership of the goods is transferred to the customer, the Group will provide points as part of the customer loyalty program based on the transaction price. The points will provide the customers with preferential discount during the customer's subsequent purchases within the next year. The Group distributes the transaction price and points given based on the relative selling price of the goods sold and the points, and the transaction price allocated to the sales goods is recognized when the ownership of the goods is transferred to the customer, while the rest is recognized as contractual liability based on the acquisition price.

Retail customers of the Group have the right to enjoy discount during future purchase with the points they collect. When points are collected from customer use or when the points expire one year after the initial sales, revenue from the points given will be recognized, and relevant contractual liability will be adjusted accordingly.

The credit period for the product sales transactions of the Group is 60-120 days. Accounts receivable will be recognized when most of the contracts are subject to product transfer control and have the right to receive unconditional consideration. These receivables are usually short-term and do not pose as significant financing components.

Provision of service

Service revenue of the Group mostly come from provision of management service. Revenue will be recognized when the committed service is transferred to the customer and satisfies performance obligation.

p Retirement pension plan

The Company and its domestic subsidiaries' employee retirement method is applicable for all formal employees. The full amount of employee pension fund is managed by the Labor Retirement Reserve Supervisory Committee, and deposited in designated pension fund. Since the aforementioned pension is deposited under the name of the Labor Retirement Reserve Supervisory Committee, and completely separate from the Company and its subsidiaries, it is not included in the above Consolidated Financial Statements. The employee retirement plans for foreign subsidiaries and branches are administered in accordance with local regulations.

For defined contribution post-employment benefit plans, the Company and its domestic subsidiaries are required to contribute a minimum of 6% of each employee's monthly salary to the employee retirement fund. The amount contributed is recognized as an expense for the current period. Foreign subsidiaries and branches contribute according to local statutory rates and recognize the contribution as an expense for the current period.

For retirement pension plans with defined benefit plan, the Company will include the amounts after the reporting period on actuarial report through projected unit credit method. Revaluation of net defined benefit liabilities (asset) includes any changes in return on plan assets and asset ceiling and will be reduced by amount of net interest included in the net defined benefit liability (asset) and actuarial profit or loss. When revaluation of net defined benefit liability (asset) occurs, it will be recognized under other comprehensive income (loss) and immediately recognized in retained earnings.

Past service cost is the change from the present value of the defined benefit plan due to plan revision or reduction, and will be recognized as expense on the earlier of the two dates:

1) When the plan is revised or reduced; and
2) When the Group recognizes relevant restructuring cost or termination benefits.

Net interest of net defined benefit liability (asset) is net defined benefit liability (asset) multiplied by the discount rate, and both will be decided at the beginning of a reporting period. Subsequently, any changes that occur to the net defined benefit liability (asset) from allocations and benefit expense during the period will be considered.

q Share-based payment transaction

The cost of the equity-settled share-based payment transaction between the Group and the employees is measured by the fair value on the date of the share-based payment transaction. The fair value is measured by an appropriate pricing model.

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and when the equity recognized by the counterparty increases. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date, is a reflection on the passing of the vesting period at the best estimate from the Group for the number of equity instruments that the Group will ultimately own. At the beginning and end of each reporting period, the cumulative cost changes recognized for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the bonus for share-based payment does not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity delivery transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized whether the market conditions or non-vested conditions have been met or otherwise.

When equity delivery transaction conditions are modified, at least the initial benefit cost prior to the alternation shall be recognized. In case the share-based payment terms are modified, if the total fair value of the share-based payment transaction is increased or more beneficial to the employees, the additional equity delivery transaction cost will be recognized.

If the share-based payment bonus plan for the equity delivery is canceled, it will be treated as vested on the date of cancellation and the remaining unrecognized share-based payment will be immediately recognized. This includes rewards outside of vesting conditions that have not been achieved by either the Company or the employees. If the original cancelled reward is replaced by a new reward scheme, and has been confirmed that the new plan will replace the existing on the grant date, the cancelled and the new granted reward will be treated as modifications to the existing plan.

Dilution effect of outstanding options will be calculated by additional shares during calculation of the dilution on the EPS.

r Income tax

Income tax expense (benefit) refers to the aggregated amount related to current income tax and deferred income tax that is included in the current profit or loss.

Income tax in the current period

Income tax liabilities (assets) for this period and for prior periods, are measured at the tax rates and tax laws enacted in the legislative or substantive legislation at the end of the reporting period. Current income tax related to items recognized in other comprehensive income or directly recognized in equity, will be separately recognized in other comprehensive income (loss) or equity rather than profit or loss.

Surtax on unappropriated retained earnings will be recognized as income tax expense on the date of surplus distribution from the Shareholders' Meeting.

Deferred income tax

Deferred tax is calculated based on the temporary difference between the taxable basis of assets and liabilities and the carrying amounts on the Balance Sheet at the end of the reporting period.

All taxable temporary difference shall be recognized as deferred tax liabilities except for the following:

1) Goodwill arising from initial recognition, or assets or liabilities recognized initially that do not arise from business combination transactions, are not recognized at the time of the transaction if they neither affect accounting profit nor taxable profit (loss) and if they do not result in deferred tax liabilities equal to the temporary differences at the time of the transaction.
2) Arising from investment in subsidiaries, affiliates or joint ventures, whose point of reversal can be controlled and there may not be any taxable temporary difference that shall be reversed in the foreseeable future.

Deferred income tax assets that are deductible from temporary differences, unused tax losses and unused income tax deductions are recognized in the context of probable future taxable income except for the following:

1) The deductible temporary differences related to the initial recognition of assets or liabilities not arising from business combination transactions are those that neither affect accounting profit nor taxable profit (loss) at the time of the transaction and do not result in equal taxable or deductible temporary differences at the time of the transaction.

2) Related to deductible temporary difference from equity in investments in subsidiaries, affiliates, or joint ventures, and is highly possible to revert in the foreseeable future, and the revert may be to the extent that there will be sufficient taxable income at the time for recognition of the temporary difference.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the tax rates and tax laws that have been enacted in the legislative or substantive legislation at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the carrying amount of the liability is settled at the end of the reporting period. The deferred income tax that is related to items not recognized in profit or loss will also not be recognized in profit or loss. It will be recognized in other comprehensive income (loss) or directly recognized in equity based on its related transaction. Deferred tax assets shall be reviewed and recognized at the end of each reporting period.

For deferred tax assets and liabilities, only the offset between the current tax assets and current tax liabilities carries legally enforceable rights. Moreover, deferred income tax may be offset when it is subject to the same taxpayer and is related to the income tax levied by the same tax authority.

In accordance with the provisions of the “International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12),” the temporary exception rule applies. As such, no deferred tax assets or liabilities related to Pillar Two income taxes should be recognized, nor should any related information be disclosed.

## 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.

Estimates and assumptions

At the end of a reporting period, major source of information for uncertainties in regards to estimates and assumptions for the future, present material risk in material adjustments to the carrying amounts of assets and liabilities in the next fiscal year. This will be explained in the following:

a Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, the fair value will be determined by valuation techniques. These include income approach (for example, the discounted cash flow method) or market approach, and changes in the assumptions used in these models will influence the fair value of the reported financial instruments. Please refer to Note 12 for details.

b Accounts receivable - estimates on impairment loss

The Group’s estimate of impairment loss for receivables is measured by the amount of estimated credit losses over its lifetime, which will be based on the difference between the contractual cash flow (carrying amount) receivable and the expected cash flow (assessment of forward-looking information). However, discount effect of short-term receivables is insignificant and credit loss will not be measured by undiscounted difference. If the actual cash flow in the future is less than the estimate, there may be material impairment loss. Please refer to Note 6 for details.

c Inventory

The estimated value of the net realized value of inventories is the most reliable evidence of the expected change in the amount of cash available for the inventory at the estimated time when the inventory is damaged, all or part of it becomes obsolete or declines in the selling price and influences from product shelf life. Please see refer to Note 6 for detail.

d Retirement pension plan

The present value of defined benefit costs and defined benefits obligations in retirement pension plan is measured by actuarial valuation. Actuarial valuation involves various assumptions, including discount rate and changes in expected salaries and more. Please refer to Note 6 for details on the assumptions used to measure the cost of defined benefit costs and defined benefit obligations.

e Share-based payment transaction

Cost of equity settlement transaction between the Group and our employees are measured by the fair value of the equity instrument on the grant date. When estimating the fair value of the share-based payment transaction, the best pricing model should be determined based on the benefit conditions. These estimates also require determining the best parameters used in the pricing model, including: expected duration of the stock options, estimated fluctuations, estimated rate of dividend, and any assumptions made therein. Please refer to Note 6 for explanations on the assumptions and models used to measure the fair value of the share-based payment transaction.

f Income tax

Uncertainties for income tax exist in the interpretation of complex tax laws, and the future taxable amounts and time points. Due to the prevalence of international business relationships and the long-term nature and complexity of contracts, there may be differences between the actual results and assumptions made, or alternatively, such assumptions in the future may force recorded interest tax benefits and expenses to be adjusted in the future. Recognition of income tax is based on reasonable estimates of the possible audit results of the tax authorities of the countries in which the Group operates. Amounts recognized are based on different elements, for instance, the past experience of tax review and the taxation subject may have different interpretations of the tax law from the taxation authority. Differences in these interpretations could lead to various issues due to the conditions of the countries in which the Group's individual entities operate.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Unused tax loss and deferred tax carried forward and deductible temporary differences are recognized as deferred tax assets based on the context that it is highly likely future taxable income or taxable temporary differences will occur in the future. The determination of the amount of deferred tax asset to be recognized is at the point and standards where there may be differences between the future taxable income and taxable temporary difference as well as the estimate of future tax planning strategies.

