

Sofiva Genomics Co. Ltd.
Individual Financial Statements for the Years Ended December 31, 2023
and 2022 and Independent Auditors' Report
(Stock Code: 6615)

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Sofiva Genomics Co. Ltd.
Individual Financial Statements for the Years Ended December 31, 2023 and 2022
and Independent Auditors' Report
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Independent Auditors' Report

(113) Cai-Shen-Bao-Zih No. 23004262

The Board of Directors and Stockholders
Sofiva Genomics Co., Ltd.

Opinion

We have audited the accompanying individual financial statements of Sofiva Genomics Co., Ltd. (hereinafter referred to as the "Company"), which comprise the individual balance sheets as of December 31, 2023 and 2022, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of the Company as of December 31, 2023 and 2022, and its individual financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of the most significance in our audit of the Company's individual financial statements for year ended 2023. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's individual financial statements for year ended 2023 are described as follows:



Estimation of revenue generated from rendered services

Description of key audit matters

Please refer to Note 4(24) to the individual financial statements for the accounting policy for revenue recognition; Note 5(2) to the individual financial statements for the estimation and assumption uncertainty on recognition of revenue from rendered services; and Note 6(14) to the individual financial statements for description of operating revenue accounts.

The Company mainly engages in the provision of various pre-pregnancy, prenatal, and newborn genetic testing and medical inspection services. Revenue generated therefrom is recognized based on the project completion status. That is, the ratio of rendered service days accounted for total service days times the contract price. As the estimation of total service days is set by past experience, any changes to the said estimation due to enhanced R&D and technical capabilities or equipment upgrade should be accompanied with appropriate corrections.

As the estimation of service days can affect revenue recognition and the amount thereof is rather big, we therefore consider the estimation of revenue generated from rendered services as one of the key audit matters.

Key audit procedures in response to the matter

Our key audit procedures performed in report of the above area included the following:

1. Obtain documents that estimate the total service days for all testing/inspection items from the Company to understand the estimation method adopted thereby.
2. With respect to testing/inspection services provided by the Company, randomly check the number of rendered service days in the current year, respectively, and compare the numbers with estimated total service days. In case of finding any significant difference, it is a must to track the cause thereof in order to evaluate the said estimation method.
3. Obtain a list of unfinished testing services at the balance sheet day; calculate the project completion status based on the estimated service days; and recalculate the revenue generated from rendered services.



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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual 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 individual 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China 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 the Company's individual financial statements for year ended 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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.

PricewaterhouseCoopers, Taiwan

Independent Accountants Yu Chih-fan

Chih Ping-chun

Financial Supervisory Commission

Approval No.: Jin-Guan-Jheng-Shen-Zih No. 1110349013

Former Securities and Futures Commission, Ministry of Finance

Approval No.: (88) Tai-Tsai-Cheng(6) No. 16120

Date: March 13, 2024

Sofiva Genomics Co. Ltd.
Individual Balance Sheets
As at December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		(After adjustments) December 31, 2022	
			Notes	Amount	%	Amount
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 68,763	9	\$ 70,768	9
1136	Current financial assets at Amortized cost	6(1)	35,225	5	42,150	5
1140	Current contract assets	6(14) and 7(2)	4,178	1	9,646	1
1150	Notes receivable, net	6(2)	6,727	1	8,348	1
1170	Accounts receivable, net	6(2)	60,424	8	53,465	7
1180	Accounts receivable due from related parties, net	6(2) and 7(2)	3,579	-	2,899	-
1200	Other receivable		604	-	464	-
1210	Other receivable-related parties	7(2)	19,238	3	19,167	3
1220	Current income tax assets	6(21)	3,007	-	2,242	-
130X	Inventories	6(3)	40,753	5	54,379	7
1410	Prepayments		8,710	1	10,222	1
1470	Other current assets		1,237	-	1,758	-
11XX	Total current assets		252,445	33	275,508	34
Non-current assets						
1550	Investments accounted for under the equity method	6(4)	379,022	49	390,873	49
1600	Property, plant and equipment	6(5)	55,520	7	55,006	7
1755	Right-of-use assets	6(6)	59,107	8	68,564	8
1780	Intangible assets		6,864	1	6,614	1
1840	Deferred income tax assets	6(21)	8,127	1	2,165	-
1920	Guarantee deposits paid		8,309	1	6,101	1
1990	Other non-current assets - others		-	-	669	-
15XX	Total non-current assets		516,949	67	529,992	66
1XXX	Total assets		\$ 769,394	100	\$ 805,500	100

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Sofiva Genomics Co. Ltd.

Individual Balance Sheets

As at December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2023		(After adjustments) December 31, 2022	
			Amount	%	Amount	%
Liabilities						
Current liabilities						
2130	Current contract liabilities	6(14)	\$ 773	-	\$ 2,025	-
2160	Notes payable to related parties	7(2)	3,301	1	-	-
2170	Accounts payable		25,880	4	43,687	6
2180	Accounts payable to related parties	7(2)	14,708	2	17,712	2
2200	Other payable	6(7)	33,479	4	34,818	4
2220	Other payable to related parties	7(2)	195	-	52	-
2250	Current provisions	6(8)	2,465	-	1,878	-
2280	Current lease liabilities		13,351	2	12,022	2
2300	Other current liabilities		1,815	-	1,922	-
21XX	Total current liabilities		95,967	13	114,116	14
Non-current liabilities						
2550	Non-current provisions	6(8)	2,985	1	2,940	-
2570	Deferred income tax liabilities	6(21)	251	-	619	-
2580	Non-current lease liabilities		49,152	6	59,432	8
2600	Other non-current liabilities	6(4)	2,897	-	1,475	-
25XX	Total non-current liabilities		55,285	7	64,466	8
2XXX	Total liabilities		151,252	20	178,582	22
Equity attributable						
Share capital		6(11)				
3110	Common stock		213,624	28	213,624	27
Capital surplus		6(12)				
3200	Capital surplus		332,060	43	330,987	41
Retained earnings		6(13)				
3310	Legal reserve		34,485	4	30,207	4
3320	Special reserve		32	-	-	-
3350	Unappropriated retained earnings		37,987	5	52,132	6
Other equity interest						
3400	Other equity interest		(46)	-	(32)	-
3XXX	Total equity		618,142	80	626,918	78
Significant contingent liabilities and unrecognized contractual commitments		9				
Significant events after reporting period		11				
3X2X	Total liabilities and equity		\$ 769,394	100	\$ 805,500	100

The accompanying notes are an integral part of the individual financial statements. Please also refer thereto.

Chairman: Su Yi-ning

General Manager: Hung Chia-cheng

Accounting Manager: Chang Fu-chien

Sofiva Genomics Co. Ltd.

Individual Statements of Comprehensive Income

As at December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars,
except for earnings per share amount)

Items	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(14) and 7(2)	\$ 459,799	100	\$ 492,691	100
5000 Operating costs	6(3) (19) and 7(2)	(335,989)	(73)	(352,880)	(72)
5900 Net operating margin		123,810	27	139,811	28
Operating expenses	6(19)				
6100 Selling expenses		(54,225)	(12)	(52,240)	(10)
6200 General and administrative expenses		(78,057)	(17)	(78,067)	(16)
6300 Research and development expenses		(11,530)	(2)	(10,335)	(2)
6450 Expected credit impairment gain (loss)	12(2)	(3)	-	486	-
6000 Total operating expenses		(143,815)	(31)	(140,156)	(28)
6900 Operating profit		20,005	(4)	345	-
Non-operating income and expenses					
7100 Interest income	6(15)and7(2)	1,558	-	713	-
7010 Other income	6(16)and7(2)	3,342	-	1,165	-
7020 Other gains and losses	6(17)	(626)	-	1,362	1
7050 Finance costs	6(18)	(1,244)	-	(1,424)	-
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	21,811	5	44,836	9
7000 Total non-operating income and expenses		24,841	5	46,652	10
7900 Profit before income tax		4,836	1	46,307	10
7950 Income tax expense	6(21)	6,691	2	(3,531)	(1)
8200 Profit for the period		\$ 11,527	3	\$ 42,776	9
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(\$ 14)	-	(\$ 53)	-
8399 Income tax related to components that may be reclassified		-	-	11	-
8360 Total of components that may be reclassified to profit or loss		(14)	-	(42)	-
8300 Other comprehensive income (Net)		(\$ 14)	-	(\$ 42)	-
8500 Total comprehensive income (loss) for the period		\$ 11,513	3	(\$42,734)	9
Basic earnings per share					
9750 Net profit for the period	6(22)	\$	0.54	\$	2.00
Diluted earnings per share					
9850 Net profit for the period	6(22)	\$	0.54	\$	2.00

The accompanying notes are an integral part of the individual financial statements. Please also refer thereto.

Chairman: Su Yi-ning

General Manager: Hung Chia-cheng

Accounting Manager: Chang Fu-chien

As at December 31, 2022

		Shared capital – common stock	Additional paid-in capital	Changes in associated equity value recognized using equity method
	Notes			
<u>2022</u>				
Balance at January 1, 2022		\$213,624	\$ 225,173	\$ 9,111
Profit for the period		-	-	-
Other comprehensive income (loss) for the period		-	-	-
Total comprehensive income (loss) for the period		-	-	-
Allocation and distribution of retained earnings at December 31, 2021	6(13)	-	-	-
Legal reserve		-	-	-
Cash dividends per ordinary share		-	-	-
Compensation cost for employee stock options	6(10)	-	-	-
Balance at December 31, 2022		<u>\$ 213,624</u>	<u>\$ 225,173</u>	<u>\$ 9,111</u>
<u>2023</u>				
Balance at January 1, 2023		\$ 213,624	\$ 225,173	\$ 9,111
Profit for the period		-	-	-
Other comprehensive income (loss) for the period		-	-	-
Total comprehensive income (loss) for the period		-	-	-
Allocation and distribution of Cash dividends per ordinary share at December 31, 2022	6(13)	-	-	-
Legal reserve		-	-	-
Set aside special reserve		-	-	-
Cash dividends per ordinary share		-	-	-
Compensation cost for employee stock options	6(10)	-	-	-
Expired employee stock warrants	6(10)	-	-	-
Balance at December 31, 2023		<u>\$ 213,624</u>	<u>\$ 225,173</u>	<u>\$ 9,111</u>

