MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Financial Statements and Independent Auditors' Report

2023 and 2022

(Stock Code 7731)

Company Address: 5F., No. 655, Bannan Rd., Zhonghe Dist., New Taipei City

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2023 and 2022 Financial Statements and Independent Auditors' Report

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Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23005216

To: MARX Biotech Co.

Audit Opinions

MARX Biotech Co.'s Balance Sheets as of December 31, 2023, and 2022, in addition to the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2023, and 2022, have been audited by the CPAs.

In our opinion, the Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the financial conditions of MARX Biotech Co. as of December 31, 2023, and 2022, as well as the financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MARX Biotech Co. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of MARX Biotech Co. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the 2023 Financial Statements of MARX Biotech Co. are stated as follows:

Evaluation of Inventory Provision for Impairment Loss

Explanation of Matters

Regarding the accounting policy for inventory valuation, please see Note 4 (8) of the financial statements. For the uncertainty of accounting estimates and assumptions for inventory valuation, please see Note 5 (2) of the financial statements. For the explanation of inventory accounting items, please see Note 6 (3) of the financial statements.

MARX Biotech Co. is primarily involved in the sale of health food products. However, due to the wide variety of products and their expiration dates, there is an increased risk of inventory obsolescence. The auditor has identified the valuation of inventory as one of the key audit matters due to the subjective judgment involved in the inventory impairment evaluation process and the significant amount of inventory held by the Company.

Audit Procedures

The auditor performs the following main audit procedures for the specific aspects mentioned in the key audit matters mentioned above:

1. The Company evaluates the provision policy and procedures for inventory impairment losses based on our understanding of the Company's operations and industry. We ensure the consistency of these policies and procedures throughout the financial reporting period.

2. The inventory net realizable value report was reviewed to ensure its calculation logic and related parameters, including source data such as sales and procurement files, were tested.

3. To assess the appropriateness of recognizing provisions for impairment losses, gather information on the expiration dates of different inventories and conduct random checks on relevant supporting documents.

4. Verify the relevant information obtained from the inventory counting process and consult with management and relevant personnel involved in inventory to ensure that there are no significant instances of inventory obsolescence, remaining items, excessive aging, outdated items, or omitted damaged items in the inventory records.

Refund Liabilities for Estimated Sales Returns

Explanation of Matters

Regarding refund liabilities - the accounting policy for estimated sales returns is detailed in Note 4 (22) of the financial statements; refund liabilities - the accounting estimates and assumptions of uncertainty for estimated sales returns are detailed in Note 5 (2) of the financial statements; refund liabilities - the explanation of the accounting item for estimated sales returns is detailed in Note 6 (12) of the financial statements.

MARX Biotech Co. acknowledges its responsibility for issuing refund liabilities for estimated sales returns. The refund liabilities for estimated sales returns is primarily derived from historical sales data. Given the significant uncertainty surrounding the refund liabilities for estimated sales returns, the auditor deems it a critical audit matter.

Audit Procedures

The auditor performs the following main audit procedures for the specific aspects mentioned in the key audit matters mentioned above:

1. Based on our understanding of the company's operations and the nature of the industry, we have evaluated the reasonableness of the provision for refund liabilities for estimated sales returns by considering historical return experiences.

2. Verification of the accuracy of the refund liabilities for estimated sales returns for the sampled testing, including the calculation of the quantity of goods returned and the projected return rate.

3. After the verification period, the reversed amount and the relevant supporting documents are checked to assess the appropriateness of the sales return period.

Business combinations

Explanation of Matters

For accounting policies related to corporate mergers, please refer to Note 4 (24) of the financial statements. For explanations on the accounting treatment of corporate mergers, please refer to Note 6 (22) of the financial statements.

MARX Biotech Co. acquired 100% equity of Phargoods Co., Ltd. for NT$49,988 thousand on July 3, 2023. On October 1, 2023, the Company merged with its subsidiary, Phargoods Co., Ltd., in a simplified merger. Additionally, on September 30, 2023, MARX Biotech Co. purchased the business of Snowiou International Marketing Company Limited for NT$41,603 thousand. The audit of the merger transaction is considered to be one of the most important matters to be audited due to the substantial amount of the merger consideration, the resulting intangible assets, the recognition of the net fair value of identifiable assets and liabilities, and the identification of intangible assets based on management's subjective judgments.

Audit Procedures

The auditor performs the following main audit procedures for the specific aspects mentioned in the key audit matters mentioned above:

1. Evaluate the suitability and objectivity of external experts appointed by management.
2. The auditors reviewed the reasonableness of the recognition of intangible assets in the purchase price allocation, the fair value measurement of identifiable intangible assets, the discount rate, and the calculation of goodwill.

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

To ensure that the Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudently Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Financial Statements.

In preparing the Financial Statements, the management is responsible for assessing MARX Biotech Co.'s ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate MARX Biotech Co. 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 MARX Biotech Co.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 the 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. If the individual amounts or aggregate totals that are not accurately represented can reasonably be expected to influence the economic decisions made by users of the financial statements, then they are considered to be material.

As part of an audit in accordance with the 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 evaluate the risk of material misstatements due to fraud or error in the Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of MARX Biotech Co.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of the 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 MARX Biotech Co.'s ability to operate 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 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 MARX Biotech Co. to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Financial Statements (including relevant Notes), and whether the Financial Statements fairly present relevant transactions and items.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of MARX Biotech Co.'s Financial Statements for the year ended December 31, 2023. 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.

PwC Taiwan

Yen Yu-Fang

CPAs

Teng Sheng-Wei

Financial Supervisory Commission

Approval Document No.:

Jin-Guan-Zheng-Shen-Zi No. 1080323093

Jin-Guan-Zheng-Shen-Zi No. 1020013788

March 13, 2024

MARX Biotech Co.
(Formerly known as Morrison Investment Co., Ltd.)
Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Assets	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 152,827	39	$ 27,732	27
1150	Net notes receivable	6 (2)	256	-	6,426	6
1170	Net accounts receivable	6 (2)	98,166	25	48,522	47
1200	Other receivables		2,437	1	-	-
1220	Current income tax assets		2,181	-	-	-
130X	Inventories	6 (3)	70,001	18	11,998	12
1410	Prepayment		13,982	3	830	1
1470	Other current assets		3,193	1	560	-
11XX	**Total current assets**		343,043	87	96,068	93
	Non-current assets					
1600	Property, plant, and equipment	6 (4)	2,429	1	903	1
1755	Right-of-use assets	6 (6)	1,828	-	3,823	4
1780	Intangible assets	6 (5)	35,475	9	-	-
1840	Deferred income tax assets	6 (20)	4,919	1	1,942	2
1900	Other non-current assets	6 (7)	7,153	2	450	-
15XX	**Total non-current assets**		51,804	13	7,118	7
1XXX	**Total assets**		$ 394,847	100	$ 103,186	100
	Liabilities and Equity					
	Current liabilities					
2100	Short-term loans	6 (9) and 7(3)	$ -	-	$ 10,000	10
2130	Contract liabilities- current	6 (16)	14,840	4	24	-
2170	Accounts payable		23,718	6	5,260	5
2200	Other payables	6 (8) and 7	47,776	12	17,403	17
2220	Other payables - related parties	7	2,155	1	-	-
2230	Current income tax liabilities		-	-	3,414	3
2250	Provision for liabilities - current	6 (12)	10,244	3	2,258	2
2280	Lease liabilities - current		1,262	-	2,967	3
2300	Other current liabilities		1,041	-	177	-
21XX	**Total current liabilities**		101,036	26	41,503	40
	Non-current liabilities					
2570	Deferred income tax liabilities	6 (20)	198	-	80	-
2580	Lease liabilities - non-current		622	-	871	1
25XX	**Total non-current liabilities**		820	-	951	1
2XXX	**Total liabilities**		101,856	26	42,454	41
	Equity					
	Capital stock	6 (11) (13)				
3110	Capital stock - common shares		124,514	32	40,802	40
	Capital surplus	6 (14)				
3200	Capital surplus		186,031	47	17,979	17
	Retained earnings	6 (15)				
3310	Legal reserve		2,020	-	817	1
3350	Unappropriated earnings		(19,574)	(5)	1,134	1
3XXX	**Total equity**		292,991	74	60,732	59
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 394,847	100	$ 103,186	100

Please refer to the attached financial statement notes, which are included in this report.