## 6. Explanations of Significant Accounting Items

a Cash and cash equivalents

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Cash on hand and petty cash | $13,640 | $11,738 |
| Checks and demand deposit | 1,472,812 | 1,393,119 |
| Fixed deposit | 415,550 | 729,877 |
| Total | $1,902,002 | $2,134,734 |

b Financial assets measured at fair value through profit or loss

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Measured at fair value through profit and loss: | | |
| Convertible corporate bonds | $- | $905 |
| | | |
| Current | $- | $- |
| Non-current | - | 905 |
| Total | $- | $905 |

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

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Investments in equity instruments measured at fair value through other comprehensive income: | | |
| OTC (Over-the-Counter) company stocks | $20,000 | $- |
| Unlisted and non-OTC company stock | 115,740 | 85,315 |
| Subtotal | 135,740 | 85,315 |
| Valuation adjustment | 1,884 | (644) |
| Total | $137,624 | $84,671 |
| | | |
| Current | $- | $- |
| Non-current | 137,624 | 84,671 |
| Total | $137,624 | $84,671 |

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

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Restrictive fixed deposit | $24,000 | $24,000 |
| Fixed deposit | 3,000 | 3,000 |
| Ordinary corporate bonds | 304,500 | - |
| Less: allowance for loss | - | - |
| Total | $331,500 | $27,000 |
| | | |
| Current | $328,500 | $24,000 |
| Non-current | $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

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Notes receivable - from operating activities | 7,659 | 12,779 |
| Less: allowance for loss | - | - |
| Total | $7,659 | $12,779 |

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

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Total accounts receivable | $668,867 | $665,352 |
| Less: allowance for loss | (678) | (428) |
| Net balance | $668,189 | $664,924 |

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$668,867 thousand and NT$665,352 thousand on December 31, 2024 and December 31, 2023 respectively. Please refer to Note 6 (19) for information related to allowance for impairment loss in 2024 and 2023. Please refer to Note 12 for information on credit risk.

g Inventory

1) Net inventory is as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Raw materials | $30 | $3 |
| Work-in-progress | 143 | 2,146 |
| Commodity | 3,164,384 | 2,791,431 |
| Total | $3,164,557 | $2,793,580 |

2) The Group recognized cost of inventories NT$12,431,678 thousand and NT$11,658,104 thousand on December 31, 2024 and December 31, 2023 as expenses respectively. These expenses included the:

| | 2024 | 2023 |
|---|---|---|
| Allowance for inventory valuation and obsolescence loss (gains on recovery) | $(315) | $(10,000) |
| Inventory scrap loss | 48,363 | 30,263 |
| Inventory loss | 9,582 | 17,042 |
| Total | $57,630 | $37,305 |

In 2024 and 2023, the Group recognized inventory write-up gains as certain inventory previously provided for impairment and obsolescence losses was disposed of following an evaluation.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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

h Investments accounted for using equity method

| | 2024.12.31 | | 2023.12.31 | |
|---|---|---|---|---|
| Investee | Amount | Shareholding ratio | Amount | Shareholding ratio |
| Investment in associates: | | | | |
| Keychain Community Technology Co., Ltd. | $- | -% | $7,075 | 40% |
| SK Biomedical INC. | 5,584 | 20% | - | -% |
| Total | $5,584 | | $7,075 | |

1) The Group invested in Keychain Community Technology Co., Ltd. in June 2023, with an investment amount of NT$8,000 thousand, holding a 40% stake.

In March 2024, the Group invested in SK Biomedical INC. with an investment amount of NT$6,000 thousand, acquiring a 20% equity interest. SK Biomedical INC. completed its registration on April 9, 2024.

In August 2024, the Group disposed of its investment in Keychain Community Technology Co., Ltd. for an amount of NT$12,000 thousand and recognized a gain on the disposal of NT$5,298 thousand.

2) Investment in associates

Information on non-significant associates of the Group is as follows:

The aggregate carrying amounts of the Group's investments in Keychain Community Technology Co., Ltd. and SK Biomedical INC. as of December 31, 2024 and 2023 were NT$5,584 thousand and NT$7,075 thousand, respectively. The summarized financial information based on the Group's share of ownership is as follows:

| | 2024 | 2023 |
|---|---|---|
| Net profit (loss) of the continuing operations for the period | $(2,213) | $(925) |
| Comprehensive income (loss) (net value after tax) for this period | - | - |
| Total comprehensive income (loss) | $(2,213) | $(925) |

The aforementioned investment in the associated company does not entail any contingent liabilities or capital commitments, nor does it involve any provided guarantees.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

3) As of December 31, 2023, the investment in Keychain Community Technology Co., Ltd. using the equity method was NT$7,075 thousand. For the year 2023, the share of profit or loss from associates and joint ventures recognized using the equity method was (NT$925) thousand , and the share of other comprehensive income from associates and joint ventures recognized using the equity method was NT$0. These amounts were recognized based on the financial statements of the investee companies audited by certified public accountants for the corresponding period.

As of December 31, 2024, the investment in SK Biomedical INC. using the equity method was NT$5,584 thousand. For the year 2024, the share of profit or loss from associates and joint ventures recognized using the equity method was (NT$416) thousand, and the share of other comprehensive income from associates and joint ventures recognized using the equity method was NT$0. These amounts were recognized based on the financial statements of the investee companies audited by certified public accountants for the corresponding period.

4) The aforementioned investments accounted for under the equity method have not been provided as collateral.

i Property, plant, and equipment

| | Buildings and construction | Transportation vehicle | Office equipment | Leasehold improvements | Other equipment | Total |
|---|---|---|---|---|---|---|
| Cost: | | | | | | |
| 2024.01.01 | $48,583 | $14,338 | $716,643 | $764,730 | $378,053 | $1,922,347 |
| Acquisition | - | - | 187,312 | 137,375 | 27,542 | 352,229 |
| Disposal | - | - | (2,215) | (3,008) | - | (5,223) |
| Transfer | - | - | - | - | - | - |
| Effects of changes in foreign exchange rates | - | - | 19 | 3 | - | 22 |
| 2024.12.31 | $48,583 | $14,338 | $901,759 | $899,100 | $405,595 | $2,269,375 |
| 2023.01.01 | $48,583 | $14,338 | $547,967 | $682,015 | $339,457 | $1,632,360 |
| Acquisition | - | - | 170,255 | 83,800 | 38,596 | 292,651 |
| Disposal | - | - | (1,577) | (1,085) | - | (2,662) |
| Transfer | - | - | - | - | - | - |
| Effects of changes in foreign exchange rates | - | - | (2) | - | - | (2) |
| 2023.12.31 | $48,583 | $14,338 | $716,643 | $764,730 | $378,053 | $1,922,347 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | Buildings and construction | Transportation vehicle | Office equipment | Leasehold improvements | Other equipment | Total |
|---|---|---|---|---|---|---|
| Depreciation and impairment: | | | | | | |
| 2024.01.01 | $10,336 | $14,338 | $379,601 | $409,684 | $226,771 | $1,040,730 |
| Depreciation | 3,255 | - | 99,084 | 103,069 | 62,693 | 268,101 |
| Disposal | - | - | (358) | (405) | - | (763) |
| Transfer | - | - | - | - | - | - |
| Effects of changes in foreign exchange rates | - | - | 2 | - | - | 2 |
| 2024.12.31 | $13,591 | $14,338 | $478,329 | $512,348 | $289,464 | $1,308,070 |
| | | | | | | |
| 2023.01.01 | $7,081 | $14,061 | $300,597 | $316,113 | $163,779 | $801,631 |
| Depreciation | 3,255 | 277 | 79,531 | 93,988 | 62,992 | 240,043 |
| Disposal | - | - | (526) | (416) | - | (942) |
| Transfer | - | - | - | - | - | - |
| Effects of changes in foreign exchange rates | - | - | (1) | (1) | - | (2) |
| 2023.12.31 | $10,336 | $14,338 | $379,601 | $409,684 | $226,771 | $1,040,730 |
| | | | | | | |
| Net carrying amount: | | | | | | |
| 2024.12.31 | $34,992 | $- | $423,430 | $386,752 | $116,131 | $961,305 |
| 2023.12.31 | $38,247 | $- | $337,042 | $355,046 | $151,282 | $881,617 |

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

j Intangible assets

| | Computer software | Trademarks | Total |
|---|---|---|---|
| Cost: | | | |
| 2024.01.01 | $57,279 | $14,286 | $71,565 |
| Acquisition - separately acquired | 33,055 | - | 33,055 |
| Derecognized at the end of useful life | (56) | - | (56) |
| 2024.12.31 | $90,278 | $14,286 | $104,564 |
| | | | |
| 2023.01.01 | $27,225 | $14,286 | $41,511 |
| Acquisition - separately acquired | 30,054 | - | 30,054 |
| Derecognized at the end of useful life | - | - | - |
| 2023.12.31 | $57,279 | $14,286 | $71,565 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | Computer software | Trademarks | Total |
|---|---|---|---|
| Amortization and impairment: | | | |
| 2024.01.01 | $27,740 | $- | $27,740 |
| Amortization | 19,131 | - | 19,131 |
| Derecognized at the end of useful life | (33) | - | (33) |
| 2024.12.31 | $46,838 | $- | $46,838 |
| | | | |
| 2023.01.01 | $13,885 | $- | $13,885 |
| Amortization | 13,855 | - | 13,855 |
| Derecognized at the end of useful life | - | - | - |
| 2023.12.31 | $27,740 | $- | $27,740 |
| | | | |
| Net carrying amount: | | | |
| 2024.12.31 | $43,440 | $14,286 | $57,726 |
| 2023.12.31 | $29,539 | $14,286 | $43,825 |

Amortization for recognition of intangible assets is as follows:

| | 2024 | 2023 |
|---|---|---|
| Operating expenses | $19,131 | $13,855 |

k Other non-current assets

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Prepaid equipment | $31,100 | $17,595 |
| Refundable deposits | 395,533 | 250,262 |
| Total | $426,633 | $267,857 |

l Short-term loans

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

| | Range of interest rates (%) | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Unsecured bank loan | 1.85% | $200,000 | $- |
| Secured bank loan | 2.07% | 255,000 | - |
| Total | | $455,000 | $- |