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

Chairman: Su Yi-ning

General Manager: Hung

Sofiva Genomics Co. Ltd.
Individual Statements of Cash Flows
As at December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Notes	As at December 31, 2023	As at December 31, 2022
Cash flows from operating activities			
Profit before income tax for the period		\$ 4,836	46,307
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense on property, plant and equipment and right-of-use assets	6(19)	33,491	33,292
Amortized expense on intangible assets	6(19)	4,859	3,698
Expected credit impairment loss (gain)	12(2)	3 (486)
Interest expense	6(18)	1,244	1,424
Interest income	6(15)	(1,558) (713)
Compensation cost for employee stock options	6(10)	1,073	2,678
Share of profit or loss of associates accounted for under equity method	6(4)	(21,811) (44,836)
Changes in operating assets and liabilities			
Net changes in operating assets			
Current contract assets		5,468	254
Net notes receivable		1,621 (1,568)
Net accounts receivable		(6,962)	765
Net accounts receivable from related parties		(680)	1,363
Other receivable		121 (421)
Other receivable from related parties		(1,806)	254
Inventories		13,626 (16,330)
Prepayments		1,512 (4,136)
Decrease in other non-current assets		521 (544)
Net changes in operating liabilities			
Current contract liabilities		(1,252) (580)
Notes payable		- (1,618)
Notes payable from related parties		3,301 (2,586)
Accounts payable		(17,807) (5,013)
Accounts payable from related parties		(3,004)	3,325
Other payable		(892)	2,384
Other payable from related parties		143 (170)
Current provisions		587	588
Other current liabilities		(107) (29)
Cash inflow generated from operations		16,527	17,302
Interest received		1,297	692
Interest paid		(1,199) (1,380)
Income tax received		(404) (7,536)
Income tax paid		-	2,460
Net cash flows from operating activities		16,221	11,538
Cash flows from investing activities			
Increase (decrease) in financial assets measured at Amortized cost		6,925 (11,950)
Other receivable from related parties increase (decrease)		1,735 (11,535)
Acquisition of property, plant and equipment	6(23)	(22,229) (33,532)
Withdrawal of intangible assets	6(23)	(3,551) (2,165)
Increase in other non-current assets		-	(1,870)
Increase in guarantee deposits paid		(3,694) (2,056)
Decrease in guarantee deposits paid		1,486	7,100
Dividends received	7(2)	13,070	8,895
Proceeds from capital reduction of investments accounted for using equity method	6(4)	22,000	-
Cash inflow (outflow) from investing activities		15,742	(47,113)
Cash flows from financing activities			
Payment of lease liabilities	6(24)	(12,606) (11,554)
Dividends issued	6(24)	(21,362) (42,725)
Net cash flows used in financing activities		(33,968) (54,279)
Net increase (decrease) in cash and cash equivalents		(2,005) (89,854)
Cash and cash equivalents at beginning of period		70,768	160,622
Cash and cash equivalents at end of period		\$ 68,763	\$ 70,768

The accompanying notes are an integral part of the individual financial statements. Please also refer thereto.

Chairman: Su Yi-ning

General Manager: Hung Chia-cheng

Accounting Manager: Chang Fu-chi

Sofiva Genomics Co., Ltd.
Notes to the Individual Financial Statements
As at December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars,
unless otherwise specified)

1. General Information

- (1) Sofiva Genomics Co., Ltd. (hereinafter referred to as ‘the Company’) was incorporated upon approval of the competent authority and started to operate on June 15, 2012 in accordance with Company Act of the Republic of China. Engages in the provision of pre-pregnancy, prenatal, and newborn genetic testing and medical inspection services.
- (2) In January 2017, the Company applied to Taipei Exchange (TPEX) for trading ordinary shares listed on the stock exchange. On January 22, 2018, the Company started to trade shares at TPEX as a listed company.

2. Approval of Financial Statements

The individual financial statements were approved and published by the board of directors on March 13, 2024.

3. Application of New, Amended and Revised Standards and Interpretations

- (1) Effects on the adoption of newly released or amended International Financial Reporting Standards (hereinafter referred to as IFRS) endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC)

The following table summarizes newly released, amended or revised IFRS standards and interpretations that are applicable in 2023 as endorsed by FSC:

Newly released, amended or revised standards and interpretations	Effective date issued by IASB
Amendment to IAS 1 ‘Disclosure of Accounting Policies’	January 1, 2023
Amendment to IAS 8 ‘Definition of Accounting Estimates’	January 1, 2023
Amendment to IAS 12 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’	January 1, 2023
Amendments to IAS 12 ‘International Tax Reform—Pillar Two Model Rules’	May 23, 2023

Except as described below, according to the Group’s evaluation, above standards and interpretations would not cause significant changes to the Group’s consolidated financial status and performance.

Amendment to IAS 12 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’.

The amendments require businesses to recognize deferred income tax assets and liabilities related to specific transactions that generate the same amount of taxable and deductible temporary differences as recognized at initial recognition.

The Group recognized deferred income tax assets and liabilities for all deductible and taxable temporary differences related to decommissioning liabilities and the corresponding recognition of right-of-use assets as of January 1, 2022. As of December 31, 2023, January 1, 2022, and December 31, 2022, deferred income tax assets were likely increased by \$597, \$361, and \$306, respectively, while deferred income tax liabilities were likely increased by \$251, \$361, and \$306, respectively. Additionally, the income tax expense for the fiscal year 2023 was decreased by \$346.

(2) Effects on the failure of adopting newly released or amended IFRS endorsed by FSC

The following table summarizes newly released, amended or revised standards and interpretations of IFRS that have been issued by IASB and remain effective until 2024, as approved by FSC:

Newly released, amended or revised standards and interpretations	Effective date issued by IASB
Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback'	January 1, 2024
Amendment to IAS 1 'Classifying liabilities as current or non-current'	January 1, 2024
Amendment to IAS 1 'Non-current Liabilities with Covenants'	January 1, 2024
Amendment to IAS 7 and Amendment to IFRS 7 'Supplier Finance Arrangements'.	January 1, 2024

According to the Company's evaluation, above standards and interpretations would not cause significant changes to the Company's individual financial status and performance.

(3) Effects on IFRS that have been issued by International Accounting Standards Board (IASB) without being endorsed by FSC.

The following table summarizes newly released, amended or revised standards and interpretations of IFRS that have been issued by IASB without being endorsed by FSC.

Newly released, amended or revised standards and interpretations	Effective date issued by IASB
Amendment to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be finalized by IASB
'Insurance Contract' of IFRS 17	January 1, 2023
Amendment to IFRS 17 'Insurance Contract'	January 1, 2023
Amendment to IFRS 17 'Initial Application of IFRS 17 and IFRS 9 -Comparative Information'	January 1, 2023
Amendments to IAS 21 「Lack of Exchangeability」	January 1, 2025

According to the Company's evaluation, above standards and interpretations would not cause significant changes to the Company's individual financial status and performance.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The major accounting policies adopted for the preparation of the individual financial statements are as follows. The policies shall be consistently applicable to these financial statements during the reporting period, unless otherwise specified.

(2) Basis of preparation

- A. The individual financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (collectively referred herein as the 'IFRSs') requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policy. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The individual financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Company's presentation currency.

- A. Foreign currency transactions and balances
 - a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - c. All foreign exchange gains and losses are presented in the individual statement of comprehensive income within 'Other gains and losses'
- B. Translation of foreign operations

The operating results and financial position of all Company entities, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

 - a. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
 - b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - c. All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b. Assets held mainly for trading purposes;
 - c. Assets that are expected to be realized within twelve months from the balance sheet date;
 - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a. Liabilities that are expected to be paid off within the normal operating cycle;
 - b. Liabilities arising mainly from trading activities;
 - c. Liabilities that are to be paid off within twelve months from the balance sheet date;
 - d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company has classified assets that do not comply with the aforesaid conditions as non-current assets.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits and bills under repurchase agreements that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at amortized cost

- A. Financial assets at Amortized cost are those that meet all of the following criteria:
 - a. The objective of the Company's business model is achieved by collecting contractual cash flows.
 - b. The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at Amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.
- (7) Accounts and notes receivable
- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (8) Impairment of financial assets
- For financial assets at Amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.
- (9) Derecognition of financial assets
- The Company derecognizes a financial asset when the contractual rights to cash flows from the financial asset expire.
- (10) Inventories
- Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expense.
- (11) Investments accounted for under the equity method –Subsidiaries and associates
- A. Subsidiaries refer to all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of subsidiaries' post-acquisition profits or losses is recognized in profit or loss; and the Company's share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds the Company's interest in the subsidiary, the Company recognizes further losses based on the shareholding thereof.

- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds the Company's interest in the associate, including any other unsecured receivable, the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealized gains or losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. As prescribed in Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery equipment	2 to 5 years
Transportation equipment	5 years
Office equipment	3 to 5 years
Leasehold improvement	3 to 10 years
Others	3 to 5 years

(13) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at Amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - a. The amount of the initial measurement of lease liability;
 - b. Any lease payment made at or before the commencement date;
 - c. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of lease

term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of right-of use assets to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

1. The separately acquired patent rights are recognized at cost. Patents are classified as intangible assets with finite useful lives and are amortized using the straight-line method over an estimated useful life of 15 years.
2. Computer software and website costs which are Amortized on a straight-line basis over their estimated useful lives of 1 to 5 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or Amortized historical cost would have been if the impairment had not been recognized.

(16) Accounts and notes payable

- A. Notes payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(18) Provisions

Contingent and decommissioning liabilities derived from the offering of testing/ inspection services refer to a legal or constructive obligation that has arisen as a result of a past event. The said obligation may be settled with an outflow of resources and the amount thereof can be recognized when it can be reliably estimated. Provisions are measured with the best-estimated present value of obligation settlement, which will be required to settle the obligations, on the balance sheet date.

(19) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

- B. Pension – defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash

refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Company calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(20) Employee share-based payment

The arrangements of Equity-Settled Share-based Payment refer to labor services acquired using the granted equity instruments, which is measured at fair value, on the grant day. The said payments are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet

when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

According to the Company's Articles of Incorporation, cash dividends distributed to the Company's shareholders shall, upon the passing of a special resolution by the Company's board of directors meeting, be recognized as liabilities in the financial statements. Stock dividend distributed to shareholders shall, upon the passing of a resolution at the Company's shareholders meeting, be recognized as stock dividends to be distributed in the financial statements; and be reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

- A. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the service rendered up to the end of reporting period as a proportion of total services to be provided.
- B. Payment terms between pre-payments and OA 90 days are usually offered to customers for the rendering of service. As the time interval between the provision of committed product/service and customers' payment schedule is less than 1 year, the trading price is not adjusted in order to reflect the time value of money.
- C. Customers pay at the time specified in the payment schedule. If the amount of rendered services exceeds the payable, a contract asset is recognized. If the payable exceeds the amount of rendered services, a contract liability is recognized

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of these individual financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

A. Critical judgments in applying the Company's accounting policies

No uncertainty has been revealed in the assessment of critical judgements adopted to apply the Company's accounting policy.