Chairman: Lin Yu-Lung Manager: Yang Yan-Chao Accounting Supervisor: Chen Yue-Yuan

MARX Biotech Co.
(Formerly known as Morrison Investment Co., Ltd.)
Statements of Comprehensive Income
January 1 to December 31, 2023, and 2022

Unit: NT$ thousand
(Except for earnings (loss) per share of NT$)

	Item	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6 (16)	$ 289,925	100	$ 110,642	100
5000	Operating costs	6 (3)	(75,333)	(26)	(26,432)	(24)
5950	Net gross profit		214,592	74	84,210	76
	Operating expenses	6 (18) (19) and 7				
6100	Selling and marketing expenses		(200,564)	(69)	(70,047)	(63)
6200	General and administrative expenses		(27,767)	(10)	(12,271)	(11)
6300	Research and Development Expenses		(597)	-	-	-
6450	Expected credit loss	12 (2)	(2,553)	(1)	(994)	(1)
6000	Total operating expenses		(231,481)	(80)	(83,312)	(75)
6900	Operating (loss) profit		(16,889)	(6)	898	1
	Non-operating income and expenses					
7100	Interest income		530	-	37	-
7010	Other income		1,928	1	4,380	4
7020	Other gains and losses		(685)	-	(295)	-
7050	Finance costs	6 (17)	(372)	-	(114)	-
7000	Total non-operating income and expenses		1,401	1	4,008	4
7900	**Net income (loss) before tax**		(15,488)	(5)	4,906	5
7950	Income tax benefit (expense)	6 (20)	2,571	1	(2,075)	(2)
8200	**Current net income (loss)**		($ 12,917)	(4)	$ 2,831	3
8500	**Current total comprehensive income**		($ 12,917)	(4)	$ 2,831	3
	Earnings per share (loss)	6 (21)				
9750	Basic EPS (loss)		($ 0.06)		$ 0.02	
9850	Diluted EPS (loss)		($ 0.06)		$ 0.02	

Please refer to the attached financial statement notes, which are included in this report.

Chairman: Lin Yu-Lung Manager: Yang Yan-Chao Accounting Supervisor: Chen Yue-Yuan

MARX Biotech Co.
(Formerly known as Morrison Investment Co., Ltd.)
Statements of Changes in Equity
January 1 to December 31, 2023, and 2022

Unit: NT$ thousand

	Note	Capital stock - common shares	Capital surplus: Issue premium	Capital surplus: Employees stock option	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Total
2022							
Balance as of January 1, 2022		$ 8,046	$ 42,245	$ 7,156	$ -	$ 8,167	$ 65,614
Current net income		-	-	-	-	2,831	2,831
Current total comprehensive income		-	-	-	-	2,831	2,831
Reverse merger adjustment	6 (14) (22)	31,059	(24,266)	(7,156)	-	-	(363)
Distribution of Earnings:	6 (15)						
Legal reserve		-	-	-	817	(817)	-
Cash dividends		-	-	-	-	(7,350)	(7,350)
Stock Dividends		1,697	-	-	-	(1,697)	-
Balance as of December 31, 2022		$ 40,802	$ 17,979	$ -	$ 817	$ 1,134	$ 60,732
2023							
Balance as of January 1, 2023		$ 40,802	$ 17,979	$ -	$ 817	$ 1,134	$ 60,732
Current net loss		-	-	-	-	(12,917)	(12,917)
Current total comprehensive income		-	-	-	-	(12,917)	(12,917)
Cash capital increase	6 (13)	16,250	153,750	-	-	-	170,000
Employees stock option	6 (13)	8,647	73,117	-	-	-	81,764
Capital increase through capitalization of capital reserve	6 (13)	58,815	(58,815)	-	-	-	-
Distribution of Earnings:	6 (15)						
Legal reserve		-	-	-	1,203	(1,203)	-
Cash dividends		-	-	-	-	(6,588)	(6,588)
Balance as of December 31, 2023		$ 124,514	$ 186,031	$ -	$ 2,020	($ 19,574)	$ 292,991

Please refer to the attached financial statement notes, which are included in this report.

Chairman: Lin Yu-Lung　　Manager: Yang Yan-Chao　　Accounting Supervisor: Chen Yue-Yuan

MARX Biotech Co.
(Formerly known as Morrison Investment Co., Ltd.)
Statements of Cash Flows
January 1 to December 31, 2023, and 2022

Unit: NT$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows from operating activities			
Current net income (loss) before tax		($ 15,488)	$ 4,906
Adjustment item			
Adjustments:			
Depreciation expenses	6 (4) (6) (18)	2,383	1,948
Amortization expenses		2,211	-
Expected credit loss	12 (2)	2,888	994
Interest expenses	6 (17)	372	114
Interest income		(530)	(38)
Loss on disposal of property, plant, and equipment	6 (4)	-	99
Gains on lease modifications		(24)	-
Costs of property, plant, and equipment	6 (4)	1,425	-
Changes in operating assets / liabilities			
Changes in operating assets			
Notes receivable		6,170	(2,451)
Accounts receivable		(40,840)	5,042
Prepayment		(13,152)	810
Other receivables		(4,618)	2,869
Inventories		(6,647)	(2,975)
Other current assets		1,151	(393)
Other non-current assets		2,991	-
Changes in operating liabilities			
Accounts payable		3,134	(1,054)
Contract liabilities		14,816	-
Other payables		29,029	3,512
Other payables- related parties		2,155	-
Provision for liabilities - current		7,986	2,258
Other current liabilities		(5,064)	(12)
Cash (outflow) inflow from operations		(9,652)	15,629
Interest received		530	38
Interest paid		(372)	(107)
Current paid income tax		(4,648)	(4,121)
Net cash inflow (outflow) generated from operating activities		(14,142)	11,439
Cash flows from investing activities			
Acquisition of subsidiary (excluding cash acquired)	6 (22)	(72,388)	-
The cash amount obtained from the initial reverse merger acquisition	6 (22)	-	178
Acquisition of property, plant, and equipment	6 (23)	(1,039)	(696)
Acquisition of intangible assets	6 (5)	(702)	-
Increase in refundable deposits		(3,965)	(275)
Net cash flows used in investing activities		(78,094)	(793)
Cash flows from financing activities			
Increase in short-term loans (decrease)		(25,991)	10,000
Repayment of the principal portion of lease	6 (24)	(1,854)	(1,697)
Cash dividends paid	6 (15)	(6,588)	(7,350)
Cash capital increase	6 (14)	170,000	-
Employees stock option	6 (11)	81,764	-
Net cash outflow used in financing activities		217,331	953
Increase in cash and cash equivalents for the current		125,095	11,599
Cash and cash equivalents at the beginning of period		27,732	16,133
Cash and cash equivalents at the end of period		$ 152,827	$ 27,732

Please refer to the attached financial statement notes, which are included in this report.

Chairman: Lin Yu-Lung Manager: Yang Yan-Chao Accounting Supervisor: Chen Yue-Yuan

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Notes to Financial Statements

2023 and 2022

Unit: NT$ thousand

(unless stated otherwise)

I. Company History

MARX Biotech Co. (hereinafter referred to as "the Company") was formerly known as "Morrison Investment Co., Ltd." The name changes to "MARX Biotech Co." was approved by the Extraordinary Shareholders' Meeting on November 12, 2021. The Company was established and approved by the Ministry of Economic Affairs on May 13, 2021, with its primary business activities focused on the sale of health food products.