2) As of December 31, 2024 and December 31, 2023 respectively, the Group’s unused short-term loan credits are NT$1,000,000 thousand and NT$491,698 thousand respectively.

m Other payables

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Expenses payable | $335,938 | $345,676 |
| Equipment payable | 36,631 | 29,926 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Net defined benefit liabilities - current | 37 | 37 |
| Total | $372,606 | $375,639 |

n Bonds payable

1) Details of bonds payable are as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Elements of liability: | | |
| Par value of domestic convertible corporate bonds payable | $811,500 | $822,500 |
| Less: discount on domestic convertible corporate bonds payable | (9,108) | (22,059) |
| Subtotal | 802,392 | 800,441 |
| Less: portion due within one year | (802,392) | - |
| Net balance | $- | $800,441 |
| Embedded Derivative Financial Instruments-Redemption Rights | $- | $905 |
| Equity Element- Conversion Right | $61,895 | $62,850 |

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: Bondholders may, from the day after the three-month period following the issuance of the convertible bonds (starting from December 13, 2022), up until the maturity date, request the conversion of the bonds into common shares of the company, except during the following periods: (1) when the transfer of common shares is suspended by law; (2) within fifteen business days prior to the suspension of the transfer of shares for free distribution, cash dividend allocation, or rights offering for capital increase; (3) from the effective date of the capital reduction to the day before the start of trading of the new shares issued as part of the capital reduction ; (4) from the start of the suspension of conversion during the stock face value change process to the day before the start of trading of the new shares issued. Outside these periods, bondholders may, at any time, request the conversion of their convertible bonds into common shares of the Company by notifying the Taiwan Depository & Clearing Corporation (TDCC) through a broker and instructing the Company's stock transfer agency to process the conversion in accordance with the relevant regulations.

(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.
The Company adjusted the conversion prices in accordance with the provisions of the domestic regulations on the issuance and conversion of unsecured convertible bonds for the second time in 2023, due to the distribution of cash dividends on common shares. Consequently, the conversion price was adjusted from NT$304.98 to NT$300.92 effective from July 11, 2023.
Additionally, the Company adjusted the conversion price from NT$300.92 to NT$245.03 effective from August 19, 2023, due to the implementation of surplus capitalization, following the provisions outlined in the domestic regulations on the issuance and conversion of unsecured convertible bonds for the second time in 2023.
The Company adjusted the conversion prices in accordance with the provisions of the domestic regulations on the issuance and conversion of unsecured convertible bonds for the second time in 2024, due to the distribution of cash dividends on common shares. Consequently, the conversion price was adjusted from NT$245.03 to NT$241.67 effective from July 15, 2024.
Additionally, the Company adjusted the conversion price from

NT$241.67 to NT$206.58 effective from August 18, 2024, due to the implementation of surplus capitalization, following the provisions outlined in the domestic regulations on the issuance and conversion of unsecured convertible bonds for the second time in 2024.

(I) The Company's redemption rights:

(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.

(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.

(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.

(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.

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$22,000 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 ordinary 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.

The Company adjusted the conversion prices pursuant to the regulations outlined in the domestic guidelines on the issuance and conversion of privately placed convertible bonds for the first time in 2023, due to the distribution of cash dividends on ordinary shares. Consequently, effective from July 11, 2023, the conversion price was adjusted from NT$270.5 to NT$266.9.

Additionally, the Company adjusted the conversion price from NT$266.9 to NT$217.3 effective from August 19, 2023, due to the implementation of surplus capitalization, following the provisions outlined in the domestic guidelines on the issuance and conversion of privately placed convertible bonds for the first time in 2023.

The Company adjusted the conversion prices pursuant to the regulations outlined in the domestic guidelines on the issuance and conversion of privately placed convertible bonds for the first time in 2024, due to the distribution of cash dividends on ordinary shares. Consequently, effective from July 15, 2024, the conversion price was adjusted from NT$217.3 to NT$214.30.

Additionally, the Company adjusted the conversion price from NT$214.30 to NT$183.20 effective from August 18, 2024, due to the implementation of surplus capitalization, following the provisions outlined in the domestic guidelines on the issuance and conversion of privately placed convertible bonds for the first time in 2024.

(I) The Company's redemption rights:

(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 21, 2025). When the closing market price of the ordinary shares of the Company exceeds 30% (inclusive) of the conversion price for the 30 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.

(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 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 do not reply to the Company's stock agent in writing before the base date of bond redemption as stated in the "Notice of Bond Redemption" (effective upon delivery, adopting postmark date if mailed), the Company will redeem all the outstanding private placement of convertible corporate bonds at par value in cash within five business days after the base date of bond redemption.

4) As of December 31, 2024, the Group has applied for conversion of unsecured convertible bonds for the second time domestically, totaling NT$408,500 thousand, resulting in the issuance of 1,508 thousand ordinary shares. The net amount to be deducted upon conversion (including the face value of the convertible bonds and any discount) exceeding the par value of the shares amounts to NT$415,800 thousand, which is recorded as an addition to capital surplus. Furthermore, due to the exercise of the conversion rights of the convertible bonds, the original issuance recorded in the capital surplus - convertible bond subscription rights decreased by NT$35,452 thousand.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

o Retirement pension plan

Defined allocation plan

The Company and its domestic subsidiaries' employee retirement method adopts the defined allocation plan pursuant to the Labor Pension Act. Pursuant to the Act, the Company and its domestic subsidiaries are obligated to allocate no less than 6% of its employee's monthly salary as employee pension. The Company and its domestic subsidiaries have established employee retirement method in accordance with the Act, and allocates 6% based on each employee's salary to his/her respective individual retirement account (IRA) at the Bureau of Labor Insurance.

The Group recognized defined allocation expense of NT$64,820 thousand and NT$58,498 thousand in 2024 and 2023 respectively.

Defined benefit plan

The Company's employee retirement method adopts the defined benefit plan pursuant to the Labor Standards Act. Payment of employee pension is calculated on the base points of an employee's years of service and average monthly wages when the person is permitted to retire. Two base points will be assigned for 15 years (inclusive) of service or less, and for those exceeding 15 years of service, every year will be assigned an additional base point. The maximum base points allowed is 45. The Company provides a pension fund of 2% of the total salary on a monthly basis in accordance with the Labor Standards Act, and deposits it in a designated account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee.

The Bureau of Labor Funds, Ministry of Labor, Executive Yuan, undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Bureau of Labor Funds takes risks including market, credit, and liquidity into consideration in setting limits and control plan for the fund so that adequate flexibility can be used toward the compensation objective without excessive risk. As of December 31, 2024, the Company's defined benefit plan is expected to allocate NT$47 thousand within the following year.

As of December 31, 2024 and December 31, 2023, the Company's defined benefit plans are expected to expire in 2040.

The following table summarizes the costs of defined benefit plan recognized to profit or loss:

| | 2024 | 2023 |
|---|---|---|
| Current service cost | $- | $- |
| Net interest from net defined benefit assets (liabilities) | 55 | 63 |
| Total | $55 | $63 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Adjustments of the present value of the defined benefit obligations and fair value of the plan assets:

| | 2024.12.31 | 2023.12.31 | 2023.01.01 |
|---|---|---|---|
| Present value of the defined benefit obligations | $8,777 | $9,465 | $9,316 |
| Fair value of plan assets | (6,020) | (5,278) | (4,972) |
| Other non-current liabilities - net defined benefit liabilities recorded | $2,757 | $4,187 | $4,344 |

Adjustments to the net defined benefit liabilities (assets):

| | Present value of the defined benefit obligations | Fair value of plan assets | Net defined plan liabilities (assets) |
|---|---|---|---|
| 2023.01.01 | $9,316 | $(4,972) | $4,344 |
| Current service cost | - | - | - |
| Interest expense (income) | 136 | (73) | 63 |
| Past service cost and settlement gain or loss | - | - | - |
| Subtotal | 9,452 | (5,045) | 4,407 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from demographic assumptions | - | - | - |
| Actuarial gains or losses from financial assumptions | 216 | - | 216 |
| Experience-based adjustments | (203) | - | (203) |
| Remeasurement of defined benefit assets | - | (10) | (10) |
| Subtotal | 13 | (10) | 3 |
| Benefits paid | - | - | - |
| Employer allocations | - | (223) | (223) |
| Effects of changes in foreign exchange rates | - | - | - |
| 2023.12.31 | 9,465 | (5,278) | 4,187 |
| Current service cost | - | - | - |
| Interest expense (income) | 124 | (69) | 55 |
| Past service cost and settlement gain or loss | - | - | - |
| Subtotal | 9,589 | (5,347) | 4,242 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses from demographic assumptions | - | - | - |
| Actuarial gains or losses from financial assumptions | (502) | - | (502) |
| Experience-based adjustments | (310) | - | (310) |
| Remeasurement of defined benefit assets | - | (450) | (450) |
| Subtotal | (812) | (450) | (1,262) |
| Benefits paid | - | - | - |
| Employer allocations | - | (223) | (223) |
| Effects of changes in foreign exchange rates | - | - | - |
| 2024.12.31 | $8,777 | $(6,020) | $2,757 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

The following key assumptions are used to determine the Company's defined benefit plan:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Discount rate | 1.70% | 1.31% |
| Expected rate of salary increase | 2.60% | 2.60% |

Sensitivity analysis of every material actuarial assumption:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| 0.5% increase in discount rate | $- | $598 | $- | $698 |
| 0.5% decrease in discount rate | 649 | - | 762 | - |
| 0.5% increase in expected salary | 640 | - | 749 | - |
| 0.5% decrease in expected salary | - | 596 | - | 692 |

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

The methods and assumptions used in the current period of sensitivity analysis are no different from the previous periods.

p Equity

1) Ordinary Shares

As of December 31, 2024 and December 31, 2023, the Company's authorized share capital is NT$2,000,000 thousand respectively, and has issued NT$1,318,889 thousand and NT$1,117,037 thousand in shares, respectively. Each share has a par value of NT$10, and 131,889 thousand shares and 111,704 thousand shares were issued, respectively. Each share has one voting right and right to receive dividend.