B. Critical accounting estimates and assumptions

a. Estimation of revenue generated from rendered services

The Company mainly engages in the provision of various pre-pregnancy, prenatal, and new born genetic testing and medical inspection services. Revenue generated therefrom is recognized based

on the project completion status. That is, the ratio of rendered service days accounted for total service days times the contract price. As the estimation of total service days is set by past experience, any changes to the said estimation due to enhanced R&D and technical capabilities or equipment upgrade should be accompanied with appropriate corrections.

b. Estimation of allowance for accounts receivable losses

The Company not only manages payment collection and payment notice related operations, but also bears credit risks derived therefrom. By evaluating customers' credit and payment status on a regular basis, the management authority is able to timely adjust credits offered to customers and related credit policy. Also, impairment of accounts receivable is reviewed according to IFRS 9 'Financial Instruments', where a simplified approach is adopted to assess expected loss credit. Moreover, based on influential factors of customers' payment ability (ex. customers' overdue period, financial status and economic status on the balance sheet date and historical records) and forward-looking information, the management authority succeeded in establishing expected loss rate.

6. Important Accounting Items

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 230	\$ 340
Checking accounts and demand deposits	28,133	34,028
Time deposits	40,400	36,400
	<u>\$ 68,763</u>	<u>\$ 70,768</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company does not pledge cash and cash equivalents to others.
- C. As of December 31, 2023 and 2022, the Company's time deposits maturing in excess of three months to 1 year were classified as current financial assets at Amortized cost in the amount of \$35,225 and \$42,150, respectively. For interest income generated from time deposits for the Years Ended December 31, 2023 and 2022, please refer to Note 6(15). The Company does not pledge current financial assets at Amortized cost to others.

(2) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 6,727</u>	<u>\$ 8,348</u>
Accounts receivable	\$ 60,444	\$ 53,482
Accounts receivable from related parties	3,579	2,899
	<u>64,023</u>	<u>56,381</u>
Less: loss allowance	<u>(20)</u>	<u>(17)</u>
	<u>\$ 64,003</u>	<u>\$ 56,364</u>

- A. Concerning the aging analysis of notes and accounts receivable (including those from related

parties) and information related credit risks, please refer to Note 12(2).

- B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balance of notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of notes and accounts receivable from contracts with customers amounted to \$65,289.
- C. The Company does not hold any collateral as security for abovementioned notes and accounts receivable.

(3) Inventories

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 43,942	(\$ 3,189)	\$ 40,753
	December 31, 2022		
	Cost	Allowance for market price decline	Book value
Raw materials	\$ 58,224	(\$ 3,845)	\$ 54,379

- A. Above inventories are not pledged as collateral.
- B. The cost of inventories recognized as expense for the period:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Consumption of raw materials	\$ 156,206	\$ 153,778
Cost of conversion of raw materials	7,621	9,148
Loss on price decline in inventory(price recovery)	(656)	886
	<u>\$ 163,171</u>	<u>\$ 163,812</u>

Due to the consumption of inventories with allowance for bad debts, the amount of loss on price decline was decreased and the Company was therefore benefited from price recovery.

(4) Investments accounted for under the equity method/ Other non-current liabilities

Investee	December 31, 2023		December 31, 2022	
	Book value	Shareholding ratio	Book value	Shareholding ratio
(1) Listing of asset items - Investments accounted for under the equity method	\$ 30,930	100%	\$ 57,557	100%
Subsidiaries-Phoebus Genetics Co., Ltd.	<u>348,092</u>	16.56%	<u>333,316</u>	16.56%
Associate(s)- DIANTHUS Company Limited	<u>\$379,022</u>		<u>\$390,873</u>	
(2) Listing of liability items - Other non-current liabilities				
Subsidiaries- Sofiva Genomics Bangkok Co., Ltd	<u>(\$ 2,897)</u>	90%	<u>(\$ 1,475)</u>	90%

The Company's share of profit or loss of subsidiaries and associates accounted for under equity method.

	Year Ended December 31, 2023	Year Ended December 31, 2022
Subsidiaries:		
Phoebus Genetics Co., Ltd.	(\$ 452)	\$ 4,640
Sofiva Genomics Bangkok Co., Ltd	(1,408)	(1,706)
Associate(s)		
DIANTHUS Company Limited	23,671	41,902
	<u>\$ 21,811</u>	<u>\$ 44,836</u>

1. Subsidiaries

With respect to details of the Company's subsidiaries, please refer to Note 4(3) of the Company's consolidated financial statements for year ended in 2023.

2. Associate(s)

(1) Basic information of the Company's major associate(s) is as follows:

Shareholding ratio

Name	Main business place	December 31, 2023		December 31, 2022	
		December 31, 2023	December 31, 2022	Relationship with the Company	Measurement
DIANTHUS Company Limited	TAIWAN	16.56%	16.56%	Associate	Equity method

(2) The financial information of the Company's major associate is summarized below:

a. Balance sheets

	DIANTHUS Company Limited	
	December 31, 2023	December 31, 2022
Current assets	\$ 554,221	\$ 720,806
Non-current assets	3,681,579	3,308,926
Current liabilities	(192,480)	(220,246)
Non-current liabilities	(1,931,313)	(1,796,708)
Total net assets	<u>\$ 2,102,007</u>	<u>\$ 2,012,778</u>
Share of net assets in the associate	<u>\$ 348,092</u>	<u>\$ 333,316</u>
Book value (associate)	<u>\$ 348,092</u>	<u>\$ 333,316</u>

b. Statement of comprehensive income

	DIANTHUS Company Limited	
	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenue	<u>\$ 695,831</u>	<u>\$ 689,795</u>
Profit (loss) from continuing operations for the period	<u>\$ 142,929</u>	<u>\$ 253,022</u>
Total comprehensive income (loss) for the period	<u>\$ 142,929</u>	<u>\$ 253,022</u>
Dividends received from affiliated companies	<u>\$ 8,895</u>	<u>\$ 5,932</u>

(3) The Company's associate does not provide information on the fair value as no open market quotation was provided.

(5) Property, plant and equipment

2023						
	Machinery equipment (for self-use)	Transportation equipment (for self-use)	Office equipment (for self-use)	Leasehold improvement (for self-use)	Others (for self-use)	Total
At January 1						
Cost	\$ 90,708	\$ 8,508	\$ 24,231	\$ 28,333	\$ 21,785	\$ 173,565
Accumulated depreciation	(63,544)	(6,866)	(15,989)	(12,971)	(20,133)	(118,559)
	<u>\$ 27,164</u>	<u>\$ 1,642</u>	<u>\$ 9,186</u>	<u>\$ 15,362</u>	<u>\$ 1,652</u>	<u>\$ 55,006</u>
At January 1	\$ 27,164	\$ 1,642	\$ 9,186	\$ 15,362	\$ 1,652	\$ 55,006
Additions	19,803	-	980	-	110	20,893
Depreciation expense	(9,255)	(1,284)	(5,499)	(2,949)	(1,392)	(20,379)
At December 31	<u>\$ 37,712</u>	<u>\$ 358</u>	<u>\$ 4,667</u>	<u>\$ 12,413</u>	<u>\$ 370</u>	<u>\$ 55,520</u>
At December 31						
Cost	\$ 106,854	\$ 8,508	\$ 25,150	\$ 28,333	\$ 21,669	\$ 190,514
Accumulated depreciation	(69,142)	(8,150)	(20,483)	(15,920)	(21,299)	(134,994)
	<u>\$ 37,712</u>	<u>\$ 358</u>	<u>\$ 4,667</u>	<u>\$ 12,413</u>	<u>\$ 370</u>	<u>\$ 55,520</u>
2022						
	Machinery equipment (for self-use)	Transportation equipment (for self-use)	Office equipment (for self-use)	Leasehold improvement (for self-use)	Others (for self-use)	Total
At January 1						
Cost	\$ 68,616	\$ 8,508	\$ 18,315	\$ 27,862	\$ 21,253	\$ 144,554
Accumulated depreciation	(62,811)	(5,164)	(9,925)	(9,973)	(15,558)	(103,431)
	<u>\$ 5,805</u>	<u>\$ 3,344</u>	<u>\$ 8,390</u>	<u>\$ 17,889</u>	<u>\$ 5,695</u>	<u>\$ 41,123</u>
At January 1	\$ 5,805	\$ 3,344	\$ 8,390	\$ 17,889	\$ 5,695	\$ 41,123
Additions	27,626	-	5,916	471	646	34,659
Depreciation expense	(6,267)	(1,702)	(5,120)	(2,998)	(4,689)	(20,776)
At December 31	<u>\$ 27,164</u>	<u>\$ 1,642</u>	<u>\$ 9,186</u>	<u>\$ 15,362</u>	<u>\$ 1,652</u>	<u>\$ 55,776</u>
At December 31						
Cost	\$ 90,708	\$ 8,508	\$ 24,231	\$ 28,333	\$ 21,785	\$ 173,565
Accumulated depreciation	(63,544)	(6,866)	(15,045)	(12,971)	(20,133)	(118,559)
	<u>\$ 27,164</u>	<u>\$ 1,642</u>	<u>\$ 9,186</u>	<u>\$ 15,362</u>	<u>\$ 1,652</u>	<u>\$ 55,006</u>

The Company does not pledge property, plant or equipment to others or capitalize the interest.

(6) Lease transactions – lessee

- A. The Company leases office and transportation equipment. The lease contract(s) thereof are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and depreciation expense are as follows:

2023			
	Office(s)	Transportation equipment	Total
At January 1	\$ 68,564	\$ -	\$ 68,564
Additions for the period	1,748	1,907	3,655
Depreciation expense	(12,953)	(159)	(13,112)
At December 31	\$ 57,359	\$ 1,748	\$ 59,107

2022			
	Office(s)	Transportation equipment	Total
At January 1	\$ 81,080	\$ -	\$ 81,080
Additions for the period	-	-	-
Depreciation expense	(12,516)	-	(12,516)
At December 31	\$ 68,564	\$ -	\$ 68,564

C. The information on profit and loss accounts relating to lease contract(s).

Items affecting profit or loss for the period	Year Ended December 31, 2023	Year Ended December 31, 2022
Interest expense on lease liabilities	\$ 1,199	\$ 1,380
Expense on short-term leases or leases of low-value assets	762	451
	\$ 1,961	\$ 1,831

D. As at December 31 2023 and 2022, the Company's total cash outflow generated from the payments for the principal portion of the lease liability, apart from the total cash outflow for leases as described in Paragraph 3 of Note 6(6). Please refer to Note 6(24) for detailed information.

(7) Other payable

	December 31, 2023	December 31, 2022
Personnel expenses payable	\$ 17,565	\$ 18,837
Business tax payable	1,243	1,111
Royalties payable	2,203	2,962
Labor fees payable	3,532	3,820
Payables on equipment	994	1,441
Others	7,942	6,647
	\$ 33,479	\$ 34,818

(8) Provisions

	2023		
	Decommissioning liabilities	Reserve for compensation	Total
At January 1	\$ 2,940	\$ 1,878	\$ 4,818
New provisions for the period	-	587	587
Amortized interests	45	-	45
At December 31	<u>\$ 2,985</u>	<u>\$ 2,465</u>	<u>\$ 5,450</u>

	2022		
	Decommissioning liabilities	Reserve for compensation	Total
At January 1	\$ 2,896	\$ 1,290	\$ 4,186
New provisions for the period	-	588	588
Amortized interests	44	-	44
At December 31	<u>\$ 2,940</u>	<u>\$ 1,878</u>	<u>\$ 4,818</u>

The provisions are analyzed as follows

	December 31, 2023	December 31, 2022
Current	\$ 2,465	\$ 1,878
Non-current	2,985	2,940
	<u>\$ 5,450</u>	<u>\$ 4,818</u>

A. Reserve for compensation

Any liabilities related to or of testing services provided by the Company were estimated based on the Company's records of offering the services and statistics thereof.