The Company has successfully completed the merger with Taizaku Biotech Co., Ltd (hereinafter referred to as "Taizaku Biotech") in accordance with the Business Mergers and Acquisitions Act and other applicable laws and regulations, effective from January 1, 2022 (the merger reference date). As part of the merger, the Company issued new shares to the shareholders of Taizaku Biotech as compensation for assuming all the rights and obligations of Taizaku Biotech. The exchange ratio for the merger between the two parties is 1.22 shares of our common stock for every share of Taizaku Biotech's common stock, totaling 62,117 thousand shares. The Company will be the surviving company. After conducting a thorough assessment, it has been determined that this case of merger and acquisition is a reverse acquisition. As a result, the financial statements issued by the Company are regarded as a continuation of the Taizaku Biotech.

On September 30, 2023 (as of the transaction reference date), the Company successfully acquired the inventory and trademark rights of Snowiou International Marketing Company Limited for a total transaction amount of NT$41,603 in cash.

The Company merged with its subsidiary, Phargoods Co., Ltd., on October 1, 2023 (the merger reference date), in accordance with the Business Mergers and Acquisitions Act and other relevant laws and regulations. On July 3, 2023 (the equity acquisition reference date), the Company acquired 100% of the shares of Phargoods Co., Ltd. for a total transaction amount of NT$49,988 in cash. The merger with Phargoods Co., Ltd. was approved by the Board of Directors on August 9, 2023.

As of December 31, 2023, the Company's authorized capital and paid-in capital amounted to NT$1,000,000 and NT$124,514, respectively.

II. Date and Procedures of Authorization of Financial Statements

The Financial Statements have been approved and reported by the Board of Directors on March 13, 2024.

III. Application of New and Amended Standards and Interpretations

(I) The impact of the newly adopted and effective International Financial Reporting Standards (IFRS), which have been approved and published by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The table below provides a list of the new, revised, and amended accounting standards and interpretations of International Financial Reporting Standards (IFRS) that have been approved and published by the Financial Supervisory Commission (FSC) for application in 2023:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments 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
Amendment to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The Company has evaluated the aforementioned criteria and interpretations and has concluded that they do not have a significant impact on the Company's financial condition and financial performance.

(II) The impact of the newly adopted and effective International Financial Reporting Standards (IFRS), which have not been approved and published by the FSC

The table below provides a list of the new, revised, and amended accounting standards and interpretations of International Financial Reporting Standards (IFRS) that have been approved by the FSC for application in 2024:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB
Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Company has evaluated the aforementioned criteria and interpretations and has concluded that they do not have a significant impact on the Company's financial condition and financial performance.

(III) IFRSs issued by the International Accounting Standards Board but not yet endorsed and issued into effect by the FSC

The table below provides a list of the new, revised, and amended accounting standards and interpretations of IFRSs issued by the International Accounting Standards Board but not yet endorsed and issued into effect by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Pending the decision of the IASB.
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company has evaluated the aforementioned criteria and interpretations and has concluded that they do not have a significant impact on the Company's financial condition and financial performance.

IV. Summary of Significant Accounting Policies

The main accounting policies for preparing this financial report are explained as follows. Unless otherwise specified, these policies apply consistently throughout the reporting period.

(I) Statement of compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, explanation and announcement of explanations (hereinafter referred to as the "IFRSs") endorsed and issued into effect by FSC.

(II) Preparation basis

1. This financial report has been prepared on a historical cost basis.
2. When preparing financial statements in accordance with IFRSs, it is necessary to make certain significant accounting estimates. The Company's accounting policies also require management to exercise judgment, especially in areas that involve a high degree of judgment or complexity, or where significant assumptions and estimates are made in the financial statements. Please see Note 5 for more information.

(III) Foreign currency conversion

The items listed in the Company's financial statements are measured in the currency (functional currency) of the primary economic condition in which we operate. The Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

(IV) Standards for assets and liabilities classified as current and non-current

1. Assets that meet any of the following conditions are classified as current assets:
   (1) The asset is expected to be realized either during the normal operating cycle or through sale or consumption.
   (2) Held primarily for trading purposes.
   (3) Assets are expected to be realized within 12 months after the balance sheet date.
   (4) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

   The Company classifies all assets that do not meet the above criteria as non-current.
2. Liabilities that meet any of the following conditions are classified as current liabilities:
   (1) The repayment is expected to be made within the regular business cycle.
   (2) Held primarily for trading purposes.
   (3) Expected to settlement within 12 months after the balance sheet date.
   (4) With a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet. The counterparty has the option to settle the terms of the liability by issuing equity instruments, without impacting its classification.

   The Company classifies all liabilities that do not meet the above criteria as non-current.

(V) Accounts receivable and notes receivable

1. The term refers to the unconditional receivables and promissory notes that are acquired through the transfer of goods or services, as specified in the contract.
2. For short-term accounts receivable and notes receivable that have not accrued interest, the Company measures them based on the original invoice amount, as the impact of discounting is negligible.

(VI) Impairment of financial assets

On each balance sheet date, the Company measures financial assets at amortized cost, considering all relevant and verifiable information (including prospective information). For assets where the credit risk has not significantly increased since initial recognition, the Company calculates the allowance for expected credit losses based on a 12-month expected credit loss amount. For assets where the credit risk has significantly increased since initial recognition, the Company calculates the allowance for expected credit losses based on the expected credit loss amount over the remaining period. For accounts receivable that do not include significant financing components, the Company calculates the allowance for expected credit losses based on the expected credit loss amount over the remaining period.

(VII) Derecognition of financial assets

When the Company meets any of the following conditions, it will exclude financial assets:

1. Recognition of impairment loss on cash flows from financial assets.
2. The contractual rights to receive cash flows from the transfer of financial assets have been transferred, and nearly all risks and rewards of ownership of the financial assets have been transferred.
3. Transfer of contractual rights to receive the cash flows of financial assets, but without retaining control over the financial assets.

(VIII) Inventories

Inventory is valued at the lower of cost or net realizable value, with the cost calculated using the weighted average method. The cost of finished products includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses. However, it does not include borrowing costs. When comparing the cost and net present value, we adopt the item-by-item comparison method. The net present value is the balance obtained by subtracting the estimated cost of completion and the estimated cost of sale from the estimated selling price during the normal business process.

(IX) Property, plant, and equipment

1. Property, plant, and equipment are recorded at their acquisition cost.

2. The subsequent costs are only included in the book value of assets or recognized as separate assets when they are likely to be incurred by the Company and when the costs of the project can be accurately measured in relation to the future economic benefits of the project. The book value of the reset portion should be excluded. All other maintenance expenses are recognized as current expenses when they are incurred.

3. The cost model is used to measure property, plant, and equipment. Depreciation is then calculated using the straight-line method, based on the estimated useful life. If the components of property, plant, and equipment are significant, then depreciation should be listed separately.

4. At the end of each fiscal year, the Company conducts a review of the residual value, useful life, and depreciation methods of all assets. If the expected values of the residual value and useful life differ from the previous estimates, or if there have been significant changes in the expected consumption pattern of future economic benefits associated with the assets, we will adjust the accounting estimates in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", effective from the date of the change. The useful life of each asset is as follows:

Office Equipment	5 years
Leased Improvements	3 years

(X) Lessee's Lease Transaction - Right-of-Use Assets and Lease Liabilities

1. Leased assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Company. When the lease contract is for a short-term lease or for leasing low-value assets, the lease payments are recognized as expenses using the straight-line method over the duration of the lease.

2. Lease liabilities are recognized as the present value of lease payments that have not yet been paid as of the lease commencement date. These lease payments are discounted at the Company's incremental borrowing rate. The lease payments consist of fixed payments, after deducting any lease incentives that the Company is entitled to receive. Interest expense is recognized using the effective interest method, which is based on the amortized cost. This expense is recorded throughout the lease term. When changes are made to the lease agreement that do not affect the lease term or lease payments, the lease liability will be reassessed, and the right-of-use asset will be adjusted accordingly.

3. The right-of-use assets are recognized at cost on the lease commencement date, which includes:

(1) The original measurement amount of lease liabilities;

(2) Any lease payments made on or before the commencement date;

(3) Any direct costs incurred.