In 2023, the total exercise amount of employee stock warrants issued by the Company amounted to NT$23,705 thousand, resulting in the issuance of 578 thousand ordinary shares. Among these, 412 thousand ordinary shares were resolved by the Board of Directors on February 27, 2024, as the capital increase base date for the same day. Additionally, 40 thousand ordinary shares are pending approval by the Board of Directors as of the capital increase base date. Therefore, as of December 31, 2023, a total of 452 thousand shares were recognized as a prepaid capital. The aforementioned 40,000 common shares were approved by the Board of Directors on May 10, 2024, with the capital increase record date set as the same day.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

In 2023, the conversion amount for the Company's second domestic unsecured convertible corporate bonds amounted to NT$397,500 thousand, resulting in the issuance of 1,464 thousand ordinary shares. Among these, 422 thousand ordinary shares were resolved by the Board of Directors on February 27, 2024, as the capital increase base date for the same day. Therefore, as of December 31, 2023, they are recorded under the item of convertible bond warrants.

On May 31, 2023, the Company approved a surplus capital increase of NT$ 206,766 thousand by resolution of the shareholders' meeting. On July 7, 2023, the capital increase plan was decided by the Board of Directors to use August 19 of the same year as the base date for the capital increase.

In 2024, the total exercise amount of employee stock warrants issued by the Company amounted to NT$16,781 thousand, resulting in the issuance of 531 thousand ordinary shares. Among these, 350 thousand ordinary shares were resolved by the Board of Directors on February 27, 2025, as the capital increase base date for the same day. Additionally, 18 thousand ordinary shares are pending approval by the Board of Directors as of the capital increase base date. Therefore, as of December 31, 2024, a total of 368 thousand shares were recognized as a prepaid capital.

The Company issued its second domestic unsecured convertible bonds, and in 2024, a conversion amount of NT$11,000 thousand was applied, resulting in the issuance of 45 thousand common shares.

On May 31, 2024, the Company approved a surplus capital increase of NT$ 191,493 thousand by resolution of the shareholders' meeting. On May 31, 2024, the capital increase plan was decided by the Board of Directors to use August 18 of the same year as the base date for the capital increase.

2) Capital surplus

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Share premium of ordinary shares | $1,197,402 | $1,174,337 |
| Changes in equity ownership interests in subsidiaries | 2 | - |
| Employee stock options | 49,224 | 45,766 |
| Stock options | 61,895 | 62,850 |
| Expired stock options | 3,363 | 3,275 |
| Total | $1,311,886 | $1,286,228 |

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 notto 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.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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 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 Board of Directors of the Company as of February 27, 2025 and the Regular Meeting of Shareholders as of May 31, 2024, respectively, proposed and resolved the appropriation of earnings for the years 2024 and 2023, as follows:

| | Appropriation of earnings | | Dividends per share (NT$) | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Legal capital reserve | $68,203 | $66,605 | | |
| Special capital reserve | (2,356) | 984 | | |
| Cash dividends for ordinary shares | 436,718 | 405,514 | $3.30 | $3.60 |
| Stock dividends for ordinary shares | 172,040 | 191,493 | 1.30 | 1.70 |

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

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

f) Non-controlling interests

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $69,738 | $24,408 |
| Net income (loss) attributable to non-controlling interests for the period | (803) | 435 |
| Other comprehensive income (loss) attributable to non-controlling interests | | |
| Exchange differences translated from the financial statements of foreign operation | 4,010 | (131) |
| Actual acquisition or disposal price of subsidiary shares compared to book value Value difference | (2) | 2 |
| Acquisition of issued shares of a subsidiary | (46,098) | - |
| Changes in the current period | 24,787 | 45,024 |
| Ending balance | $51,632 | $69,738 |

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.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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$) |
|---|---|---|
| 108.12.01 | 1,879 | $29.90 |
| 109.10.27 | 2,017 | $36.80 |
| 111.12.15 | 4,500 | $194.40 |

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 in 2024 and 2023:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Number of outstanding stock options (unit) | Weighted-average Execution price (NT$) | Number of outstanding stock options (unit) | Weighted-average Execution price (NT$) |
| Outstanding stock options on January 1 | 6,023 | $182.55 | 6,593 | $211.61 |
| Stock subscriptions in the current period | (507) | 34.86 | (549) | 41.29 |
| Stock options expired for the period | (795) | - | (21) | - |
| Outstanding stock options on December 31 | 4,721 | $165.48 | 6,023 | $182.55 |
| Executable stock options on December 31 | 3,841 | | 1,523 | |
| Weighted-average fair value of the stock options granted in the current period | | $- | | $- |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

3) Below is the aforementioned share-based payment plan outstanding as of December 31, 2024 and December 31, 2023:

| 2024.12.31 | Execution price | Weighted-average remaining Duration (year) |
|---|---|---|
| Granted on December 1, 2019 | $29.90 | 0.92 years |
| Granted on October 27, 2020 | $36.80 | 1.82 years |
| Granted on December 15, 2022 | $194.40 | 2.96 years |

| 2023.12.31 | | |
|---|---|---|
| Granted on December 1, 2019 | $35.00 | 1.92 years |
| Granted on October 27, 2020 | $43.10 | 2.82 years |
| Granted on December 15, 2022 | $230.60 | 3.96 years |

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

| | 2024 | 2023 |
|---|---|---|
| Recognized expenses due to share-based payment transactions | $3,546 | $30,192 |
| (All are equity delivery share-based payment) | | |

r Operating revenue

| | 2024 | 2023 |
|---|---|---|
| Revenue from customer contracts | | |
| Revenue from sale of goods | $17,217,510 | $16,086,129 |
| Revenue from provision of service | 49,155 | 50,108 |
| Others | 7,589 | 7,464 |
| Total | $17,274,254 | $16,143,701 |

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

1) Breakdown of revenue

| | 2024 | 2023 |
|---|---|---|
| | Single department | Single department |
| Sales revenue | $17,217,510 | $16,086,129 |
| Service revenue | 49,155 | 50,108 |
| Others | 7,589 | 7,464 |
| Total | $17,274,254 | $16,143,701 |
| Timing of revenue recognition: | | |
| At a fixed point in time | $17,266,665 | $16,136,237 |
| Over a period of time | 7,589 | 7,464 |
| Total | $17,274,254 | $16,143,701 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

2) Contract balance

a) Contract liability - current

| | 2024.12.31 | 2023.12.31 | 2023.01.01 |
|---|---|---|---|
| Sales of goods | $1,266 | $688 | $716 |
| Customer loyalty program | 10,097 | 18,125 | 15,735 |
| Total | $11,363 | $18,813 | $16,451 |

Explanations of the changes in the balance of contract liabilities in 2024 are as follows:

| | Sales of goods | Customer loyalty program |
|---|---|---|
| Beginning balance is recognized as revenue in the current period | $(10) | $(30,114) |
| Increase in advance payment for the period | 588 | 22,086 |

Explanations of the changes in the balance of contract liabilities in 2023 are as follows:

| | Sales of goods | Customer loyalty program |
|---|---|---|
| Beginning balance is recognized as revenue in the current period | $(110) | $(7,532) |
| Increase in advance payment for the period | 82 | 9,922 |

s Expected credit loss (gain)

| | 2024 | 2023 |
|---|---|---|
| Operating expenses - expected credit loss (gain on reversal) | | |
| Accounts receivable | $248 | $- |

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 can be found in the following:

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

December 31, 2024

| | Not overdue (Note) | Days overdue: 31-180 days | Days overdue: More than 181 days | Total |
|---|---|---|---|---|
| Total carrying amount | $676,248 | $- | $278 | $676,526 |
| Rate of loss | (0.06)% | 100% | 100% | |
| Expected lifetime credit loss | (400) | - | (278) | (678) |
| Carrying amount | $675,848 | $- | $- | $675,848 |

December 31, 2023

| | Not overdue (Note) | Days overdue: 31-180 days | Days overdue: More than 181 days | Total |
|---|---|---|---|---|
| Total carrying amount | $678,088 | $- | $43 | $678,131 |
| Rate of loss | (0.06)% | 100% | 100% | |
| Expected lifetime credit loss | (385) | - | (43) | (428) |
| Carrying amount | $677,703 | $- | $- | $677,703 |

2) Information on the changes in the allowances for notes receivable and accounts receivable of the Group for 2024 and 2023 is as:

| | Notes receivable | Accounts receivable |
|---|---|---|
| 2024.01.01 | $- | $428 |
| Increase (reversal) in the period | - | 248 |
| Foreign exchange impact amount | - | 2 |
| 2024.12.31 | $- | $678 |
| | | |
| 2023.01.01 | $- | $428 |
| Increase in the period | - | - |
| 2023.12.31 | $- | $428 |

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.