B. Decommissioning liabilities

According to applicable contract requirements, the Company is obliged to disassemble, remove or restore facilities at the leased office building. Any expected costs related thereto shall therefore be recognized at the current price as provisions. The said provisions are expected to occurred upon termination of the lease period.

(9) Pensions

The Company has set up a defined benefit pension plan, which is applicable to our domestic employees, in accordance with the 'Labor Pension Act' (the Act). According to the labor pension system selected by employees as prescribed in the Act, the Company contributes monthly an amount of 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Benefits accrued are paid monthly or in lump sum upon termination of employment. For the years ended December 31, 2023 and 2022, the pension cost recognized by the Company according to the said Act were \$2,736 and \$2,675, respectively.

(10) Share-based payment

A. The Company's share-based payment arrangements

Type of arrangement	Grant date	Grant quantity (No. of shares)	Contract period	Vesting Conditions	Settlement method
The 2nd Employee Stock Option Plan	May 13, 2020	770,000	5 years	Will be vested up to 20% over a 2-year period; 50% over a 3-year period; and 100% over a 4-year period.	Equity settlement
The 2nd Employee Stock Option Plan	March 24, 2021	230,000	5 years	Will be vested up to 20% over a 2-year period; 50% over a 3-year period; and 100% over a 4-year period.	Equity settlement

B. Details regarding the aforesaid share-based payment .

a. The 2nd Employee Stock Option Plan (granted on May 13, 2020)

	2023		2022	
	Quantity of stock option (number of shares)	Weighted average exercise price (in dollars) (Note)	Quantity of stock option (number of shares)	Weighted average exercise price (in dollars) (Note)
Outstanding stock options at beginning of period (at January 1)	635,000	54.1	675,000	56.6
Stock options given up in the period	(30,000)	54.1	(40,000)	56.6
Outstanding stock options at end of period (at December 31)	605,000	52.8	635,000	54.1
Exercisable stock options at end of period (December 31)	302,500	52.8	127,000	54.1

Note: The Company already adjusted the exercise price of employee stock option grants according to Regulations Governing the Subscription of Employee Stock Options.

b. The 2nd Employee Stock Option Plan (granted on March 24, 2021)

	2023		2022	
	Quantity of stock option (number of shares)	Weighted average exercise price (in dollars) (Note)	Quantity of stock option (number of shares)	Weighted average exercise price (in dollars) (Note)
Outstanding stock options at beginning of period (at January 1)	205,000	46.3	230,000	48.4
Stock options granted in the period	(10,000)	46.3	(25,000)	48.4
Outstanding stock options at end of period (at December 31)	195,000	45.2	205,000	46.3
Exercisable stock options at end of period (December 31)	39,000	45.2	-	-

Note: The Company already adjusted the exercise price of employee stock option grants according to Regulations Governing the Subscription of Employee Stock Options.

C. The maturity date and exercise price of outstanding employee stock options at the balance sheet date are as follows:

Type of arrangement	Approved issue / grant date	Maturity date	December 31, 2023		December 31, 2022	
			Number of shares	Exercise price	Number of shares	Exercise price
			(shares in thousands)	(in dollars)	(shares in thousands)	(in dollars)
The 2nd Employee Stock Option Plan	May 13, 2020	May 12, 2025	605.0	52.8	635.0	54.1
The 2nd Employee Stock Option Plan	March 24, 2021	March 23, 2026	195.0	45.2	205.0	46.3

D. The fair value of stock options granted on grant date is measured by using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Share price (in dollars)	Exercise price (in dollars)	Expected volatility rate(Note)	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
The 2 nd Employee Stock Option Plan	May 13, 2020	60.50	60.50	30.51%	3.5 to 4.5 years	2.71%	0.35%-0.36%	10.66 over a 2-year period; 11.14 over a 3-year period; 11.56 over a 4-year period.
The 2 nd Employee Stock Option Plan	March 24, 2021	49.80	49.80	33.64%	3.5 to 4.5 years	2.68%	0.25%-0.28%	9.7 over a 2-year period; 10.2 over a 3-year period; 10.6 over a 4-year period.

Note: Expected volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. For the Years Ended December 31, 2023 and 2022, the total of expense derived from the aforesaid share-based payment transaction was \$1,073 and \$2,678, respectively.

(11) Share capital

As of December 31, 2023, the Company's authorized capital was \$300,000 divided into 30,000 thousand shares (including 2,000 thousand shares that can be subscribed under the employee stock option), and the paid-in capital was \$213,624 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Besides, the number of the Company's issued shares and actual outstanding shares for the years 2023 and 2022 both amounted to 21,362 shares.

(12) Capital surplus

A. Pursuant to the R.O.C. Company Act, any capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficits or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficits. Furthermore, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. The capital surplus may not be used to cover accumulated deficits unless the legal reserve is insufficient.

B. With respect to changes to the Company's surplus, please refer to the Individual Statements of Change in Equity.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, no dividend and bonus shall be distributed if the Company does not have any surplus in the annual final accounts. The earnings of the current period, if any, shall be firstly used to pay all taxes and cover accumulated deficit; and then, 10% of the remaining earnings should be set aside as legal reserve. Next, the Company may appropriate or reserve a certain amount as special reserve for the current year according to relevant regulations or laws. After the distribution of earnings, the remaining earnings and prior years' unappropriated retained earnings may be appropriated according to the proposal by the board of directors and be submitted to shareholders' meeting for approval. Nevertheless, shareholders' dividends of the year shall not be lower than 30% of the current year's remaining earnings. Where the accumulated unappropriated retained earnings are lower than 1% of share capital, the Company may retain the earnings. The distribution of earnings shall be made in cash or stock dividends. As the Company's operating status is currently quite stable, the earnings shall be distributed as cash dividends as the priority option; or be distributed as stock dividends. Nevertheless, of the amount to be distributed by the Company, the percentage of cash dividends shall not be less than 30% of dividends distributed. On the basis of Paragraph 5 of Article 240 of Company Act, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in legal reserve and capital surplus, as prescribed in Paragraph 1 of Article 241 of the Company Act, after a resolution has

been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- B. Except for covering accumulated deficits or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve may not be used for any other purpose. The use of the legal reserve for the issuance of shares or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company must set aside a special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- D. The appropriations of earnings
- (1) The appropriations of 2022 and 2021 earnings were resolved on June 14, 2023 and in the shareholders' meeting held on June 15, 2022, respectively. The appropriations and dividends per share are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 4,278		\$ 5,698	
Special reserve	32		-	
Cash dividends	21,362	1.0	42,725	2.0
	<u>\$ 25,672</u>		<u>\$ 48,423</u>	

- (2) The appropriation of 2023 earnings resolved by the board of directors on March 23, 2022 is as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,153	
Special reserve	14	
Cash dividends	4,272	0.2.
	<u>\$ 5,439</u>	

(14) Operating revenue

- A. Disaggregation of revenue from contracts with customers
- Details of the Company's revenue from the transfer of labor services at a point in time, which can be classified according to the primary product line and geographic area, are as follows:

<u>For the Year Ended December 31, 2023</u>	<u>Testing services</u>		<u>Other services</u>	<u>Total</u>
	<u>Taiwan</u>	<u>Others</u>	<u>Others</u>	
Revenue from contracts with customers	<u>\$452,041</u>	<u>\$7,505</u>	<u>\$253</u>	<u>\$ 459,799</u>

<u>For the Year Ended December 31, 2022</u>	<u>Testing services</u>		<u>Other services</u>	<u>Total</u>
	<u>Taiwan</u>	<u>Others</u>	<u>Others</u>	
Revenue from contracts with customers	<u>\$482,465</u>	<u>\$ 9,707</u>	<u>\$519</u>	<u>\$ 492,691</u>

B. Contract assets and liabilities

- a. The Company's contract assets and liabilities recognized in 'revenue from contracts with customers' are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Current contract assets:			
Contract assets – testing related services	<u>\$ 4,178</u>	<u>\$ 9,646</u>	<u>\$ 9,900</u>
Current contract liabilities:			
Contract liabilities – testing related services	<u>\$ 773</u>	<u>\$ 2,025</u>	<u>\$ 2,605</u>

- b. Contract liabilities at beginning of period that are recognized as revenue in the period

	<u>2023</u>	<u>2022</u>
Testing related services	<u>\$ 1,858</u>	<u>\$ 2,427</u>

(15) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 1,099</u>	<u>\$ 544</u>
Interest income from fund lending	<u>398</u>	<u>138</u>
Other interest income	<u>61</u>	<u>31</u>
	<u>\$ 1,558</u>	<u>\$ 713</u>

(16) Other income

	<u>2023</u>	<u>2022</u>
Income from labor services	<u>\$ 1,870</u>	<u>\$ 84</u>
Other	<u>1,472</u>	<u>1,081</u>
	<u>\$ 3,342</u>	<u>\$ 1,165</u>

(17) Other benefits and losses

	<u>2023</u>	<u>2022</u>
Net foreign exchange gain (loss)	<u>(\$ 626)</u>	<u>(\$ 1,362)</u>

(18) Finance costs

	2023	2022
Interest expense on lease liabilities	\$ 1,199	\$ 1,380
Interest expense on decommissioning liabilities	45	44
	<u>\$ 1,244</u>	<u>\$ 1,424</u>

(19) Expenses by nature

	2023	2022
Employee benefits expense	\$ 82,104	\$ 82,881
Depreciation expense for property, plant and equipment and right-of-use assets	\$ 33,491	\$ 33,292
Amortized expense on intangible assets	<u>\$ 4,859</u>	<u>\$ 3,698</u>

(20) Employee benefits expense

	2023	2022
Salaries and wages	\$ 67,385	\$ 68,311
Share-based payments	1,073	2,678
Labor and health insurance expenses	6,056	5,616
Pension costs	2,736	2,675
Remuneration for directors	1,998	587
Others	2,856	3,014
	<u>\$ 82,104</u>	<u>\$ 82,881</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current period, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1% to 10% for employees' compensation and not higher than 2% for directors' remuneration.

When distributing employees' compensation in shares or cash dividends, a resolution shall be reached by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and a report of such distribution shall be submitted to the shareholders' meeting. Those whom are distributed with shares or cash dividends shall include subordinate employees who comply with specific conditions.

Matters related to the distribution of employees' compensation and board directors remuneration shall be conducted according to relevant regulations, be resolved by the board of directors and be reported to shareholders in the shareholders' meeting.