Depreciation expense will be recognized using the subsequent cost model, either when the useful life of the right-of-use asset expires or when the lease term expires, whichever occurs earlier. When lease liabilities are remeasured, the right-of-use assets will adjust for any revaluation amounts of lease liabilities.

(XI) Intangible assets

1. Trademarks and Franchises

Recognition of the cost is achieved by separately acquiring the trademark and franchises. However, when the trademark and franchises are obtained through corporate mergers, they are recognized at their fair value on the acquisition date. Trademarks and franchises are considered limited-life assets and are amortized using the straight-line method over an estimated useful life of 1.3 to 5.5 years.

2. Computer Software

Computer software is recognized as an expense and amortized for 5.25 years using the straight-line method, in accordance with its estimated useful life.

3. Goodwill

Goodwill is built through the Business Mergers and Acquisitions Act.

(XII) Impairment of non-financial assets

On the balance sheet date, the Company assesses the recoverable amount of assets that show indicators of impairment. If the recoverable amount is less than the carrying value, an impairment loss is recognized. The recyclable amount refers to the higher value between the fair value minus disposal cost and the utility value of an asset.

(XIII) Loans

This refers to the funds borrowed from banks, both long-term and short-term. The Company initially recognizes the fair value, less transaction costs. Subsequently, any difference between the price paid, after deducting transaction costs, and the redemption value is recognized as interest expense over the term of circulation using the effective interest method.

(XIV) Accounts payable and notes payable

1. The term refers to the debts incurred from the purchase of raw materials, goods, or services, as well as the notes payable that arise from both business and non-business

activities.

2. For short-term accounts payable and notes payable that have not accrued interest, the Company measures them based on the original invoice amount, as the impact of discounting is negligible.

(XV) Derecognition of financial liabilities

The Company shall exclude financial liabilities when performing, canceling, or expiring obligations as stipulated in the contract.

(XVI) Provision for liabilities

The provision for liabilities is recognized when there is a current legal or constructive obligation arising from past events. It is likely that there will be a need to allocate economic resources to fulfill the obligation, and the amount of the obligation can be accurately determined. The provision for liabilities is measured based on the best estimated present value of the expenditure needed to settle the obligation on the balance sheet date. The discount rate used is the discount rate before tax that reflects the market's assessment of the time value of money and the specific risks associated with the liabilities. The amortization of the discount is recognized as interest expense. Future operating losses will not be recognized as liability provisions.

(XVII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the expected undiscounted amount and recognized as an expense when the services are provided.

2. Pension

Defined contribution plans

The amount of retirement funds to be allocated shall be recognized as the current retirement benefit cost, determined based on the defined contribution plan according to responsibility and occurrence. Prepaid contributions are recognized as assets when they can be refunded in cash or when they result in reduced future payments.

3. Employee and Director Remuneration

Employee and director remuneration is recognized as expenses and liabilities once there is a legal or presumptive obligation, and the amounts can be reasonably estimated. If the actual distribution amount differs from the estimated amount, the accounting estimate value should be adjusted.

(XVIII) Employee Share-Based Payment

The share-based payment agreement for equity settlement recognizes the employee services acquired on the grant date at the fair value of the equity instruments granted. This recognition is considered a cost of remuneration during the vesting period and is adjusted accordingly for equity. The fair value of equity instruments should consider the influence of current and potential market conditions. The recognized remuneration cost is adjusted based on the expected quantity of rewards that will satisfy the service and non-market-based conditions. The final recognized amount is determined by the quantity obtained on the date of acquisition. The date of granting the share-based payment agreement is the date when the subscription price and number of shares have been determined.

(XIX) Income Tax

1. Current income tax expenses and deferred income tax. Income tax is recorded in the income statement, except for income tax items that are included in other comprehensive income or directly in equity.
2. The Company calculates its current income tax based on the tax rates that have been legislated or substantially legislated as of the balance sheet date. Management assesses the status of income tax filings in accordance with the relevant income tax regulations. When necessary, they estimate the income tax liability by considering the expected tax payments to be made to the tax authorities. The income tax on undistributed earnings is levied in accordance with the Income Tax Act. Once the shareholders' meeting approves the distribution earnings for the year following the year in which the surplus is generated, the income tax expense on undistributed earnings is recognized based on the actual distribution earnings.
3. Deferred income taxes are recognized using the balance sheet method, which is based on the taxable basis of assets and liabilities, as well as the temporary differences that arise from the carrying amount in the individual balance sheet. Deferred income taxes are recognized based on the legislation or substantial legislation in effect as of the balance sheet date, as well as the applicable tax rate (and tax law) that are expected to be in effect when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets can be utilized to offset future taxable income in relation to temporary differences and are evaluated on each balance sheet date for both recognized and unrecognized deferred income tax assets.

(XX) Capital stock

Common stock is classified as equity. The amount remaining after deducting income tax from the increased cost directly associated with the issuance of new shares or stock options will be recorded as a deduction from the equity.

(XXI) Dividend Distribution

The dividends allocated to the Company's shareholders are recognized in the financial reports once they are approved at the Shareholders' Meeting. Cash dividends are recorded as liabilities, while stock dividends are recorded as undistributed stock dividends and converted to common stock on the date of new share issuance.

(XXII) Revenue recognition

1. Product sales

(1) The Company manufactures and sells health food products. Revenue from sales is recognized when the products are delivered to the customers, at which point control of the products is transferred. The customers have the discretion to choose the distribution channels and prices for the products. The Company has no further obligations that could impact the acceptance of the products. When the product is delivered to the designated location, the risks of obsolescence, deterioration, and loss are transferred to the customer. Delivery occurs when the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.

(2) Accounts receivable are recognized when goods are delivered to customers, in accordance with the terms of the transaction. The Company has an absolute right to the contract price and only requires the passage of time to collect payment from the customer.

2. Service revenue

The Company offers AI marketing consulting and pharmacy health education services. Service revenue is recognized as income in the financial reporting period when the services are provided to customers. Revenue from fixed-price contracts is recognized based on the proportion of services actually provided as of the balance sheet date to the total services to be provided. The completion percentage of the services is estimated by considering the proportion of services performed as of the financial reporting date to the total services to be performed.

(XXIII) Government subsidy

Government subsidies are recognized at fair value once it is reasonably assured that businesses will meet the conditions attached to the subsidies and receive them. If the government subsidy is intended to compensate for the Company's expenses, it should be recognized as current income in a systematic manner during the period when the related expenses are incurred.

(XXIV) Business combinations

1. The Company utilizes the Business Mergers and Acquisitions Act for corporate mergers. The merger consideration is determined by taking into account the fair value of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued. This consideration also includes the fair value of any assets and liabilities resulting from contingent consideration agreements. The costs associated with acquisitions are recognized as expenses when they are incurred. The assets and liabilities that are identifiable and acquired in a corporate merger are valued at their fair value as of the date of acquisition. Based on individual acquisition transactions, the components of non-controlling interests are currently owned equity interests, and their holders have the right to proportionally share in the net assets of the business upon liquidation. They can choose to measure their interests based on the fair value as of the acquisition date or based on the proportion of non-controlling interests to the identifiable net assets of the acquired entity. All other components of non-controlling interests are measured at fair value as of the acquisition date.
2. The fair value of the consideration transferred, the non-controlling interests of the acquiree, and the previously held equity interests of the acquiree, if it exceeds the fair value of the identifiable assets acquired and liabilities assumed, is recognized as goodwill on the acquisition date. If the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the consideration transferred, the non-controlling interests of the acquiree, and the previously held equity interests of the acquiree, a gain or loss is recognized in the current period on the acquisition date.
3. If the Company has not completed the measurement of identifiable assets and assumed liabilities acquired through business combinations, they should be recognized at provisional amounts as of the balance sheet date. Retrospective adjustments or recognition of additional assets or liabilities are required during the measurement period to reflect new information obtained on the facts and circumstances that existed on the acquisition date.