(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

| | Building and construction |
|---|---|
| Cost: | |
| 2024.01.01 | $5,657,261 |
| Acquisition | 1,043,585 |
| Disposal | - |
| Reclassification | - |
| 2024.12.31 | $6,700,846 |
| | |
| 2023.01.01 | $4,990,039 |
| Acquisition | 743,400 |
| Disposal | (78,122) |
| Reclassification | 1,944 |
| 2023.12.31 | $5,657,261 |
| | |
| Depreciation and impairment: | |
| 2024.01.01 | $2,181,323 |
| Depreciation | 513,632 |
| Disposal | - |
| Reclassification | - |
| 2024.12.31 | $2,694,955 |
| | |
| 2023.01.01 | $1,767,264 |
| Depreciation | 447,192 |
| Disposal | (35,077) |
| Reclassification | 1,944 |
| 2023.12.31 | $2,181,323 |
| | |
| Carrying amount: | |
| 2024.12.31 | $4,005,891 |
| 2023.12.31 | $3,475,938 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

ii. Lease liabilities

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Lease liabilities | $4,179,578 | $3,623,697 |
| Current | $520,694 | $450,125 |
| Non-current | $3,658,884 | $3,173,572 |

Please refer to Note 6 (22) (4) Financing Costs for the Group's interest expense for lease liabilities in 2024 and 2023; and refer to Note 12 (5) Liquidity Risk Management for the analysis on the expiration of lease liabilities as of December 31, 2024 and December 31, 2023.

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

| | 2024 | 2023 |
|---|---|---|
| Short-term lease expense | $(51,487) | $(46,255) |
| Revenue from sublease of right-of-use assets | 34,240 | 32,516 |

As of December 31, 2024 and 2023, 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

The total cash outflow related to lease of the Group in 2024 and 2023 are NT$583,584 thousand and NT$512,213 thousand, respectively.

2) The Group is the lessor

The Group classifies leases for which nearly all risks and rewards associated with the right-of-use assets for self-use will not be transferred during the lease as operating leases.

| | 2024 | 2023 |
|---|---|---|
| Lease revenue recognized from operating lease | | |
| Fixed lease payment | $34,239 | $32,516 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

In signing operating lease contracts, the Group has the following total amount of undiscounted lease payment as of December 31, 2024 and December 31, 2023 and for the remaining:

| | 2024 | 2023 |
|---|---|---|
| Less than one year | $44,404 | $28,050 |
| More than 1 but no more than 2 years | 41,406 | 27,732 |
| More than 2 but no more than 3 years | 31,285 | 22,581 |
| More than 3 but no more than 4 years | 27,230 | 14,169 |
| More than 4 but no more than 5 years | 25,167 | 11,129 |
| More than 5 years | 102,337 | 31,280 |
| Total | $271,829 | $134,941 |

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

| Function / Characteristic | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expenses | | | | | | |
| Salary expenses | $- | $1,170,868 | $1,170,868 | $- | $1,127,999 | $1,127,999 |
| Labor and health insurance expenses | - | 144,760 | 144,760 | - | 127,363 | 127,363 |
| Pension expenses | - | 64,875 | 64,875 | - | 58,561 | 58,561 |
| Other employee benefit expenses | - | 106,982 | 106,982 | - | 89,544 | 89,544 |
| Depreciation expenses | 6,628 | 775,105 | 781,733 | 6,628 | 680,607 | 687,235 |
| Amortization expenses | - | 19,131 | 19,131 | - | 13,855 | 13,855 |

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.

Based on the Company's profitability conditions, employee compensation and remunerations of the Directors recognized in 2024 were NT$25,860 thousand and NT$4,216 thousand respectively. Employee compensation and remunerations of the

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Directors recognized in 2023 were NT$25,781 thousand and NT$5,156 thousand respectively. The aforementioned amounts were recorded under compensation expenses. If the Board of Directors approves of appropriation of share-based employee bonus, the closing price on the date before the Board's resolution will be used as the basis of the share distribution. If difference is found between the estimate and the actual distributions after the Board's approval, the difference will be recorded as profit or loss in the subsequent year.

On February 27, 2025, the Company's Board approved of distribution of cash-based employee compensation and remunerations of the Directors and Supervisors for 2024 of NT$25,860 thousand and NT$4,216 thousand respectively. No material difference is found between the actual distributions and the expenses recognized on the 2024 financial statements.

The actual distribution of employee compensation and remunerations of the Directors for the year ended December 31, 2023 had no material difference from the expenses recognized in financial statements.

v Non-operating income and expenses

1) Interest income

| | 2024 | 2023 |
|---|---|---|
| Financial assets measured at amortized cost | $13,265 | $15,879 |

2) Other income

| | 2024 | 2023 |
|---|---|---|
| Rental revenue | $34,240 | $32,516 |
| Other income - others | 49,338 | 43,497 |
| Total | $83,578 | $76,013 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

3) Other gains and losses

| | 2024 | 2023 |
|---|---|---|
| Net gain from foreign exchange (loss) | $3,731 | $1,528 |
| Gains on lease modifications | - | 1,485 |
| Gain (loss) on disposal of investments | 5,298 | - |
| Gain on disposal of property, plant and equipment | 422 | 499 |
| Gain on disposal of intangible assets | 2 | - |
| Gain(loss) on financial assets measured at fair value through profit or loss | (905) | (715) |
| Miscellaneous expense | (123) | (1) |
| Total | $8,425 | $2,796 |

4) Financing costs

| | 2024 | 2023 |
|---|---|---|
| Interest from bank loans | $1,926 | $315 |
| Interest expense from corporate bonds | 12,581 | 17,851 |
| Interest from lease liabilities | 44,393 | 39,334 |
| Total | $58,900 | $57,500 |

w Components of the other comprehensive income (loss)

Other comprehensive income for the year ended December 31, 2024 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: | | | | | |
| Remeasurement of defined benefit plans | $1,262 | $- | $1,262 | $- | $1,262 |
| Unrealized gain or loss on investment inequity instruments measured at fair value through other comprehensive income | 2,528 | - | 2,528 | $- | 2,528 |
| Items that may subsequently be reclassified to profit or loss: | | | | | |
| Exchange differences translated from the financial statements of foreign operations | 9,065 | - | 9,065 | - | 9,065 |
| Total | $12,855 | $- | $12,855 | $- | $12,855 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Other comprehensive income for the year ended December 31, 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: | | | | | |
| Remeasurement of defined benefit plans | $(3) | $- | $(3) | $- | $(3) |
| Unrealized gain or loss on investment inequity instruments measured at fair value through other comprehensive income | 523 | - | 523 | $- | 523 |
| Items that may subsequently be reclassified to profit or loss: | | | | | |
| Exchange differences translated from the financial statements of foreign operations | (1,638) | - | (1,638) | - | (1,638) |
| Total | $(1,118) | $- | $(1,118) | $- | $(1,118) |

x Income tax

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

Income tax recognized in profit or loss

| | 2024 | 2023 |
|---|---|---|
| Current tax expenses: | | |
| Current tax payable | $177,276 | $181,562 |
| Adjustments in respect of current income tax of prior periods | (4,030) | (1) |
| Deferred tax expenses (gains): | | |
| Deferred tax expenses related to initial recognition of temporary difference and its reversal | (6,445) | (6,224) |
| Income tax expenses | $166,801 | $175,337 |

Income tax recognized in other comprehensive income

| | 2024 | 2023 |
|---|---|---|
| Deferred tax expenses (gains): | | |
| Remeasurement of defined benefit plans | $- | $- |
| Profit before tax for continuing operations | $846,765 | $841,821 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | 2024 | 2023 |
|---|---|---|
| Tax calculated at the domestic tax rate applicable to the income in relevant country | $170,195 | $168,654 |
| Tax effects of tax-exempt income | (1,208) | 295 |
| Tax effects of non-deductible expenses | 2,526 | 6,054 |
| Unappropriated retained earnings subject to income tax | 73 | - |
| Effects on income tax from deferred tax assets/liabilities | (755) | 335 |
| Adjustments in respect of current income tax of prior periods | (4,030) | (1) |
| Tax expense (benefits) recognized in profit or loss | $166,801 | $175,337 |

2) Deferred income tax asset (liabilities) balances related to the following items:

2024

| | Beginning balance | Recognized in Profit or loss | Recognized in Other comprehensive income (loss) | Directly recognized in equity | Ending balance |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Allowance for inventory valuation and obsolescence loss | $1,150 | $- | $- | $- | $1,150 |
| Exchange loss (gain) | (1,972) | (756) | - | - | (2,728) |
| Deferred revenue | 3,625 | (1,606) | - | - | 2,019 |
| Unrealized profit on sales | 8,293 | (1,357) | - | - | 6,936 |
| Sales return | 464 | - | - | - | 464 |
| Unrealized loss on tax | 18,836 | 9,785 | - | - | 28,621 |
| Others | 80 | 379 | - | - | 459 |
| Deferred tax (expense) /gain | | $6,445 | $- | $- | |
| Amount of Deferred net tax asset/ (liabilities) | $30,476 | | | | $36,921 |
| Information stated on balance sheet is as follows: | | | | | |
| Deferred tax assets | $32,448 | | | | $39,672 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | Beginning balance | Recognized in Profit or loss | Recognized in Other comprehensive income (loss) | Directly recognized in equity | Ending balance |
|---|---|---|---|---|---|
| Deferred income tax liabilities | $(1,972) | | | | $(2,751) |

2023

| | Beginning balance | Recognized in Profit or loss | Recognized in Other comprehensive income (loss) | Directly recognized in equity | Ending balance |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Allowance for inventory valuation and obsolescence loss | $3,150 | $(2,000) | $- | $- | $1,150 |
| Exchange loss (gain) | (1,628) | (344) | - | - | (1,972) |
| Deferred revenue | 3,147 | 478 | - | - | 3,625 |
| Unrealized profit on sales | 12,132 | (3,839) | - | - | 8,293 |
| Sales return | 464 | - | - | - | 464 |
| Unrealized loss on tax | 6,939 | 11,897 | - | - | 18,836 |
| Others | 48 | 32 | - | - | 80 |
| Deferred tax (expense) /gain | | $6,224 | $- | $- | |
| Amount of Deferred net tax asset/ (liabilities) | $24,252 | | | | $30,476 |
| Information stated on balance sheet is as follows: | | | | | |
| Deferred tax assets | $25,880 | | | | $32,448 |
| Deferred income tax liabilities | $(1,628) | | | | $(1,972) |