- B. For the Years Ended December 31, 2023 and 2022, the Company's employees' compensation was accrued at \$180 and \$480, respectively; while directors' remuneration was accrued at \$0 and \$465, respectively. The aforementioned amounts were recognized in salary expenses.

The expenses recognized for Year Ended December 31, 2023 was accrued based on earnings of current period and the percentage of employees compensation and directors' remuneration were 4% and 0%, respectively.

The employees' compensation and directors' remuneration for 2022 were \$480 and \$465, respectively, which are consistent with the amounts recognized in 2022 Financial Statements. As of

December 31, 2023, the aforementioned employees' compensation and directors' remuneration for the year 2022 have all been distributed.

- C. Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by board of directors will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense(income)

a. Components of income tax expense(income)

	2023	2022
Current tax:		
Current income tax assets	(\$ 3,007)	(\$ 2,242)
Refundable overpaid income tax to previous years	2,603	-
Provisional and withholding tax	404	3,193
An addition on unappropriated earnings	-	(428)
Prior year income tax under estimate(over)	(361)	128
Total income tax for the period	(361)	651
Deferred income tax:		
Origination and reversal of temporary differences	(6,330)	2,452
Others:		
An addition on unappropriated earnings	-	428
Income tax(expense)benefit	(\$ 6,691)	\$ 3,531

b. Amount of income tax related to other comprehensive income (loss)

	2023	2022
Translation differences of foreign operations	\$ -	(\$ 11)

- c. For the Years Ended December 31, 2023 and 2022 and the Company does not have any income tax related to direct debit or credit of equity.

B. Relationship between income tax expense and accounting profit

	2023	2022
Income tax (Benefit) on profit before tax at the statutory tax rate	\$ 967	\$ 9,261
Unrealized domestic investment income accounted for using equity method	(4,644)	(9,308)
Prior year income tax under estimate(over)	(361)	128
An addition on unappropriated earnings	-	428
Other	(2,653)	3,022
Income tax (Benefit) expense	(\$ 6,796)	\$ 3,531

- C. The amounts of various deferred tax assets or liabilities arising from temporary differences and tax losses are as follows:

2023

	January 1	Recognized in income (loss)	Recognized in other comprehensive income (loss)	December 31
Deferred income tax assets:				
Temporary differences				
Loss on price decline in inventory	\$ 769	(\$ 131)	-	\$ 638
Compensation payable for unused leave	665	(110)	-	555
Liability reserve	414	79	-	493
Unrealized losses on exchange	-	17	-	17
Foreign investment accounted for using equity method	11	2,535	-	2,546
Decommissioning liabilities	306	291	-	597
Tax loss	-	3,281	-	3,281
Subtotal	2,165	5,962	-	8,127
Deferred income tax liabilities				
Temporary differences				
Unrealized gains on exchange	(313)	313	-	-
Decommissioning assets	(306)	55	-	(251)
Subtotal	(619)	368	-	(251)
Total	\$ 1,546	\$ 6,330	\$ -	\$ 7,876

2022

	January 1	Recognized in income (loss)	Recognized in other comprehensive income (loss)	December 31
Deferred income tax assets:				
Temporary differences				
Loss on price decline in inventory	\$ 592	\$ 177	-	\$ 769
Compensation payable for unused leave	561	104	-	665
Liability reserve	288	126	-	414
Unrealized losses on exchange	68	(68)	-	-
Foreign investment accounted for using equity method	2,478	(2,478)	11	11
Decommissioning liabilities	361	(55)	-	306
Subtotal	4,348	(2,194)	11	2,165
Deferred income tax liabilities				
Temporary differences				
Unrealized gains on exchange	-	(313)	-	(313)
Decommissioning assets	(361)	55	-	(306)
Subtotal	(361)	(258)	-	(619)
Total	\$ 3,987	(\$ 2,452)	\$ 11	\$ 1,546

D. The effective period of the Group's unused tax losses and income of unrecognized deferred tax assets.

As at December 31, 2023				
Year of occurrence	Reported/ approved amount	Undeducted amount	The amount of unrecognized deferred income tax assets	Year of final offset
2023 – Reported amount	\$ 16,405	\$ 16,405	\$ -	2033

December 31, 2022 : None.

E. The Company's income tax returns through 2021 have been assessed and approved by the tax authority.

(22) Earnings per share

	2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders for the period	\$ 11,527	21,362	0.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders for the period	\$ 11,527	21,362	
Assumed conversion of all dilutive potential ordinary shares			
— Employees' compensation	-	7	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 11,527	21,369	0.54
	2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders for the period	\$ 42,776	21,362	2.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders for the period	\$ 42,776	21,362	
Assumed conversion of all dilutive potential ordinary shares			
— Employees' compensation	-	16	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 42,776	21,378	2.00

(23) Supplemental cash flow information

A. Partial cash paid for investing activities :

	2023	2022
Acquisition of right-of-use assets	\$ 3,655	\$ -
Less: Lease liabilities for the period	(3,655)	-
Cash paid during the period	\$ -	\$ -

	2023	2022
Acquisition of property, plant and equipment	\$ 20,893	\$ 34,659
Add: Payable on machinery and equipment at beginning of period	1,441	314
Less: Payable on machinery and equipment at end of period	(105)	(1,441)
Cash paid during the period	\$ 22,229	\$ 33,532

	2023	2022
Withdrawal of intangible assets	\$ 4,440	\$ -
Add: Payable on machinery and equipment at beginning of period	-	-
Less: Payable on machinery and equipment at end of period	(889)	-
Cash paid during the period	\$ 3,551	\$ -

(24) Changes in liabilities from financing activities

	2023	
	Dividends payable	Current/ non-current lease liabilities
At January 1	\$ -	\$ 71,454
Declare the distribution of dividends	21,362	-
Cash dividends	(21,362)	-
Lease liabilities for the period	-	3,655
Lease liabilities principal repayment.	-	(12,606)
At December 31	\$ -	\$ 62,503

	2022	
	Dividends payable	Current/ non-current lease liabilities
At January 1	\$ -	\$ 83,008
Declare the distribution of dividends	42,725	-
Cash dividends	(42,725)	-
Lease liabilities principal repayment.	-	(11,554)
At December 31	\$ -	\$ 71,454

7. Related-Party Disclosures

(1) Names of related parties and relationship

<u>Name</u>	<u>Relationship with the Company</u>
Phoebus Genetics Co., Ltd. (Phoebus Genetics)	Subsidiary
SOFIVA GENOMICS BANGKOK CO., LTD. (SOFIVA BKK)	Subsidiary
SOFIVA GENOMICS Medical Laboratory (Sofiva Genomics Laboratory)	Subsidiary
SOFIVA GENOMICS Clinical Medical Laboratory (Sofiva Genomics Clinical Laboratory)	Subsidiary
DIANTHUS Company Limited (DIANTHUS Company)	A company that has crucial influence on the Company.
DIANTHUS MFM CENTER (DIANTHUS HUAINING)	The Company's chairman is in charge of the center
SOFIVA CLINICAL LABORATORY (SOFIVA LABORATORY)	Substantive Related parties
DIANTHUS CLINICAL LABORATORY (DIANTHUS LABORATORY)	Substantive Related parties
HOPING OBS/GYN Clinic (Heping Obstetrics and Gynecology Clinic)	Substantive Related parties
All directors, general manager and management team	The Company's management team and governance units

(2) Significant related party transactions

A. Provision of testing services

a. Service income

Details of service income accrued from the provision of testing services to related parties are as follows:

	2023	2022
Subsidiaries	\$ 1,088	\$ 3,282
Other related parties	21,670	21,152
	<u>\$ 22,758</u>	<u>\$ 24,434</u>

The testing services provided by the Company to related parties and general customers are identical. Whilst the transaction price is based on agreements reached by both parties, no major difference in payment terms has been revealed between related parties and non-related parties. Payment terms ranging from prepayments and OA 90 days are offered to general customers, whereas abovementioned related parties are offered with OA 60 days.

b. Accounts receivable

The balances of accounts receivable accrued from abovementioned related-party disclosures are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary-SOFIVA BKK	\$144	\$230
Related parties – DIANTHUS HUAINING	3,435	2,669
	<u>\$ 3,579</u>	<u>\$ 2,899</u>

c. Contract assets

The balances of contract liabilities accrued from abovementioned related-party disclosures are as follows:

	December 31, 2023	December 31, 2022
Subsidiary	\$19	\$44
related parties	258	520
	<u>\$ 277</u>	<u>\$ 564</u>

B. Outsourced testing services

a. Service costs

Details of service costs accrued from the testing services provided by the Company to related parties are as follows:

	2023	2022
Subsidiary-Phoebus Genetics	\$ 7,521	\$ 21,271
Subsidiary-Sofiva Genomics Clinical Medical laboratory	350	1,104
Subsidiary-Sofiva Genomics Laboratory	48,186	44,398
Other related parties – Sofiva Center	28,062	32,787
Other related parties - Others	3,625	3,106
	<u>\$ 87,744</u>	<u>\$ 102,666</u>

The transaction price of testing services provided by related parties to the Company shall refer to agreements reached by both parties. No major difference in payment terms has been revealed between related and non-related parties. The payment term of OA 60 is offered to general supplier, whereas the same payment term (OA 60 days) is offered to above related parties.

b. Notes payable/accounts payable

The balances of notes payable and accounts payable accrued from the aforementioned related-party disclosures are as follows:

i. Notes payable

	December 31, 2023	December 31, 2022
Subsidiary-Sofiva Genomics Laboratory	\$ 3,301	\$ -

ii. Accounts payable

	December 31, 2023	December 31, 2022
Subsidiary -Phoebus Genetics	\$ 84	\$ 2,869
Subsidiary-Sofiva Genomics Laboratory	9,504	9,397
Subsidiary-Sofiva Genomics Clinical Medical laboratory	350	286
Other related parties – Sofiva Center	4,173	4,552
Other related parties - others	597	608
	<u>\$14,708</u>	<u>\$17,712</u>

C. Dividend income

Dividend income allocated to the Company due to investment in subsidiaries and associate(the investment deduction under the equity method was adopted on the table):

	2023	2022
Subsidiary - Phoebus Genetics	\$ 4,175	\$ 2,963
Affiliated companies-DIANTHUS Company Limited	8,895	5,932
	<u>\$ 13,070</u>	<u>\$ 8,895</u>

D. Property transactions

(1) Property purchase

The details of the Company's purchase of property, plants and equipment from related parties are as follows:

	2023	2022
Subsidiary-Sofiva Genomics Laboratory	<u>\$ 1,223</u>	<u>\$ -</u>

(2) Other payables

As of December 31, 2023 and 2022, the Company's balance of payables incurred from the purchases of property, plants, and equipment from related parties was both \$0.