4. From an accounting perspective, in a reverse acquisition, the acquired company issues its shares to the shareholders of the acquiring company. Therefore, the accounting acquirer should recognize the fair value of the consideration paid to acquire the equity of the accounting acquiree on the acquisition date. This recognition is based on the principle of ensuring that the legal acquirer's ownership is proportionate to the equity of the post-reverse merger entity. If the legal acquiree needs to issue equity, the quantity should be determined accordingly. The fair value of the equity calculated using the aforementioned method can be used as the fair value of the consideration transferred to the acquirer in the exchange.
5. In a reverse acquisition, where the acquirer and the acquiree exchange equity only, if the fair value of the acquiree's equity on the acquisition date is a more reliable measure than the fair value of the acquirer's equity, the amount of goodwill is determined based on the fair value of the acquiree's equity, rather than the fair value of the transferred equity.
6. The Consolidated Financial Statements of a reverse merger should reflect the recognition and measurement of the carrying amount of the assets and liabilities of the acquired party before the merger, as well as the recognition of the carrying amount of its retained earnings prior to the merger. Conversely, the acquiring party should recognize and measure its assets and liabilities at fair value in accordance with legal requirements. The Consolidated Financial Statements' total equity is equal to the acquiree's total equity before the merger, plus the consideration for acquiring the acquiree.
7. The Consolidated Financial Statements prepared after a reverse acquisition are issued in the name of the legal acquirer (acquiree in the accounting). However, statements represent the continuation of the financial statements of the legal acquiree (acquirer in the accounting). Furthermore, it is necessary to retrospectively adjust the statutory capital in the accounting records to reflect the statutory capital of the acquiree.

(XXV) Operations Segment

The operations segment's internal management report is consistently presented to the key operational decision-makers in a standardized manner. The key operational decision-makers are responsible for allocating resources to the operating segments and evaluating their performance. The Board of Directors has been identified as the primary operational decision-makers of the Company.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing this Statement, managements have used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events as of the balance sheet date. Significant accounting estimates and assumptions may differ from actual results and will be continuously evaluated and adjusted based on historical experience and other factors. These estimates and assumptions pose the risk of substantial adjustments to the carrying amount of assets and liabilities in the upcoming year.

(I) Important judgments in accounting policy adoption:

None.

(II) Important accounting estimates and assumptions:

1. Inventory valuation

   The measurement is based on the lower of cost and net realizable value. The Company calculates the net realizable value of inventory by considering aging and identifying inventory with obsolescence on an individual basis. This process takes into account the discount rate based on historical sales. As a result, significant changes to the actual sales outcome in the future may occur.

   As of December 31, 2023, the evaluated carrying amount of inventory of the Company is NT$70,001.

2. Refund Liabilities - Estimated Sales Returns

   Revenue from sales is typically recognized once the profit process is completed. Related refund liabilities - estimated sales returns are calculated based on historical data and other factors that may lead to product returns. These estimated returns are deducted from sales revenue during the period of product sale. The Company conducts regular reviews to ensure the accuracy of the estimate.

   As of December 31, 2023, the Company has recognized refund liabilities for estimated sales returns. Please see Note 6 (12) for more information.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 416	$ 646
Time deposit	3,500	-
Demand deposit	148,911	27,086
	$ 152,827	$ 27,732

1. The financial institutions with which the Company engages have a strong credit rating. Additionally, the Company has mitigated credit risk by working with multiple financial institutions, thereby minimizing the likelihood of default.
2. The Company has not made any commitments to provide cash or cash equivalents.

(II) Notes and Accounts Receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 256	$ 6,426
Accounts receivable	$ 103,881	$ 51,349
Less: loss allowance	(5,715)	(2,827)
Accounts receivable	$ 98,166	$ 48,522

1. The aging analysis of accounts receivable and notes receivable are as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not Past Due	$ 93,339	$ 256	$ 31,030	$ 6,426
Within 30 days.	239	-	1,000	-
31-90 days	1,261	-	3,207	-
91-180 days	782	-	684	-
More than 181 days.	8,260	-	15,428	-
	$ 103,881	$ 256	$ 51,349	$ 6,426

The above analysis is based on the account age and the number of days overdue.

2. The balances of notes receivable and accounts receivable as of December 31, 2023, December 31, 2022, and January 1, 2022 were all derived from customer contracts.
3. The Company does not hold any collateral for accounts receivable or debts.
4. Without taking into account collateral or other credit enhancements, the maximum credit risk exposure for the Company's accounts receivable as of December 31, 2023, and December 31, 2022, is NT$256 and NT$6,426, respectively. The maximum credit risk exposure for the Company's accounts payable as of December 31, 2023, and December 31, 2022, is NT$103,881 and NT$51,349, respectively.

5. Please refer to Note 12, (2) for information regarding the credit risks associated with related accounts receivable and notes receivable.

(III) Inventories

	December 31, 2023		
	Cost	Loss on allowances	Carrying amount
Raw materials	$ 15,038	$ -	$ 15,038
Finished product	23,505	(1,712)	21,793
Commodities	35,386	(2,216)	33,170
	$ 73,929	($ 3,928)	$ 70,001

	December 31, 2022		
	Cost	Loss on allowances	Carrying amount
Raw materials	$ 837	$ -	$ 837
Finished product	11,105	(2,258)	8,847
Commodities	2,351	(37)	2,314
	$ 14,293	($ 2,295)	$ 11,998

Inventory-related expenses recognized in the current period:

	2023	2022
Cost of inventories sold	$ 73,457	$ 23,826
Falling price loss	1,306	2,295
Other costs	570	311
	$ 75,333	$ 26,432

(IV) Property, plant, and equipment

	Office Equipment	Leased Improvements	Transportation Equipment	Unfinished Projects and Pending Inspection Equipment	Total
January 1, 2023					
Cost	$ 1,025	$ 437	$ -	$ 24	$ 1,486
Accumulated depreciation	(245)	(338)	-	-	(583)
	$ 780	$ 99	$ -	$ 24	$ 903
2023					
January 1	$ 780	$ 99	$ -	$ 24	$ 903
Addition	956	-	-	3	959
Acquisition through business combinations	1,681	775	9	-	2,465

	Office Equipment	Leased Improvements	Transportation Equipment	Unfinished Projects and Pending Inspection Equipment	Total
Conversion expense	(1,322)	(94)	(9)		(1,425)
Transfer	24	-	-	(24)	-
Depreciation expenses	(147)	(326)	-	-	(473)
December 31	$ 1,972	$ 454	$ -	$ 3	$ 2,429
December 31, 2023					
Cost	$ 2,700	$ 1,098	$ -	$ 3	$ 3,801
Accumulated depreciation	(728)	(644)	-	-	(1,372)
	$ 1,972	$ 454	$ -	$ 3	$ 2,429

	Office Equipment	Leased Improvements	Transportation Equipment	Unfinished Projects and Pending Inspection Equipment	Total
January 1, 2022					
Cost	$ 555	$ 332	$ -	$ -	$ 887
Accumulated depreciation	(195)	(226)	-	-	(421)
	$ 360	$ 106	$ -	$ -	$ 466
2022					
January 1	$ 360	$ 106	$ -	$ -	$ 466
Addition	651	105	-	24	780
Disposal and obsolescence	(99)	-	-	-	(99)
Depreciation expenses	(132)	(112)	-	-	(244)
December 31	$ 780	$ 99	$ -	$ 24	$ 903
December 31, 2022					
Cost	$ 1,025	$ 437	$ -	$ 24	$ 1,486
Accumulated depreciation	(245)	(338)	-	-	(583)
	$ 780	$ 99	$ -	$ 24	$ 903

The Company has not provided any guarantees for property, plant, and equipment.