3) Unrecognized deferred tax assets

As of December 31, 2024 and December 31, 2023, the Group's unrecognized deferred tax assets were NT$400 thousand and NT$1,169 thousand respectively.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

4) Filing and review of income tax

As of December 31, 2024, the Company's income tax filing and review conditions are as follows:

| | Filing and review of income tax |
|---|---|
| The Company | Approved until the fiscal year 2022. |
| Subsidiary - Ivy Biotechnology Co., Ltd. | Approved until the fiscal year 2022. |
| Subsidiary - Bai-Lin Logistics Co., Ltd. | Approved until the fiscal year 2022. |
| Subsidiary - Da Yu Property Management Co., Ltd. | Approved until the fiscal year 2022. |
| Subsidiary - Great Tree Pets Co., Ltd. | Approved until the fiscal year 2022. |

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 (adjusted for the effects of dilution) 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

| | 2024 | 2023 |
|---|---|---|
| Net profit attributable to holders of ordinary shares of the parent company | $680,767 | $666,049 |
| Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares) | 131,863 | 129,926 |
| Basic EPS (NT$) | $5.16 | $5.13 |

2) Diluted EPS

| | 2024 | 2023 |
|---|---|---|
| Net profit attributable to holders of ordinary shares of the parent company | $680,767 | $666,049 |
| Redemption gain or loss from issuance of domestic convertible bonds | 905 | 715 |
| Interest from convertible bonds | 10,814 | 14,614 |
| Net profit attributable to holders of the parent company's ordinary shares after dilutive effect | $692,486 | $681,378 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | 2024 | 2023 |
|---|---|---|
| Weighted-average number of ordinary shares of basic earnings per share (in 1,000 shares) | 131,863 | 129,926 |
| Dilutive effect: | | |
| Employee bonus - shares (in 1,000 shares) | 183 | 85 |
| Employee stock options (in 1,000 shares) | 1,025 | 3,289 |
| Convertible bonds (in 1,000 shares) | 3,432 | 3,649 |
| Weighted-average number of ordinary shares after adjustments for dilutive effects (in 1,000 shares) | 136,503 | 136,949 |
| Diluted EPS (NT$) | $5.07 | $4.98 |

There were no significant changes to other transactions in the circulation of outstanding ordinary shares or potential issuance of ordinary shares after the reporting period until the financial statements have been approved and announced.

## 7. Related Party Transactions

Bonuses for the Group’s key managerial officers

| | 2024 | 2023 |
|---|---|---|
| Short-term employee benefits | $23,106 | $24,964 |
| Retirement benefits | 694 | 924 |
| Share-based payment | 16 | 192 |
| Total | $23,816 | $26,080 |

## 8. Assets Pledged

The Company has pledged the following assets as collateral:

| | Carrying amount | | |
|---|---|---|---|
| Item | 2024.12.31 | 2023.12.31 | Content of the secured liabilities |
| Financial assets measured at amortized cost-current | $24,000 | $24,000 | Credit card guarantee |
| Financial assets measured at amortized cost-current | 304,500 | - | Short-term loan collateral |
| Financial assets measured at amortized cost - non-current | 3,000 | 3,000 | Purchase contract guarantee |
| Total | $331,500 | $27,000 | |

## 9. Significant Contingent Liabilities and Unrecognized Contracts

N/A.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

## 10. Contingent Disaster Loss

N/A.

## 11. Significant Post-reporting Period Matters

a The employee stock options warrants issued by the Company were exercised during the period from October 1 to December 31, 2024, totaling NT$11,431 thousand in exercise amounts and resulting in the issuance of 350 thousand ordinary shares. Subsequently, on February 27, 2025, the Board of Directors resolved to set the record base date for the increase in capital as of the same day.

b In order to enhance operational funds with the aim of expanding channels, increasing market share, and strengthening financial structure, the Company, on February 27, 2025, resolved through the Board of Directors to conduct a private placement of ordinary shares or domestic unsecured convertible corporate bonds within a quota not exceeding 25 million ordinary shares.

c The Company, through its subsidiary SUNYAO Healthcare Co., Ltd., invested in the establishment of its subsidiary Senyu Biomedical Co., Ltd., which completed its registration on January 24, 2025. The investment amount was NT$22,500 thousand.

## 12. Others

a Categories of financial instruments

Financial assets

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Financial assets measured at fair value through profit or loss | | |
| Mandatorily measured at fair value through profit and loss | $- | $905 |
| Financial assets measured at fair value through other comprehensive income (loss) | 137,624 | 84,671 |
| Financial assets measured at amortized cost: | | |
| Cash and cash equivalents | 1,888,362 | 2,122,996 |
| Financial assets measured at amortized cost | 331,500 | 27,000 |
| Notes receivable, net | 7,659 | 12,779 |
| Net accounts receivable | 668,189 | 664,924 |
| Other receivables | 280,924 | 248,672 |
| Subtotal | 3,176,634 | 3,076,371 |
| Total | $3,314,258 | $3,161,947 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

Financial liabilities

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Financial liabilities at amortized cost: | | |
| Short-term loans | $455,000 | $- |
| Accounts payable | 2,804,933 | 2,743,092 |
| Bonds payable (including those maturing within 12 months) | 802,392 | 800,441 |
| Lease liabilities | 4,179,578 | 3,623,697 |
| Total | $8,241,903 | $7,167,230 |

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 or decreases by 0.1%, the Group's 2024 and 2023 income will increase by NT$1,042 thousand and decrease by NT$2,123 thousand respectively.

Equity price risk

The Group holds unlisted and non-OTC equity securities, and the fair values are susceptible due to the uncertainties of the future values of such investment targets. The unlisted and non-OTC equity securities held by the Group includes the category of that measured at fair value through other comprehensive income. The Group manages the price risk of equity securities by diversified investments and setting limits for individual and collective equity securities investments. The investment portfolio information of equity securities shall be regularly provided to the senior management of the Group, and the Board of Directors shall review and approve all investment decisions in equity securities.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments belonging to Rank 3 of the fair value rank.

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 December 31, 2024 and December 31, 2023, 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.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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.

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 |
|---|---|---|---|---|---|---|---|
| 2024.12.31 | | | | | | | |
| Accounts payable | $2,804,933 | $- | $- | $- | $- | $- | $2,804,933 |
| Bonds payable | 802,392 | - | - | - | - | - | 802,392 |
| Lease liabilities | 551,910 | 534,924 | 507,140 | 488,672 | 468,137 | 1,721,089 | 4,271,872 |
| | | | | | | | |
| 2023.12.31 | | | | | | | |
| Accounts payable | $2,743,092 | $- | $- | $- | $- | $- | $2,743,092 |
| Bonds payable | - | 800,441 | - | - | - | - | 800,441 |
| Lease liabilities | 479,099 | 466,046 | 450,174 | 423,451 | 403,922 | 1,480,150 | 3,702,842 |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

f Adjustments of liabilities from financing activities

Information on adjustments of liabilities in 2024:

| | Short-term loans | Guarantee deposits | Lease liabilities | Bonds payable | Total liabilities from financing activities |
|---|---|---|---|---|---|
| 2024.01.01 | $- | $115,664 | $3,623,697 | $800,441 | $4,539,802 |
| Cash flow | 455,000 | (11,938) | (532,097) | - | (89,035) |
| Non-cash changes | | | | | |
| Changes in scope of lease for the period | - | - | 1,043,586 | - | 1,043,586 |
| Interest expenses | - | - | 44,392 | 12,581 | 56,973 |
| Corporate bonds conversion | - | - | - | (10,630) | (10,630) |
| 2024.12.31 | $455,000 | $103,726 | $4,179,578 | $802,392 | $5,540,696 |

Information on adjustments of liabilities in 2023:

| | Guarantee deposits | Lease liabilities | Bonds payable | Total liabilities from financing activities |
|---|---|---|---|---|
| 2023.01.01 | $91,755 | $3,351,451 | $1,167,392 | $4,610,598 |
| Cash flow | 23,909 | (465,958) | - | (442,049) |
| Non-cash changes | | | | |
| Changes in scope of lease for the period | - | 698,870 | - | 698,870 |
| Interest expenses | - | 39,334 | 17,851 | 57,185 |
| Corporate bonds conversion | - | - | (384,802) | (384,802) |
| 2023.12.31 | $115,664 | $3,623,697 | $800,441 | $4,539,802 |

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 value | |
|---|---|---|
| | 2024.12.31 | 2023.12.31 |
| Financial liabilities: | | |
| Bonds payable | $802,392 | $800,441 |

| | Fair value | |
|---|---|---|
| | 2024.12.31 | 2023.12.31 |
| Financial liabilities: | | |
| Bonds payable | $806,742 | $803,056 |

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:

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

December 31, 2024:

| | Rank 1 | Rank 2 | Rank 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through profit or loss | | | | |
| Convertible corporate bonds | $- | $- | $- | $- |
| Financial assets at fair value through other comprehensive income (loss) | | | | |
| Stocks of domestic emerging stock market companies | 22,920 | - | - | 22,920 |
| Domestic unlisted (over-the-counter) stocks | - | - | 114,704 | 114,704 |
| Subtotal | $22,920 | $- | $114,704 | $137,624 |

December 31, 2023:

| | Rank 1 | Rank 2 | Rank 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through profit or loss | | | | |
| Convertible corporate bonds | $- | $- | $905 | $905 |
| Financial assets at fair value through other comprehensive income (loss) | | | | |
| Equity instruments measured at fair value through other comprehensive income | - | - | 84,671 | 84,671 |

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 January 1 to December 31, 2024 and 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:

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| | Asset | |
|---|---|---|
| | Measured at fair value through profit and loss | Measured at fair value through other comprehensive income |
| | Derivative instruments | Stock |
| 2024.01.01 | $905 | $84,671 |
| Acquired/issued during the period | - | 50,425 |
| Recognized in profit and loss during the period (recognized under "Other gains and losses") | (905) | - |
| Recognized in other comprehensive income (presented in "Unrealized gains or losses on equity investments measured at fair value through other comprehensive income") | - | 2,528 |
| 2024.12.31 | $- | $137,624 |
| 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") | (715) | - |
| Recognized in other comprehensive income (presented in "Unrealized gains or losses on equity investments measured at fair value through other comprehensive income") | - | 523 |
| 2023.12.31 | $905 | $84,671 |

In the total profit or loss recognized above, the amount of profit or loss related to assets held as of December 31, 2024 and 2023 are NT$(905) thousand and NT$(715) thousand, 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:

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

December 31, 2024

| | 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: | | | | | |
| Measured at fair value through profit and loss | | | | | |
| Embedded derivative financial instruments | Binary tree convertible bond valuation model | Volatility | 28.32% | 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$0 thousand |
| Financial assets at fair value through other comprehensive income (loss) | | | | | |
| 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$904 thousand |

December 31, 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: | | | | | |
| Measured at fair value through profit and loss | | | | | |
| Embedded derivative financial instruments | Binary tree convertible bond valuation model | Volatility | 26.26%~26.80% | 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$121 thousand and NT$82 thousand, respectively. |
| Financial assets at fair value through other comprehensive income (loss) | | | | | |
| 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$367 thousand |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

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

December 31, 2024:

| | Rank 1 | Rank 2 | Rank 3 | Total |
|---|---|---|---|---|
| Disclosures of fair value liabilities only: | | | | |
| Bonds payable (see Note 14 for details) | $- | $- | $806,742 | $806,742 |

December 31, 2023 :

| | Rank 1 | Rank 2 | Rank 3 | Total |
|---|---|---|---|---|
| Disclosures of fair value liabilities only: | | | | |
| Bonds payable (see Note 14 for details) | $- | $- | $803,056 | $803,056 |

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: None.

10) Information on business relations and material transactions between the parent company and subsidiaries and inter-subsidiaries: Please see Table 8.

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, affiliates enterprises and joint venture interests):please refer to Table 5.

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 6.

h) Receivables from related parties amounting to NT$100 million or 20% more than the paid-in capital: please refer to Table 7.

i) Derivatives transactions: None.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

c Disclosure of investment information in Mainland China:

1) Name of the invested company in Mainland China, main business activities, paid-in capital, investment method, capital inflows and outflows, shareholding ratio, investment gains and losses, carrying value of investment at period-end, repatriated investment gains and losses, and investment limit for investments in Mainland China:

Unit: in NT$1,000

| Name of the invested company in Mainland China | Major operations | Paid-in capital | Investment method | Cumulative investment amount remitted from Taiwan at the beginning of the period | Investment amount remitted or repatriated during the period | | Cumulative investment amount remitted from Taiwan at the end of the period | Profit (Loss) of Investee for the Period | The shareholding ratio of the Company's direct or indirect investments | Investment income (loss) recognized by the Company for the period | Carrying value of investment at period-end | Cumulative investment returns repatriated as of the end of the period | Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period | Investment amount approved by the Department of Investment Review, MOEA | Investment limit for investments in Mainland China according to the regulations of the Department of Investment Review, MOEA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remittance | Repatriation | | | | | | | | | |
| Greattree Changhe (Shanghai) Pharmacy Co., Ltd. | Medical device operations and sales | $1,636 . | (Note 3) | $- | $1,626 | $- | $1,626 | $(53) | 100% | $(53) (Note 4 and 7) | $1,485 (Note7) | $- | $1,626 | $1,626 | $2,157,973 |
| Greattree Sugi (Shangtong) Pharmacy Co., Ltd. | Pharmaceutical retail | $22,310 (Note 1 and 5) | (Note 3) | $- | $22,310 | $- | $22,310 | $(1,305) | 95% | $(1,240) (Note 4 and 7) | $21,005 (Note7) | $- | $22,310 | $- (Note8) | |

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

| Name of the invested company in Mainland China | Main business activities Item | Paid-in capital | Investment method | Cumulative investment amount remitted from Taiwan at the beginning of the period | Investment amount remitted or repatriated during the period | | Cumulative investment amount remitted from Taiwan at the end of the period | Profit (Loss) of Investee for the Period | The shareholding ratio of the Company's direct or indirect investments | Investment income (loss) recognized by the Company for the period | Carrying value of investment at period-end | Cumulative investment returns repatriated as of the end of the period | Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period | Investment amount approved by the Department of Investment Review, MOEA | Investment limit for investments in Mainland China according to the regulations of the Department of Investment Review, MOEA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remittance | Repatriation | | | | | | | | | |
| Shangtong Greattree Shuyu Pharmacy Limited | Pharmaceutical retail Wholesale | $35,696 (Note 1 and 6) | (Note 3) | $- | $18,205 | $- | $18,205 | $(2,163) | 48.45% | $(1,048) (Note 4 and 7) | $17,102 (Note7) | $- | $18,205 | $- (Note8) | $2,157,973 |

Note 1: Amounts in foreign currency will be converted to NTD by the exchange rate as of the balance sheet date.
Note 2: The paid-in capital is US$50 thousand.
Note 3: Investment in the Mainland China company is made through the establishment of Greattree Pharmacy Hong Kong Limited.
Note 4: The basis for recognizing investment gains and losses is the financial statements audited by a certified public accountant from the Taiwan parent company.
Note 5: The paid-in capital is RMB 5,000 thousand.
Note 6: The paid-in capital is RMB 8,000 thousand.
Note 7: It has already been charged-off during writing of the Consolidated Financial Statements.
Note 8: As of December 31, 2024, the application is still under review by the Department of Investment Review, MOEA.

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

d Information on Substantial Shareholders

| Shares / Name of substantial shareholder | Number of shares held | Shareholding ratio |
|---|---|---|
| Jun Wei Investment Co., Ltd. | 17,035,542 | 12.88 % |
| Zhen Han Investment Co., Ltd. | 14,202,124 | 10.73 % |
| Hao Cheng Investments Co., Ltd. | 9,909,922 | 7.49 % |
| Feastogether Group Co., Ltd. | 8,150,745 | 6.16 % |

## 14. Departmental Information

a 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.

b Region-specific information

1) Revenue from external customers (Note):

| | 2024 | 2023 |
|---|---|---|
| Taiwan | $17,240,420 | $16,096,047 |
| Mainland China | 11,679 | 26,243 |
| Malaysia | 22,155 | 21,411 |
| Total | $17,274,254 | $16,143,701 |

Note: revenue is classified based on the country of the customer.

2) Non-current assets:

| | 2024 | 2023 |
|---|---|---|
| Taiwan | $5,453,712 | $4,669,128 |
| Others | 2,843 | 109 |
| Total | $5,456,555 | $4,669,237 |

c Information on substantial customers

The Group does not have any single customer whose sales revenue accounts for 10% or more of the Group’s consolidated operating net revenue.

**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)**
**December 31, 2024**
Unit: in NT$1,000

| Name of Held Company | Type and name 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. | Stock | | | | | | | |
| | Top Taiwan XIV Venture Capital Co., Ltd. | - | Measured at fair value through other comprehensive income | 5,000,000 | $50,000 | 2.29% | $48,964 | None |
| | | | Financial assets of | | | | | |
| | | | Less: Fair value through other comprehensive income | | (1,036) | | | |
| | | | Fair value adjustment of equity investments measured | | | | | |
| | Yoda Pharmaceuticals Inc. | - | Measured at fair value through other comprehensive income | 1,763,000 | 25,900 | 2.30% | 25,900 | None |
| | | | Financial assets of | | | | | |
| | | | Less: Fair value through other comprehensive income | | - | | | |
| | | | Fair value adjustment of equity investments measured | | | | | |
| | AnnJi Pharmaceutical Co., Ltd. | - | Measured at fair value through other comprehensive income | 666,666 | 20,000 | 0.71% | 22,920 | None |
| | | | Financial assets of | | | | | |
| | | | Add: Fair value through other comprehensive income | | 2,920 | | | |
| | | | Fair value adjustment of equity investments measured | | | | | |
| | Penpeer Co., Ltd. | - | Measured at fair value through other comprehensive income | 266,667 | 12,000 | 4.87% | 12,000 | None |
| | | | Financial assets of | | | | | |
| | | | Less: Fair value through other comprehensive income | | - | | | |
| | | | Fair value adjustment of equity investments measured | | | | | |
| | ExoOne Bio. Co., Ltd. | - | Measured at fair value through other comprehensive income | 1,080,000 | 24,840 | 4.35% | 24,840 | None |
| | | | Financial assets of | | | | | |
| | | | Less: Fair value through other comprehensive income | | | | | |
| | | | Fair value adjustment of equity investments measured | | | | | |
| | | | Total | | $134,624 | | | |

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**
**For Year Ended December 31, 2024**
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 | $4,632,282 | 27.17% | Offset of debts and claims | No other customers for comparison | Non-related parties: 60-120 days credit | Accounts receivable $708,478 | 57.40% | Note |
| Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | Subsidiary | Purchases | $543,950 | 4.27% | Credit 30 days | No other vendor for comparison | Non-related parties: 60-90 days credit | Notes payable $155,086 | 22.52% | Note |
| | | | | | | | | | Accounts payable $90,528 | 4.78% | 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**
**December 31, 2024**
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 | Provision for allowance for losses |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Treatment | | |
| Great Tree Pharmacy Co., Ltd. | Bai-Lin Logistics Co., Ltd. | Subsidiary | $708,478<br>(Note) | 7.12 | $- | - | $549,646 | $- |