E. Lease transactions - Lessee

(1) Rental expenses

The rental expenses incurred from the Company's lease of the office from related parties are as follows:

	2023	2022
Subsidiary -Phoebus Genetics	<u>\$ 762</u>	<u>\$ -</u>

(2) Other payables

As of December 31, 2023 and 2022, the Company's balance of payables incurred from transactions with related parties was \$0.

F. Fund lending

Other receivable and interest income generated from the Company's lending of funds are as follows:

	2023			
	Balance at end of period	Interest rate	Interest receivable	Interest income
Subsidiary - SOFIVA BKK	\$ 6,312	2.303%	\$ 20	\$ 155
Subsidiary-Sofiva Genomics Laboratory	10,000	2.303%	33	224
Subsidiary-Sofiva Genomics Clinical Medical laboratory	1,000	2.303%	3	19
	<u>\$ 17,312</u>		<u>\$ 56</u>	<u>\$ 398</u>

	2022			
	Balance at end of period	Interest rate	Interest receivable	Interest income
Subsidiary - SOFIVA BKK	\$ 8,047	1.93%	\$ 22	\$ 129
Subsidiary-Sofiva Genomics Laboratory	1,000	1.93%	8	8
Subsidiary-Sofiva Genomics Clinical Medical laboratory	10,000	1.93%	1	1
	<u>\$ 19,047</u>		<u>\$ 31</u>	<u>\$ 138</u>

G. Labor and dispatch services

(1) Other income

Other income generated from the Company's provision of labor and dispatch services for subsidiaries in 2023 and 2022 were \$1,870 and \$84, respectively.

(2) Other receivable

Other receivable generated from the aforesaid services for years ended in 2023 and 2022 were \$1,870 and \$84, respectively.

H. Other transactions – Other receivable/ payable

(1) As of December 31, 2023 and 2022, other receivable generated from subsidiaries' prepayment for the Company were \$0 and \$5, respectively; and other payable were \$0.

(2) For the years 2023 and 2022, expenses incurred from the affiliated companies' offering of planning and consulting services to the Company were \$600 and \$650, respectively; and the related other payables as of December 31, 2023 and 2022, were both \$52.

(3) For the years 2023 and 2022, expenses incurred from the Company's purchase of consumable materials from subsidiaries were \$143 and \$0, respectively; and the related other payable as of December 31, 2023 and 2022 were \$143 and \$0, respectively.

(3) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$ 15,282	\$ 15,696
Post-employment compensation	198	187
Share-based payment	788	1,295
	<u>\$ 16,268</u>	<u>\$ 17,178</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

A. Contingencies

On April 28, 2018, the plaintiff had a prenatal test at a clinic with which the Company cooperates for testing services. The test report issued by the clinic stated that no Williams syndrome was detected. Nevertheless, on February 18, 2019, the plaintiff's son was diagnosed to have Williams syndrome. Holding the belief that the Company was the contractual party and the Company's provided testing service was blemished, the plaintiff therefore filed a compensation claim of \$5,640 against the Company plus statutory prejudgment interest.

On October 11, 2022, the Taiwan Taipei District Court rendered a judgment declaring the Company's success in the second appeal. Subsequently, the plaintiff then filed an appeal to the Supreme Court. The Supreme Court has remanded the case to the High Court for retrial. As of January 12, 2024, the High Court has scheduled a mediation session, and the settlement amount of \$1,350 was agreed upon by the Company. The full payment was made on January 30, 2024.

B. Commitments

Being authorized to use the testing techniques, the Company shall pay the royalty based on the number of testing reports each quarter.

10. Significant Disaster Loss

None.

11. Significant Events After Reporting Period

The appropriation of 2023 earnings was resolved by the board of directors on March 13, 2024. Please refer to Note 6(13) for detailed information.

12. Others

A. Capital management

The Company's objectives on managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure, to reduce the cost of capital and to provide returns for shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue new shares or sell assets to reduce debts. The Company uses debt asset ratio to monitor the capital thereof and the ratio is calculated by dividing total liabilities by total assets.

The Company's strategy in 2023 remains the same as in 2022. Regarding the Company's debt asset ratio for the years ended December 31, 2023 and 2022, please refer to Individual Balance Sheets.

B. Financial instruments

a. Financial instruments by category

Regarding information related to the Group's financial assets (cash and cash equivalents, current financial assets measured at amortized cost, current contract assets, notes receivable, accounts receivable (including those of related parties), other receivable (including those of related parties), refundable deposit) and financial liabilities (notes payable (including those of related parties), accounts payable (including those of related parties), other payables (including those of related parties), and current and non-current lease liabilities), please refer to Note 6 and Individual Balance Sheets for further details.

b. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Company's finance division under policies approved by the board of directors. The division identifies, evaluates and hedges financial risks.

c. Significant financial risks and degree of financial risks

i. Market risk

(a) Foreign exchange risk

- (i) The Company's businesses involve some non-functional currency operations (the Company's functional currency is New Taiwan Dollar). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	(Foreign currency (in thousands))	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
THB:NTD	8,695	0.902	\$ 7,843
USD:NTD	44	30.705	1,351
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	107	30.705	3,285
THB:NTD	158	0.902	142
<u>Debit side of investments accounted for using equity method</u>			
THB:NTD	3,214	0.902	2,897

	December 31, 2022		
	(Foreign currency (in thousands))	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
HKD:NTD	323	3.938	\$ 1,272
RMB:NTD	245	4.324	1,059
THB:NTD	27,694	0.894	24,758
USD:NTD	159	30.710	4,883
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	96	30.710	2,948
<u>Investments accounted for using equity method</u>			
RMB:NTD	1,651	0.894	1,475

- (ii) The total exchange gain, including realized and unrealized gains arising from significant foreign exchange variations on monetary items held by the Company for the for the Years Ended December 31, 2023 and 2022, Please refer to Note 6(17) for detailed information.
- (iii) Analysis of foreign current market risk arising from significant foreign exchange variations:

	2023		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
THB:NTD	1%	\$ 78	-
USD:NTD	1%	14	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(33)	-
THB:NTD	1%	(1)	-

	2022		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
HKD:NTD	1%	\$ 13	\$ -
RMB:NTD	1%	11	-
THB:NTD	1%	248	-
USD:NTD	1%	49	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(29)	-

(b) Price risk

No price risk is involved in the Company's transactions.

(c) Interest rate risk on cash flow and fair value

No rate risk is involved in the Company's transactions

ii. Credit risk

- (a) Credit risk refers to the risk of financial loss to a Company arising from default by the customers on the contract obligations. According to internal credit policy, the Company shall manage each of their new customers before service terms and conditions are offered. Internal risk control assesses a customer's credit quality according to the financial status thereof, past experience and other factors. Individual risk limits are set by finance division based on internal or external ratings and individual's line of credit shall be regularly monitored. The primary credit risks come from deposits at banks and financial institutions, and unrealized contract assets, notes payable and accounts receivable from customers.
- (b) The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.
- (c) The Company adopts the following assumption after considering the past experience: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments are past due over 360 days based on agreed terms and conditions, it will be deemed as violating the contract.

- (d) With respect to customers' accounts receivable and contract assets, the Company adopts the simplified approach to estimate expected credit loss. Under the provision matrix basis.
- (e) Where contract violation occurs, the Company will take legal recourse for financial assets to preserve the Company's creditor's rights. After recourse proceedings, financial assets that cannot be taken back within reasonable expectations shall be written off.
- (f) The Company adjusts the loss rate based on historical and current information when assessing the future default possibility in order to estimate the loss allowance for contract assets, notes receivable and accounts receivable (including those from related parties). The provision matrix is as follows:

	Not past due	Due in 1 to 30 days	Due in 31 to 90 days	Due in 91 to 180 days	Due in 181 to 360 days	Due in more than 361 days	Total
December 31, 2023							
Expected loss rate	0.03%	0.04%	0.04%	0.06%	97.61%		
Current contract assets	\$ 4,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,178
Notes payable	6,727	-	-	-	-	-	6,727
Accounts receivable	59,857	3,273	869	24	-	-	64,023
Total carrying amount	<u>\$ 70,762</u>	<u>\$ 3,273</u>	<u>\$ 869</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,028</u>
Loss allowance	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

	Not past due	Due in 1 to 30 days	Due in 31 to 90 days	Due in 91 to 180 days	Due in 181 to 360 days	Due in more than 361 days	Total
December 31, 2022							
Expected loss rate	0.03%	0.04%	0.04%	0.06%	97.61%		
Current contract assets	\$9,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,646
Notes payable	8,348	-	-	-	-	-	8,348
Accounts receivable	52,072	3,898	399	6	6	-	56,381
Total carrying amount	<u>\$70,066</u>	<u>\$ 3,898</u>	<u>\$ 399</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 74,375</u>
Loss allowance	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>

Above is the aging analysis of accounts receivable based on the number of overdue day.

- (g) Under the simplified approach, movements in relation to loss allowance for notes receivable, accounts receivable (including those from related parties) and contract assets are as follows:

	2023			
	Contract assets	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ -	\$ 17	\$ 17
Expected credit impairment loss (gain)	-	-	3	3
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>
	2022			
	Contract assets	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ -	\$ 503	\$ 503
Expected credit impairment loss (gain)	-	-	(486)	(486)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

iii. Liquidity risk

- (a) Cash flow forecasting is performed by the Company's finance division. The division also monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. These forecasts take into account the company's debt financing plans, compliance with debt terms and compliance with the financial ratio targets specified in the internal balance sheet
- (b) Surplus cash held over and above balance required for working capital management are invested in interest bearing current accounts, choosing instruments with appropriate maturities to provide sufficient headroom as determined by the abovementioned forecasts.
- (c) The Company for December 31, 2023 and 2022, has the following undrawn borrowing facilities: None.
- (d) The Company does not have derivative financial liabilities. Analyzed according to the remaining period between the balance sheet date and contract expiry date. Except for those stated in the table below, all of the Company's financial liabilities will be due within one year. Equivalent to the amount stated on the Individual Balance Sheets, where the disclosed contractual cash flow is the undiscounted amount.

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Current and non-current lease liabilities	\$ 14,352	\$ 14,379	\$ 36,351	\$ 65,082
<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>More than 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Current and non-current lease liabilities	\$ 13,191	\$ 13,244	\$ 48,678	\$ 75,113

C. Fair value information

None of the Company's major financial instruments is measured at fair value. The valuation techniques used to measure fair value do not result in any impact to the Company. Besides, financial instruments that are not measured at fair value include the carrying amounts of cash and cash equivalents, current financial assets at amortized cost, current contract assets, net notes receivable, net accounts receivable (including those from related parties), other receivable(including those from related parties), guarantee deposits paid, Notes payable (including those from related parties), accounts payable(including those from related parties), other payable(including those from related parties), which are considered as reasonable approximation of fair value.

13. Additional Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to Annex 1
- B. Provision of endorsement and guarantees to others: None.

- C. Holding of marketable securities at end of period(not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Annex 2
- H. Receivable from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to Annex 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Annex 4.

(3) Information on investments in Mainland China
None.