(V) Intangible assets

	2023				
	Trademarks and Franchises	Computer Software	Goodwill	Customer Relations	Total
January 1					
Cost	$ -	$ -	$ -	$ -	$ -
Accumulated amortization and impairment	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
January 1	$ -	$ -	$ -	$ -	$ -
Addition - Derived from individual acquisition	452	250	-	-	702
Addition - Acquisition through business combinations	11,563	127	5,372	19,922	36,984
Amortization expenses	(875)	(21)	-	(1,315)	(2,211)
December 31	$ 11,140	$ 356	$ 5,372	$ 18,607	$ 35,475
December 31					
Cost	$ 12,015	$ 377	$ 5,372	$ 19,922	$ 37,686
Accumulated amortization and impairment	(875)	(21)	-	(1,315)	(2,211)
	$ 11,140	$ 356	$ 5,372	$ 18,607	$ 35,475

1. The details of intangible asset amortization are as follows:

	2023	2022
Selling and marketing expenses	$ 21	$ -
General and administrative expenses	2,083	-
Cost of the premium	107	-
	$ 2,211	$ -

2. The recoverable amount of goodwill is assessed based on the value in use, which is calculated using the projected economic benefits of the relevant research and development projects.

   Based on the calculation of the recoverable amount using the value in use, it has been determined that the goodwill has not been impaired as it exceeds the carrying amount. The calculation of the value in use primarily takes into account the operating profit rate and discount rate.

The management determines the budgeted operating profit rate based on its market development expectations. The discount rate used is the weighted average cost of capital of the industry. In 2023, the discount rate used is 12.43%.

3. The allocation of goodwill to the cash-generating units of the Company is outlined in Note 6 (22).

(VI) Lease transaction - Lessee

1. The Company's leased assets include offices and company cars, with lease contracts ranging from 1 to 3 year(s). The lease contracts are negotiated on an individual basis and includes various terms and conditions. The leased assets cannot be used as collateral for borrowing, but there are no other restrictions imposed.

2. The lease term for the parking space rented by the Company shall not exceed 12 months.

3. The following information pertains to the carrying amount of the right-of-use assets and the recognized depreciation expenses:

	Carrying amount as of December 31, 2023	Depreciation expenses in 2023	Carrying amount as of December 31, 2022	Depreciation expenses in 2022
House (Office)	$ 1,360	$ 1,027	$ 2,176	$ 831
Transportation equipment (Company car)	468	883	1,647	873
	$ 1,828	$ 1,910	$ 3,823	$ 1,704

4. In 2023 and 2022, the Company added NT$1,627 and NT$3,500 in right-of-use assets, respectively.

5. The information regarding profit and loss items associated with lease contracts is as follows:

	2023	2022
Affecting current profit and loss		
Interest expense for lease liabilities	$ 47	$ 41
Costs of short-term lease contracts	2,478	45

6. The total cash outflow from leasing for 2023 and 2022 of the Company was NT$4,379 and NT$1,783, respectively.

(VII) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	$ 4,802	$ 450
Prepayment intangible asset	2,351	-
	$ 7,153	$ 450

(VIII) Other payables

	December 31, 2023	December 31, 2022
Advertising fees payable	$ 22,923	$ 4,555
Salaries and bonuses payable	9,026	3,640
Service charge for platforms payable	4,298	1,202
Professional service fee payable	2,817	1,640
Freight payable	705	1,942
Others	8,007	4,424
	$ 47,776	$ 17,403

(IX) Short-term loans

Nature of the loan	December 31, 2022	Interest Rate	Collateral
Bank loans			
Secured loans	$ 10,000	2%～2.14%	Note

No loans were issued in December 31, 2023.

Note: This loan is guaranteed not only by the credit guarantee fund but also by the Chairman and Directors of the Company. Please refer to Note 7 (3) for more information.

In 2023 and 2022, the interest expenses recorded in the income statement were NT$325 and NT$73, respectively.

(X) Pension

1. Since July 1, 2005, the Company has implemented a retirement scheme for Taiwanese employees in compliance with the "Labor Pension Act". Regarding the portion of the Company's retirement pension system that falls under the "Labor Pension Act", the Company will contribute 6% of the monthly salary to the employee's personal account at the Bureau of Labor Insurance. The payment of employee retirement pensions will be made either in monthly installments or as a

lump sum, depending on the balance in the employee's personal retirement account and accumulated earnings.

2. In 2023 and 2022, the Company recognized retirement pension costs of NT$1,185 and NT$535, respectively, in accordance with the aforementioned regulations.

(XI) Share-based payment

1. Detailed information regarding the share-based payment agreement is provided below:

Type of agreement	Grant date	Grant quantity	Contract period	Vesting condition
Capital increase retained employee subscription	2023.3.8	1,250	NA	Immediate vesting
Employees stock option plan	2023.5.31	11,000	NA	Immediate vesting
Capital increase retained employee subscription	2023.8.9	1,260	NA	Immediate vesting
Employees stock option plan	2023.10.3	6,294	NA	Immediate vesting

2. Detailed information regarding the share-based payment agreement aforementioned is provided below:

	2023		2022	
	Number of stock options (thousand shares)	Weighted average exercise price (NT$)	Number of stock options (thousand shares)	Weighted average exercise price (NT$)
Stock options to external parties at beginning of period on January 1	-	$ -	-	$ -
Current granting stock options	17,294	5	-	-
Current exercising stock options	(17,294)	5	-	-
Stock options to external parties at end of period on December 31	-	-	-	-
Exercising stock options at end of period on December 31	-	-	-	-

3. The Company granted share-based payment transactions on the grant date and utilized the Black-Scholes to estimate the fair value of stock options. The relevant information is as follows:

Type of agreement	Grant date	Stock price	Exercise price (NT$)	Expected volatility (Note)	Expected duration	Expected dividend	Risk-free interest rate	Fair value
Capital increase retained employee subscription	2023.3.8	$2.26	$ 4.00	41.14%	0.060 year	0%	0.8458%	$ -
Employees stock option plan	2023.5.31	2.66	4.00	34.13%	0.040 year	0%	0.8996%	-
Capital increase retained employee subscription	2023.8.9	2.13	6.00	30.02%	0.082 year	0%	0.7644%	-
Employees stock option plan	2023.10.3	2.28	6.00	28.36%	0.008 year	0%	0.8557%	-

Note: The expected volatility is calculated by using the stock price during the most recent period that corresponds to the expected duration of the stock option. It is estimated based on the standard deviation of the stock returns during that period.

4. In 2023 and 2022, the Company did not have any expenses associated with share-based payment transactions.

(XII) Provision for liabilities

Based on historical sales revenue data, the Company estimates and allocates the following provision for liabilities of the sales returns:

	2023	2022
Balance as of January 1	$ 2,258	$ -
Provision for the current period	7,986	2,258
December 31	$ 10,244	$ 2,258

(XIII) Capital stock

1. As of December 31, 2023, the Company has an authorized capital of NT$1,000,000, divided into 2,000,000 thousand shares. The paid-in capital is NT$124,514, with a par value of NT$0.5 per share. The capital raised from the issuance of shares by the Company has been fully collected.

2. The number of common shares and shares (thousand shares) outstanding at the beginning and end of the period for the Company has been adjusted as follows:

	2023	2022
January 1	81,604	16,092
Capital increase through capitalization of capital reserve	117,630	-
Employees stock option	17,294	-
Cash capital increase	32,500	-
Business combinations	-	62,117
Stock Dividends	-	3,395
December 31	249,028	81,604

3. On January 1, 2022, the Company issued 62,117 thousand shares to the shareholders of Taizaku Biotech in exchange for acquiring 79.42% of its common share. The common shares issued have the same rights as other shares that have been issued.
4. On March 6, 2023, the Company conducted a cash capital increase on the Board of Directors. We issued 12,500 thousand shares of common share at a price of NT$4 per share, resulting in a total capital of NT$50,000. The reference date for the capital increase is April 7, 2023, and the registration for the issuance of new shares was completed on May 4, 2023.
5. On May 8, 2023, the Board of Directors of the Company approved the immediate issuance of employee stock options for 11,000 thousand shares at a subscription price of NT$4 per share. A total of NT$44,000 has been received as subscription funds. The reference date for the capital increase is June 19, 2023, and the registration of the issuance of new shares was completed on July 7, 2023.
6. The Company decided to distribute 117,630 thousand shares from the capital surplus on June 6, 2023. Each share is distributed as 1.119177 shares. The reference date for the capital increase was July 11, 2023, and the registration change was on July 21, 2023.
7. On August 9, 2023, the Company conducted a cash capital increase on the Board of Directors. We issued 20,000 thousand shares of common shares at a price of NT$6 per share, resulting in a total capital of NT$120,000. The reference date for the capital increase is September 12, 2023, and the registration for the issuance of new shares was completed on September 14, 2023.
8. On September 11, 2023, the Board of Directors of the Company approved the immediate issuance of employee stock options for 6,294 thousand shares at a subscription price of NT$6 per share. A total of NT$37,764 has been received as subscription funds. The reference date for the capital increase is October 11, 2023,

and the registration of the issuance of new shares was completed on October 26, 2023.