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)**
**December 31, 2024**
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 | 5,900,000shares | 100.00% | $168,175 | $93,557 | $100,181 (Note1) | Note 2 |
| 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 | 200,000shares | 100.00% | $11,745 | $7,764 | $7,764 | Note 2 |
| 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 | $210,000 | $210,000 | 21,000,000shares | 100.00% | $104,354 | $(30,070) | $(30,070) | Note 2 |
| Great Tree Pharmacy Co., Ltd. | GREAT TREE INTERNATIONAL SDN. BHD. | No. 39-1, Jalan Anggerik Vanilla BF 31/BF, Kota Kemuning, Seksyen 31, 40460 Shan Alam, Selangor, Malaysia | Wholesale and retail operations encompassing health foods, cosmetics, medical equipment, and pet-related products | $10,256 | $10,256 | 1,500,000shares | 74.26% | $9,514 | $(910) | $(676) | Note 2 |
| Great Tree Pharmacy Co., Ltd. | Enki Biomedical Co., Ltd. | 20F., No. 186, Fuxing Road, Taoyuan District, Taoyuan City | Wholesale and retail business of foods and assorted goods, beverages, daily supplies, cleaning products and cosmetics, and precision instruments, etc, provides services in the field of biotechnology | $15,000 | $15,000 | 1,500,000shares | 100.00% | $5,717 | $(6,291) | $(6,291) | Note 2 |
| Great Tree Pharmacy Co., Ltd. | Keychain Community Technology Co., Ltd. | 9F., No. 219, Section 3, Nanjing East Road, Zhongshan District, Taipei City | Wholesale and retail operations involving information software, electronic materials, computers, and office equipment. Additionally, it provides services in information software and data processing | $- | $8,000 | - | - | $- | $(933) | $(373) | |
| Great Tree Pharmacy Co., Ltd. | Greattree Pharmacy Hong Kong Limited | RMS 2006-8, 20/F Two Chinachem Exchange Square 338 King's RD North Point HK | Investment business | $122,354 | $74,630 | 3,850,000shares | 100.00% | $124,025 | $(1,334) | $(1,334) | Note 2 |
| Great Tree Pharmacy Co., Ltd. | SUNYAO Healthcare Co., Ltd. | 20F., No. 186, Fuxing Road, Taoyuan District, Taoyuan City | Wholesale and retail business of foods and assorted goods, beverages, daily supplies, cleaning products, and cosmetics. | $24,000 | $- | 2,400,000shares | 80.00% | $24,000 | $- | $- | Note 2 |
| 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 | $30,000 | 3,000,000shares | 60.00% | $27,320 | $1,283 | $770 | Note 2 |
| Ivy Biotechnology Co., Ltd. | GREAT TREE INTERNATIONAL SDN. BHD. | No. 39-1, Jalan Anggerik Vanilla BF 31/BF, Kota Kemuning, Seksyen 31, 40460 Shan Alam, Selangor, Malaysia | Wholesale and retail operations encompassing health foods, cosmetics, medical equipment, and pet-related products | $128 | $128 | 20,000shares | 0.99% | $127 | $(910) | $(9) | Note 2 |
| Ivy Biotechnology Co., Ltd. | SK Biomedical INC. | 4F., No. 70, Section 3, Nanjing East Road, Zhongshan District, Taipei City | Wholesale and retail business of foods and assorted goods, beverages, daily supplies, cleaning products, cosmetics, and pet-related products. | $6,000 | $- | 600,000shares | 20.00% | $5,584 | $(2,213) | $(416) | |
| Greattree Pharmacy Hong Kong Limited | Greattree Sugi Pharmacy Hong Kong Limited | RM 601 ALBION PLAZA 2-6 GRANVILLE RD TST KL | Investment business | $122,898 | $- | 3,800,000shares | 95.00% | $124,023 | $(1,293) | $(1,231) | Note 2 |
| GREAT TREE INTERNATIONAL SDN. BHD. | GTSW BIOTECH SDN. BHD. | NO. 5-2, Jalan Puteri 2/6 Bandar 47100 Puchong Selangor Malaysia | Wholesale and retail operations encompassing health foods, cosmetics, medical equipment, and pet-related products | $1,949 | $1 | 300,000shares | 60.00% | $2,053 | $80 | $48 | Note 2 |
| GREAT TREE INTERNATIONAL SDN. BHD | GTM HEALTHCARE SDN. BHD | NO. 5-2, Jalan Puteri 2/6 Bandar Puteri Puchong 47100 Selangor Malaysia | Online wholesale and retail operations encompassing health supplements, cosmetics, and medical equipment. | $- | $- | 51 Shares | 51.00% | $- | $(1) | $- | Note 2 |

Note 1: Includes income from investment recognized using equity method for the period of NT$93,557 thousand, write-off for lease transaction with related party NT$(158) thousand, realized profit from upstream transactions in previous period of NT$41,463 thousand, and unrealized profit from upstream transactions for this period of NT$(34,681) thousand.

Note 2: It has already been charged-off during writing of the Consolidated Financial Statements.

**Table 5**

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

**Securities holders at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture interests)**

**December 31, 2024**

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 Pets Co., Ltd. | Stock | | | | | | | |
| | Hund Biotech Co., Ltd. | - | Financial assets at fair value through other comprehensive income (loss) | 300,000 | $3,000 | 18.75% | $3,000 | None |
| | | | Less: Adjustment of Equity instrument investment measured at fair value measured through other comprehensive income | | - | | | |
| | | | Total | | $3,000 | | | |

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.

**<u>Table 6</u>**

**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**

**For Year Ended December 31, 2024**

Unit: in NT$1,000

| | | | Transaction conditions | | | | Terms that are different from the average transactions | | Notes and accounts receivable(payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Company that imports (sells) goods | Counterparty | Relations | 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 | Remark |
| Ivy Biotechnology Co., Ltd. | Great Tree Pharmacy Co., Ltd. | Parent company | Sales | $543,950 | 99.96% | Credit30days | No other customers for comparison | Non-related parties 30-60days credit | Notes receivable $155,086 | 100.00% | Note |
| | | | | | | | | | Accounts receivable $90,528 | 99.99% | Note |
| Bai-Lin Logistics Co., Ltd. | Great Tree Pharmacy Co., Ltd. | Parent company | Purchases | $4,632,282 | 100.00% | Offset of debts and claims | No other supplier available for comparison | No other supplier available for comparison | Accounts payable $708,478 | 100.00% | Note |

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

**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**

**December 31, 2024**

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 | Provision for allowance for losses |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Treatment | | |
| Ivy Biotechnology Co., Ltd. | Great Tree Pharmacy Co., Ltd. | Parent company | $245,614 (Note) | 2.54 | $- | - | $144,152 | $- |

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

**Table 8**

**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) |
| | 2024.01.01~2024.12.31 | | | | | | |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Sales | $2,142 | - | 0.01% |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Purchases | 543,950 | Credit 30 days | 3.15% |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Rental revenue | 5,237 | - | 0.03% |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Accounts receivable | 13 | - | - |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Other receivables | 19,112 | - | 0.16% |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Notes payable | 155,086 | Credit 30 days | 1.28% |
| 0 | Great Tree Pharmacy Co., Ltd. | Ivy Biotechnology Co., Ltd. | 1 | Accounts payable | 90,528 | Credit 30 days | 0.75% |
| 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 | 4,632,282 | Offset of debts and claims | 26.82% |
| 0 | Great Tree Pharmacy Co., Ltd. | Bai-Lin Logistics Co., Ltd. | 1 | Shipping fee | 22,704 | Offset of debts and claims | 0.13% |
| 0 | Great Tree Pharmacy Co., Ltd. | Bai-Lin Logistics Co., Ltd. | 1 | Accounts receivable | 708,478 | Offset of debts and claims | 5.84% |
| 0 | Great Tree Pharmacy Co., Ltd. | Bai-Lin Logistics Co., Ltd. | 1 | Accounts payable | 16,236 | Offset of debts and claims | 0.13% |
| 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 | 6,933 | Credit 30 days | 0.04% |
| 0 | Great Tree Pharmacy Co., Ltd. | Great Tree Pets Co., Ltd. | 1 | Rental revenue | 7,980 | Credit 30 days | 0.05% |
| 0 | Great Tree Pharmacy Co., Ltd. | Great Tree Pets Co., Ltd. | 1 | Accounts receivable | 5,190 | - | 0.04% |
| 0 | Great Tree Pharmacy Co., Ltd. | Great Tree Pets Co., Ltd. | 1 | Other receivables | 20,299 | - | 0.17% |
| 0 | Great Tree Pharmacy Co., Ltd. | Great Tree Pets Co., Ltd. | 1 | Accounts payable | 21 | - | - |
| 0 | Great Tree Pharmacy Co., Ltd. | Da Yu Property Management Co., Ltd. | 1 | Other receivables | 340 | - | - |
| 0 | Great Tree Pharmacy Co., Ltd. | Da Yu Property Management Co., Ltd. | 1 | Rental expenses | 2,001 | Credit 30 days | 0.01% |
| 0 | Great Tree Pharmacy Co., Ltd. | SUNYAO Healthcare Co., Ltd. | 1 | Other receivables | 59 | - | - |
| 0 | Great Tree Pharmacy Co., Ltd. | GREAT TREE INTERNATIONAL SDN. BHD. | 1 | Sales | 3,209 | - | 0.02% |
| 0 | Great Tree Pharmacy Co., Ltd. | GREAT TREE INTERNATIONAL SDN. BHD. | 1 | Other receivables | 2,929 | - | 0.02% |
| 0 | Great Tree Pharmacy Co., Ltd. | Greattree Pharmacy Hong Kong Limited | 1 | Accounts receivable | 50 | - | - |
| 1 | GREAT TREE INTERNATIONAL SDN. BHD. | GTSW BIOTECH SDN. BHD. | 3 | Purchases | 1,030 | - | 0.01% |
| 1 | GREAT TREE INTERNATIONAL SDN. BHD. | GTSW BIOTECH SDN. BHD. | 3 | Accounts payable | 633 | - | 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.