(4) Major shareholder's information

Major shareholder's information: Please refer to Annex 5.

14. Operating Segments

Not applicable.

Sofiva Genomics Co. Ltd.
Loans to Others
As at December 31, 2023

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Annex 1

No. (Note 1)	Financing company	Counterparty	Financial statement account	Related party	Maximum balance for the period	Ending balance	Drawn amount	Interest rate collars	Nature of financing	Trading amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Maximum amount permitted to a single borrower (Note 2)	Aggregate financing limit (Note 2)	Remarks
													Item	Value			
0	Sofiva Genomics Co. Ltd.	SOFIVA GENOMICS BANGKOK CO., LTD.	Receivable from related party	Y	\$ 14,427	\$6,312	\$6,312	2.303 %	Short-term financing fund	\$ -	Repayments of debts and business turnover	\$ -	\$-	\$ -	\$ 247,257	\$ 247,257	Note 3
0	Sofiva Genomics Co. Ltd.	Sofiva Genomics Clinical Medical Laboratory	Receivable from related party	Y	3,000	1,000	1,000	2.303 %	Short-term financing fund	\$ -	Business turnover	-	-	-	\$ 247,257	\$ 247,257	Note 4
0	Sofiva Genomics Co. Ltd.	Sofiva Genomics Medical Laboratory	Receivable from related party	Y	24,000	12,000	10,000	2.303 %	Short-term financing fund	\$ -	Business turnover	-	-	-	\$ 247,257	\$ 247,257	Note 5

Note 1: The description of the column is as follows:

(1) Parent: 0.

(2) Subsidiaries: are numbered by company starting from 1.

Note 2: For financing with the purpose of business contacts, the aggregate financing limit and maximum amount permitted to a single borrower shall not exceed 40% of the Company's net value.

Note 3: On November 8, 2022, the proposal of loaning THB7,000,000 to SOFIVA GENOMICS BANGKOK CO., LTD. , with a loan term of one year from the actual disbursement date. The amount is presented with the ratio of THB:NTD = 1:0.9017

Note 4: On November 8, 2023, the proposal of loaning NTD1,000,000 to Sofiva Genomics Clinical Medical Laboratory, with a loan term of one year from the actual disbursement date.

Note 5: On November 8, 2023, the proposal of loaning NTD1,200,000 to Sofiva Genomics Medical Laboratory, with a loan term of one year from the actual disbursement date.

Sofiva Genomics Co. Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more
As at December 31, 2023

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Annex 2

Buyer/seller	Counterparty	Relationship	Transaction status		Ratio to total purchase (sale)	Credit period	Conditions and reasons for unusual trading terms		Notes/accounts receivable (payable)		Remarks
			Purchases (sales)	Amount			Unit price	Credit period	Balance	Ratio to total notes/accounts receivable (payable)	
Sofiva Genomics Co. Ltd.	Sofiva Genomics Medical Laboratory	Parent company to the subsidiary	Labor cost	\$ 48,186	0.20	30 days	No material deviation from ordinary transactions	No material deviation from ordinary transactions	(\$ 12,805)	(0.29)	

Sofiva Genomics Co. Ltd.
Intercompany Relationships and Significant Intercompany Transactions
As at December 31, 2023

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Annex 3

No. (Note 1)	Investee company	Counterparty	Relationship	Transaction details			% of total sales or assets (Note 2)
				Financial statement accounts	Amount	Payment terms	
0	Sofiva Genomics Co. Ltd.	Sofiva Genomics Medical Laboratory	Subsidiary	Fund loans – other receivable	\$10,000	Note 3	0.30%
1	Phoebus Genetics Co., Ltd.	Sofiva Genomics Co. Ltd.	Parent company	Revenue from testing services	7,521	Note 4	1.61%
2	SOFIVA GENOMICS Medical Laboratory	Sofiva Genomics Co. Ltd.	Parent company	Revenue from the rendering of services	48,186	Note 4	10.32%
2	SOFIVA GENOMICS Medical Laboratory	Sofiva Genomics Co. Ltd.	Parent company	Accounts receivable	9,504	OA60 days	1.24%

Note 1: Transactions between the parent company and subsidiaries shall be marked in the in the field of “No.”. The numbers that shall be filled in are as follow:

(1) Parent company: “0”.

(2) Subsidiaries: are numbered starting from “1”.

Note 2: With respect to the percentage of transaction amount in total revenue or total assets, those that are recognized as assets and liabilities shall be calculated by dividing the end balance with the total consolidated assets; those that are recognized as a profit or loss shall be calculated by dividing the amount accumulated in the current interim period by the total consolidated revenue. Individual transactions with an amount no greater than 1% of the consolidated revenue or total assets shall not be disclosed. In addition, for those that have been disclosed as individual company’s assets, the relative transactions shall no longer be disclosed.

Note 3: The funds are loaned according to every company's Operational Procedures for Loaning Funds to Others, and the transaction amount refers to the actual disbursement amount of the loan.

Note 4: For testing services, no major difference on the price offered to related parties and general customers.

Sofiva Genomics Co. Ltd.
Information of Investees (excluding those in Mainland China)
As at December 31, 2023

Annex 4 (Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Investor	Investee	Location	Main business activities	Original investment amount (Note)		Balance at end of period			Net income (loss) of the investee for the period	Investment profit or loss recognized in the period	Remarks
				At end of current period	At end of last year	Number of shares	Ownership (%)	Carrying amount			
The Company	Phoebus Genetics Co.,. Ltd.	Taiwan	Pre-pregnancy and prenatal testing services and medical inspection services	\$30,000	\$52,000	3,000,000	100.00	\$ 30,930	(\$ 452)	(\$ 452)	
The Company	Sofiva Genomics Bangkok Co.,Ltd.	Thailand	Pre-pregnancy and prenatal testing services and medical inspection services	12,677	12,677	13,500	90.00	(2,897)	(1,565)	(1,408)	
The Company	DIANTHUS Company Limited	Taiwan	Medical service management	148,250	148,250	14,825,000	16.56	348,092	142,929	23,671	

Note: Disclosed with historical exchange rates.

Sofiva Genomics Co. Ltd.
Information on Major Shareholders
As at December 31, 2023

Annex 5

Name of major shareholders	Shares			Remarks
	No. of shares (ordinary shares)	No. of shares (special shares)	Shareholding ratio	
PHOEBUS GENETECH CO., LTD.	2,428,500	-	11.36%	
Ya La Investment Co., Ltd.	1,598,000	-	7.48%	
Shih Wei Investment Co., Ltd.	1,348,200	-	6.31%	
Hua Ruei Investment Co., Ltd.	1,312,000	-	6.14%	

Note 1: The above table discloses the information on stockholders with over 5% ownership of the Corporation on the last business day as of the end of reporting period. The percentage of ownership was calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the number of common stock and preferred stock, including treasury stock, registered by the Corporation through the delivering of non-physical securities to TDCC. The number of issued capital stock recorded in the consolidated financial statements may be different from the actual number of stocks registered by the Corporation through the delivering of non-physical securities to TDCC due to the difference in the calculation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Sofiva Genomics Co. Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Appendix 1

(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount
Cash on hand		\$ 230
Check deposit in NTD		5,517
Demand deposit in NTD		20,584
Demand deposit in other currencies	THB14,487 thousand at exchange rate of 0.902	1341
	USD 22 thousand at exchange rate 30.705	688
	HKD 1 thousand at exchange rate 3.929	3
Time deposit in NTD		40,400
		<u>68,763</u>

Note 1: The term of the fixed deposit is from December 4, 2023, to March 27, 2024, with an interest rate ranging between 1.10% and 1.16%.

Sofiva Genomics Co. Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Appendix 2

(Expressed in thousands of New Taiwan dollars)

Name	Summary	Quantity	Value	Total	Interest rate	Carrying amount	Accumulated impairment loss	Remarks
Fixed deposit	Taiwan Cooperative Bank Minsheng Branch	Not applicable	Not applicable	\$ 30,200	1.160%~1.335%	\$ 30,200	\$ -	
Fixed deposit	Cathay United Bank Taipei Branch	Not applicable	Not applicable	5,025	1.435%~1.565%	5,025	-	
				<u>\$ 35,225</u>		<u>\$ 35,225</u>	\$ -	

Sofiva Genomics Co. Ltd.
Statement of Accounts Receivable
December 31, 2023

Appendix 3

(Expressed in thousands of New Taiwan dollars)

Name	Summary	Amount	Note
General customers:			
- Customer A		\$ 4,051	
- Customer B		4,676	
- Customer C		5,530	
- Customer F		6,236	
-Others		39,951	All balance is maintained below 5% of the account balance
		60,444	
Less: Allowance for accounts receivable losses		(20)	
		60,424	
Related parties			
-Subsidiary-SOFIVA BKK		144	
-Other related party - DIANTHUS HUAINING		3,435	
		3,579	
Less: Allowance for accounts receivable losses		-	
		3,579	
Total		\$ 64,003	

Sofiva Genomics Co. Ltd.
Statement of Inventories
December 31, 2023

Appendix 4

(Expressed in thousands of New Taiwan dollars)

		<u>Amount</u>		
<u>Items</u>	<u>Summary</u>	<u>Cost</u>	<u>Net realizable value</u>	<u>Note</u>
Raw materials		\$ 43,942	\$ 45,788	The net realizable value was estimated with the replacement cost for optimization.
Less: Allowance for inventory valuation loss		(3,189)		
		<u>\$ 10,753</u>		

The net realizable value was estimated with the replacement cost for optimization.

Sofiva Genomics Co. Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
As at December 31, 2023

Appendix 5

(Expressed in thousands of New Taiwan dollars)

Name	Balance at beginning of period		Increase in the current period		Amount of investment income (loss)	Amount of other adjustments	Decrease in the current period		Balance at end of period			Net equity value			Notes
	Number of shares	Amount	Number of shares	Amount			Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total price	Guarantee or pledge	
Phoebus Genetics Co., Ltd.	5,200,000	\$ 63,827	-	\$ -	(\$ 452)	\$ -	(2,200,000)	(\$ 22,000)	3,000,000	100%	\$ 41,375	10.31	\$ 30,930	None	
Increase (decrease):															
Distribution of cash dividends		(6,270)		-	-	(4,175)		-			(10,445)				
		<u>57,557</u>		<u>-</u>	<u>(452)</u>	<u>(4,175)</u>		<u>(\$ 22,000)</u>			<u>30,930</u>				
Sofiva Genomics Bangkok Co., Ltd.	13,500	(1,432)	-	-	(1,408)	-	-	-	13,500	90%	(2,840)	(214.59)	(\$ 2,897)	None	
Increase (decrease):															
Cumulative translation adjustment		(43)		-	-	(14)	-	-			(57)				
		<u>(1,475)</u>		<u>-</u>	<u>(1,408)</u>	<u>(14)</u>		<u>-</u>			<u>(2,897)</u>				
DIANTHUS Company Limited	14,825,000	247,618	-	-	23,671	-	-	-	14,825,000	16.56%	271,289	23.48	\$348,092	None	
Increase (decrease):															
Distribution of cash dividends		(10,378)		-	-	(8,895)		-			(19,273)				
Changes in equity of associates accounted for using equity method due to the failure of subscribing new shares proportionately		97,345		-	-	-		-			97,345				
Changes in equity of associates accounted for using equity method due to the subscription of new shares proportionally		(1,269)		-	-	-		-			(1,269)				
		<u>333,316</u>		<u>-</u>	<u>23,671</u>	<u>(8,895)</u>		<u>-</u>			<u>348,092</u>				
		<u>\$ 389,398</u>		<u>\$ -</u>	<u>\$ 21,811</u>	<u>(\$ 13,084)</u>		<u>(\$ 22,000)</u>			<u>\$376,125</u>				

Sofiva Genomics Co. Ltd.