(XIV) Capital surplus

According to the Company Act, any surplus resulting from the issuance of stocks that exceeds the face value, as well as any capital surplus received as gifts, shall be distributed to the original shareholders in the form of new shares or cash, proportionate to their holdings, unless it is being used to offset losses. In accordance with the relevant provisions of the Securities and Exchange Act, the allocation of capital surplus to increase capital should not exceed 10% of the paid-in capital annually. When the company's capital losses cannot be fully covered by the surplus reserve, they cannot be supplemented by capital reserves.

(XV) Accumulated deficit / retained earnings

1. If there is a surplus in the company's annual final accounts, in addition to paying all taxes and duties as required by law, the first step is to offset any losses from previous years. Then, 10% of the surplus should be allocated as legal reserves. Following that, special reserves should be allocated or converted in accordance with laws, regulations, or the provisions of the competent authority. However, if the legal reserves have already reached the paid-in capital, there is no need for further allocation. In addition to distributing dividends, any remaining surplus, along with the undistributed surplus from the beginning of the period, will be accumulated as distributable surplus. The Board of Directors will prepare a proposal for the distribution of the surplus and submit it to the Shareholders' Meeting for approval. Depending on the business situation, the Shareholders' Meeting may choose to retain all or part of the surplus.
2. The Company's dividend policy is designed to align with our current and future development plans. We take into consideration various factors such as the investment environment, capital requirements, domestic and international competition, and shareholder interests. Each year, we allocate dividends to shareholders, ensuring that they are not less than 30% of the distributable profits for that year. Shareholder dividends can be distributed in the form of cash or stock, with cash dividends constituting at least 10% of the total dividend amount.
3. In compliance with the Company Act, the Company is obligated to distribute profits or offset losses at the conclusion of each semi-annual fiscal year. When allocating the surplus for the first half of the fiscal year, it is necessary to first estimate and set aside the payable taxes, offset losses in accordance with the law, and allocate to the legal reserve. To distribute shareholder dividends in the first half of the fiscal year,

cash payments can be made with the approval of the Board of Directors. If the distribution is to be made through the issuance of new shares, it should be submitted to the Shareholders' Meeting for approval in accordance with the Company Act.

4. The reverse takeover of the Company with Taizaku Biotech has been legally dissolved since January 1, 2022 (the merger reference date). As a result, there will be no distribution of profits in 2021.

5. The Company 2021 distribution of profits was approved by the Shareholders' Meeting on June 30, 2022, information is as follows:

	2021	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 817	$ -
Distribution of Shareholder Stock Dividends	1,697	0.02
	$ 2,514	$ 0.02

6. The Company passed a resolution at the Extraordinary Shareholders' Meeting to distribute the earnings for the first half of 2022 on October 25, 2022, information is as follows:

	First half of 2022	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 491	$ -
Distribution of Shareholder Cash Dividends	7,350	0.09
	$ 7,841	$ 0.09

7. The Company's second half of 2022 distribution of profits was approved by the Shareholders' Meeting on June 6, 2023, information is as follows:

	Second half of 2022	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 712	$ -
Distribution of Shareholder Cash Dividends	6,588	0.07
	$ 7,300	$ 0.07

8. The Company's Board of Directors proposed to amend the 2022 distribution of earnings on March 13, 2024, information is as follows:

	2022	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 283	$ -
Distribution of Shareholder Cash Dividends	7,350	0.09
Distribution of Shareholder Cash Dividends	6,588	0.07
	$ 14,221	$ 0.16

Please refer to the Market Observation Post System for information on the distribution of profits as resolved in the Shareholders' Meeting.

9. The Company's Board of Directors decided to offset the loss amount of NT$18,654 with capital surplus on March 13, 2024.
10. The aforementioned amendment to the 2022 distribution of earnings has not been resolved by the Shareholders' Meeting as of March 13, 2024.
11. Please refer to Note 6 (19) for information regarding employee, director, and supervisor remuneration.

(XVI) Operating revenue

	2023	2022
Revenue from customer contracts		
Sales revenue	$ 289,925	$ 110,642

1. Breakdown of revenue from contracts with customers

The Company generates revenue through the provision of goods and services, which are gradually delivered and transferred at a specific point in time. The revenue can be categorized based on geographical regions as follows:

	2023		
	Recognized revenue at a specific point in time	Revenue recognized over time	Total
Taiwan	$ 284,622	$ -	$ 284,622
Mainland China	3,302	-	3,302
Malaysia and Singapore	2,001	-	2,001

	2023		
	Recognized revenue at a specific point in time	Revenue recognized over time	Total
	$ 289,925	$ -	$ 289,925

	2022		
	Recognized revenue at a specific point in time	Revenue recognized over time	Total
Taiwan	$ 104,453	$ -	$ 104,453
Mainland China	4,385	-	4,385
Malaysia and Singapore	1,804	-	1,804
	$ 110,642	$ -	$ 110,642

2. Contract liabilities

The Company recognized the contract liabilities associated with customer contract revenue as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:	$ 14,840	$ 24	$ -

The performance obligations have already been fulfilled in the previous period, and the revenue is recognized in the current period.

	2023	2022
Balance at the beginning of period of contract liabilities recognized as revenue for the current period.	$ 24	$ -

(XVII) Finance costs

	2023	2022
Interest expenses:		
Lease liabilities	$ 47	$ 41
Bank loans	325	73
	$ 372	$ 114

(XVIII) Additional Information of Costs

	2023	2022
Employee benefits	$ 37,253	$ 16,149
Depreciation expenses for the right-of-use assets and property, plant, and equipment	$ 2,383	$ 1,948
Amortization expenses	$ 2,211	$ -

(XIX) Employee benefits

	2023	2022
Salary expenses	$ 32,291	$ 14,043
Labor and Health Insurance expenses	2,357	1,123
Pension expenses	1,185	535
Other personnel expenses	1,420	448
	$ 37,253	$ 16,149

1. According to the Company's Articles of Incorporation, if the Company generates a profit in the current year, it is required to allocate a minimum of 1% of the earnings before tax for employee remuneration and a maximum of 5% for director and supervisor remuneration. However, in the case of accumulated losses, a certain amount must be set aside in advance for offsetting purposes.
2. The estimated 2023 and 2022 employee remuneration of the Company is NT$0 and NT$380, respectively. The estimated directors and supervisors remuneration is NT$0 and NT$60, respectively. These amounts are recorded under the salary expense.
3. On April 20, 2023, in accordance with the resolution of the Board of Directors, the 2022 employee remuneration and director remuneration were NT$380 and NT$60, respectively. Consistent with the amounts recognized in 2022 financial statements.

(XX) Income Tax

1. Income tax expense

Components of income tax expense:

	2023	2022
Current income tax:		
Income tax generated for the current period	$ 288	$ 2,888
Underestimated income tax	-	1,049

	2023	2022
in the previous year.		
Total current income tax	288	3,937
Deferred income tax:		
Original creation and reversal of temporary differences	(2,859)	(1,844)
Temporary differences arising from mergers	-	(18)
Total deferred income tax	(2,859)	(1,862)
Income tax expense	($ 2,571)	$ 2,075

2. Relationship between income tax expense and accounting profit

	2023	2022
Income tax calculated at the statutory tax rate before tax	($ 3,098)	$ 981
Deductible expenses according to tax regulations	239	63
Temporary differences arising from mergers (Note)	-	(18)
Income tax arising from merger and elimination	288	-
Underestimated income tax in the previous year	-	1,049
Income tax impact of permanent difference	-	-
Income tax expense	($ 2,571)	$ 2,075

Note: As per the provisions of the Business Mergers and Acquisitions Act, the approved deficit in the financial statements can be offset against the net income of the surviving company in the year of the merger. This offset is calculated based on the proportion of shares held by the shareholders of the company and is applicable for a period of five years starting from the year following the occurrence of the deficit.