Statement of Changes in Cost and Accumulated Depreciation of Property, Plant and Equipment

As at December 31, 2023

Appendix 6

Items	(Expressed in thousands of New Taiwan dollars)					
	Balance at beginning of period	Increase in the current period	Decrease in the current period	Transfer in the current period	Balance at end of period	Guarantee or pledge
Cost						
Machinery equipment	\$ 90,708	\$ 19,803	(\$ 3,657)	\$ -	\$ 106,854	None
Transportation equipment	8,508	-	-	-	8,508	None
Office equipment	24,231	980	(61)	-	25,150	None
Leasehold improvement	28,333	-	-	--	28,333	None
Other	21,785	110	(226)		21,669	None
	<u>173,565</u>	<u>20,893</u>	<u>(3,944)</u>	<u>-</u>	<u>190,514</u>	
Accumulated depreciation						
Machinery equipment	(\$ 63,544)	(\$ 9,255)	\$ 3,657	-	(\$ 69,142)	
Transportation equipment	(6,866)	(1,284)	-	-	(8,150)	
Office equipment	(15,045)	(5,499)	61	-	(20,483)	
Leasehold improvement	(12,971)	(2,949)	-	-	(15,920)	
Other	(20,133)	(1,392)	226	-	(21,299)	
	<u>(118,559)</u>	<u>(\$ 20,379)</u>	<u>\$ 3,944</u>	<u>-</u>	<u>(134,994)</u>	
Total	<u>\$ 55,006</u>				<u>\$ 55,520</u>	

Note: With respect to the depreciation method and useful life thereof, please refer to Note 4(12) for more information.

Sofiva Genomics Co. Ltd.
Statement of Changes in Right-of-Use Assets
As at December 31, 2023

Appendix 7

(Expressed in thousands of New Taiwan dollars)

Items	Balance at beginning of period	Increase in the current period	Decrease in the current period	Transfer in the current period	Balance at end of period	Notes
Cost						
Office	\$ 118,155	\$ 1,748	(\$ 549)	\$ -	\$ 119,354	
Transportation equipment	-	1,907	-		1,907	
	<u>118,155</u>	<u>3,655</u>	<u>(\$ 549)</u>		<u>121,261</u>	
Accumulated depreciation						
Office	(49,591)	(12,593)	549		(61,995)	
Transportation equipment	-	(159)			(159)	
	<u>(49,591)</u>	<u>13,112</u>	<u>549</u>	<u>-</u>	<u>(62,154)</u>	
	<u>\$ 68,564</u>	<u>(\$ 9,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,107</u>	
\$						

Sofiva Genomics Co. Ltd.
Statement of Accounts Payable
December 31, 2023

Appendix 8

(Expressed in thousands of New Taiwan dollars)

Name	Summary	Amount	Notes
General suppliers:			
- Company A		\$ 9,243	All balance is maintained below 5% of the account balance
- Company B		1,486	
- Company C		3,936	
- Company E		4,294	
- Company G		2,854	
-Other		4,067	
		<u>25,880</u>	
Related parties:			
- Subsidiary – Sofiva Clinical Laboratory		\$ 9,504	All balance is maintained below 5% of the account balance
- Other related party – Sofiva Genomics Medical Laboratory		4,173	
-Other		1,031	
		<u>14,708</u>	
Total		\$ 40,588	

Sofiva Genomics Co. Ltd.
Statement of Lease Liabilities
December 31, 2023

Appendix 9

(Expressed in thousands of New Taiwan dollars)

Items	Lease period	Discount rate (%)	Balance
Office in the Baoqing Building	10 years	1.800%	\$ 52,833
Office in the Chongqing Building	10 years	1.800%	6,599
Kaohsiung Office	4 years	1.550%	1,322
Company car for the General Manager	3 years	2.303%	1,749
			62,503
			(13,351)
			\$ 49,152

Sofiva Genomics Co. Ltd.
Statement of Operating Income
As at December 31, 2023

Appendix 10

(Expressed in thousands of New Taiwan dollars)

Items	Quantity	Amount	Notes
Income generated from testing services	77,438 cases	\$ 459,546	
Other	790 cases	253	
		<u>\$ 459,799</u>	

Sofiva Genomics Co. Ltd.
Statement of Operating Costs
As at December 31, 2023

Appendix 11

(Expressed in thousands of New Taiwan dollars)

Items	Amount	Notes
Raw materials:		
Increase: Raw materials at beginning of period	\$ 58,224	
Increase in raw materials in the current period	149,330	
Sales return	274	
Decrease: Raw materials at end of period	(43,942)	
Expense derived from materials requisitioned by departments	(7,621)	
Requisition and sale	(59)	
Direct raw material consumption	156,206	
Direct labor	122	
Other operating costs	180,378	
Loss on price decline in inventory	160	
Gain from inventory price recovery	(656)	
Other	(61)	
Operating costs	<u>\$335,989</u>	

Sofiva Genomics Co. Ltd.
Statement of Other Operating Costs
As at December 31, 2023

Appendix 12

(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount	Notes
Consumable cost		\$ 12,705	
Testing fee		48,469	
Labor fee		70,232	
Depreciation expense		16,444	
Royalty		10,522	
Others		22,006	All balance is maintained below 5% of the account balance
		<u>\$ 180,378</u>	

Sofiva Genomics Co. Ltd.
Statement of Operating Expense
As at December 31, 2023

Appendix 13

(Expressed in thousands of New Taiwan dollars)

Items	Selling expense	Administrative expense	Research and development expense	Expected credit impairment loss (gain)	Total
Employee benefits expense	\$ 36,640	\$42,660	\$ 2,626	\$ -	\$ 81,926
Depreciation expense	2,164	14,049	834	-	17,047
Amortization expense	2	3,459	137	-	3,598
Advertising expenses	2,832	30	-	-	2,862
Donations	2,871	-	-	-	2,871
R&D consumables	-	-	5,469	-	5,469
Impairment gain determined in accordance with expected credit loss	-	-	-	3	3
Other(Note)	9,716	17,859	2,464	-	30,039
	<u>\$ 54,225</u>	<u>\$ 74,909</u>	<u>\$ 11,530</u>	<u>3</u>	<u>\$143,815</u>

Note: All balance is maintained below 5% of the account balance.

Sofiva Genomics Co. Ltd.

Summary of Employee Benefits, Depreciation, Impairment and Amortization Expenses incurred in the Current Period As at December 31, 2023 and 2022

Appendix 14

(Expressed in thousands of New Taiwan dollars)

Functions Nature	December 31, 2023			December 31, 2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salaries	\$ 122	\$ 68,336	\$ 68,458	\$ 450	\$ 70,539	\$ 70,989
Labor and national health insurance	-	6,056	6,056	-	5,616	5,616
Pension	-	2,736	2,736	-	2,675	2,675
Board directors' remuneration	-	1,998	1,998	-	587	587
Other employee benefits	56	2,800	2,856	40	2,974	3,014
Depreciation	16,444	17,047	33,491	13,649	19,643	33,292
Amortization	1,261	3,598	4,859	1,036	2,662	3,698

1. The number of employees for the year and previous year was 95 and 90 people, respectively. Among them, the number of non-employee board members was 6 people for both years.
2. Listed or OTC companies shall disclose the following information:
 - (1) The average of employee benefits expense of the year is \$900 ("Employee benefits expense of the year - Board directors' remuneration" / "Number of employees of the year - Non-employee board members").
The average of employee benefits expense of the previous year was \$980 ("Employee benefits expense of the previous year - Board directors' remuneration" / "Number of employees of the previous year - Non-employee board members").
 - (2) The average of employee salary of the year is \$769 (Employee salary of the year / "Number of employees of the year - Non-employee board members").
The average of employee salary of the previous year was \$845 (Employee salary of the previous year / "Number of employees of the previous year - Non-employee board members").
 - (3) Adjustment to the average of employee salary is 8.99% ("Average of employee salary of the year - The average of employee salary of the previous year" / "Average of employee salary of the previous year").
 - (4) No remuneration for supervisor as the Company has an audit committee.
 - (5) The Company's compensation and remuneration policy (including directors, managers and employees) is as follows:
 - A. Directors and independent directors
 - (a) Compensation: The board of directors is authorized to determine directors' compensation based on directors' participation in and contribution to the Company's operations; and on industry's standards. Independent directors' compensation is, on the other hand, suggested by the Company's compensation committee and then submitted to the board of directors for approval. Independent directors' compensation may be different from that of the directors based on grounds.
 - (b) Remuneration: According to the Company's Articles of Incorporation, the Company may distribute remuneration to directors in case of having any profit in the year; and the amount thereof shall not exceed 2% of distributable profit.
 - (c) Allowance for professional practice: The attendance fee of the directors and independent directors shall be determined by the board of directors.
 - B. Managers and employees
 - (a) Salary: The salary shall be determined based on the industry's standards; and on the level agreed by both the Company and employee at the time of employment.
 - (b) Bonus: Including year-end bonus and performance bonus. The bonus shall be distributed according to the Company's operating performance and employees' individual performance.
 - (c) Employees' compensation: According to the Company's Articles of Incorporation, the Company may distribute compensation to employees in case of having any profit in the year; and the amount thereof shall be 1% to 10% of distributable profit.

CPA Stamp Certificate of Certified Public Accountant Associations, Taipei City

Member(s): (1) Yu Chih-fan
(2) Chih Ping-chun

Bei-Shih-Cai-Jheng-Zi No. 1130109

CPA Firm: PricewaterhouseCoopers
Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City
Telephone: (02) 2729-6666

Business Tax No. of
the Firm: 03932533

Member Certificate No.: (1) Bei-Shih-Hui-Jheng-Zi No. 4448
(2)Bei-Shih-Hui-Jheng-Zi No. 2087

Business Tax No. of
the Agent: 53710986

Purpose of Stamp Certificate

For the audit of Sofiva Genomics Co., Ltd.’s financial statements for year
ended December 31, 2023.

Signature (1)	Yu Chih-fan	Chop (1)	
Signature (2)	Chih Ping-chun	Chop (2)	

Chairman:

Approved by:

Date: January 4, 2024