3. The amounts of deferred income tax assets or liabilities resulting from temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Business combinations	December 31
Deferred income tax assets:				
—Temporary differences:				
The exported goods have been declared to customs, but the sales revenue has not yet been recognized.	$ 690	$ 1,047	$ -	$ 1,737
Excessive allowance for bad debts	450	(102)	-	348
Allowance to reduce inventory to market	459	326	-	785
Provision for sales returns	343	1,706	-	2,049
Total	$ 1,942	$ 2,977	$ -	$ 4,919
—Deferred income tax liabilities:				
The exported goods have been declared to customs, but the sales costs has not yet been recognized.	($ 80)	($ 118)	$ -	($ 198)

	2022			
	January 1	Recognized in profit or loss	Business combinations	December 31
Deferred income tax assets:				
—Temporary differences:				
The exported goods have been declared to customs, but the sales revenue has not yet been recognized.	$ -	$ 690	$ -	$ 690
Excessive allowance for bad debts	-	450	-	450
Allowance to reduce inventory to market	-	459	-	459
Provision for sales returns		343	-	343
Tax loss	-	(18)	18	-
Total	$ -	$ 1,924	$ 18	$ 1,942
—Deferred income tax liabilities:				
The exported goods have been declared to customs, but the sales costs has not yet been recognized.	$ -	($ 80)	$ -	($ 80)

4. The Company's profit-seeking enterprise income tax has been approved by the Revenue Service Authority until 2021.
5. The reverse takeover of the Company with Taizaku Biotech's profit-seeking enterprise income tax has been approved by the Revenue Service Authority until 2020.

(XXI) Earnings per Share

	2023		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (NT$)
Basic and diluted loss per share			
Net profit attributable to common shareholders for the current period	($ 12,917)	212,370	($ 0.06)

	2022		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (NT$)
Basic and diluted EPS			
Net profit attributable to common shareholders for the current period	$ 2,831	$ 172,934	$ 0.02
Diluted EPS			
Net profit attributable to common shareholders of the parent company for the current period	$ 2,831	-	
Effect of potentially dilutive common shares			
Employee remuneration	-	1,285	
Net profit attributable to common shareholders of the parent company including the impact of potential common shares for the current period	$ 2,831	174,219	$ 0.02

When calculating earnings per share, the Company has considered the resolution passed at the Shareholders' Meeting on June 6, 2023, to distribute new shares from capital surplus. Please refer to Note 6 and (13) for detailed information. The impact of changing the par value and distributing new shares from capital surplus in 2022 has already been retrospectively adjusted.

(XXII) Business combinations

1. The following merger and acquisition transactions were conducted by the Company in 2023 and 2022:

(1) On January 1, 2022 (the merger reference date), the Company completed a merger with the reverse takeover of the Company with Taizaku Biotech. The Company issued 62,117 thousand shares and became the surviving company, while the reverse takeover of the Company with Taizaku Biotech was dissolved.

(2) The Company's Board of Directors approved the acquisition of 100% equity in Phargoods Co., Ltd on June 6, 2023. The acquisition reference date was July 3, 2023, with a total transaction amount of NT$49,988. Board of Directors further resolved to conduct a simplified merger with its subsidiary, Phargoods Co., Ltd on August 9, 2023. The merger reference date was October 1, 2023.

(3) The Company acquired the business of Snowiou International Marketing Company Limited for a total of NT$41,603 on September 30, 2023.

2. The information regarding the consideration paid for the acquisition of the Company, the assets acquired, and the liabilities assumed at their fair value on the acquisition date is as follows:

	Taizaku Biotech (Note)	Phargoods Co., Ltd.	Snowiou International Marketing Company Limited
Acquisition consideration			
Cash	$ -	$ 49,988	$ 41,603
Equity instruments	13,140	-	-
	$ 13,140	$ 49,988	$ 41,603
Recognition of identifiable assets and assumption of liabilities at fair value			
Cash	$ 178	$ 19,203	$ -
Accounts receivable	-	11,358	-
Inventories	-	27,232	24,124
Investments Accounted for Using the Equity Method	13,503	-	-
Deferred income tax assets	91	-	-
Refundable deposits	30	-	-
Other payables	(591)	-	-
Other current assets	-	4,119	-
Property, plant, and equipment	-	2,465	-
Right-of-use assets	-	211	-
Intangible assets	-	14,133	17,479
Other non-current assets	-	5,729	-
Bank loans	-	(15,991)	-
Accounts payable	-	(15,324)	-
Other payables	-	(2,375)	-
Lease liabilities	-	(216)	-
Other current liabilities	(71)	(31)	-
Long-term loans	-	(5,897)	-
Total net recognizable assets	$ 13,140	44,616	41,603
Goodwill	$ -	$ 5,372	$ -

	Taizaku Biotech (Note)	Phargoods Co., Ltd.	Snowiou International Marketing Company Limited

Note: As of December 31, 2021, the Company held a 20.58% equity interest in the reverse takeover of the Company with Taizaku Biotech, which was accounted for using the equity method. In accordance with IFRS 3 on reverse acquisitions, the reverse takeover of the Company with Taizaku Biotech is considered the acquirer for accounting purposes. Therefore, on January 1, 2022 (the consolidation date), the investment accounted for using the equity method will be reclassified as treasury stock and cancelled due to the elimination of the reverse takeover of the Company with Taizaku Biotech.

3. On December 31, 2021, the Company acquired a reverse takeover of the Company with Taizaku Biotech. The determination of the acquisition consideration follows IFRS 3. From an accounting perspective, the acquirer is the party that gains control over the acquiree and pays the fair value of the transfer consideration on the acquisition date. To ensure that the legal parent company maintains the same proportionate interest in the combined entity after the reverse acquisition if the legal subsidiary needs to issue equity, the fair value of the effective transfer consideration should be based on the most reliable measurement basis. Since the Company's net assets on the merger date were straightforward and the assessed net asset value per share was approximately equal to the fair value per share, the acquisition consideration is calculated by multiplying the number of ordinary shares issued by the Company on the merger date, which is 16,092 thousand shares, by the net asset value per share of the Company on the merger date, which is NT$0.82.

(XXIII) Supplementary information of cash flow

1. Partial cash payment for investment activities

	2023	2022
Acquisition of property, plant, and equipment	$ 959	$ 780
Add: accounts payable for equipment at beginning of period	84	-
Less: accounts payable for equipment at end of period	(4)	(84)

	2023	2022
Cash payment for the current period	$ 1,039	$ 696

(XXIV) Changes in liabilities arising from financing activities

	2023		
	Short-term loans	Lease liabilities	Total amounts in liabilities arising from financing activities
January 1	$ 10,000	$ 2,967	$ 2,967
Changes in cash flows from financing activities	(10,000)	(1,854)	(11,854)
Other non-cash changes	-	771	771
December 31	$ -	$ 1,884	($ 8,116)

	2022		
	Long-term loans (including the portion due within one year)	Lease liabilities	Total amounts in liabilities arising from financing activities
January 1	$ -	$ 2,105	$ 2,105
Changes in cash flows from financing activities	10,000	(1,697)	8,303
Other non-cash changes	-	2,559	2,559
December 31	$ 10,000	$ 2,967	$ 12,967

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company's shares are publicly held, and there is no single parent company or ultimate controller.

(II) Names and relations of related parties

Related Party	Relationship with the Company
Lin Yu-Lung	Chairman of the Company
Yang Yan-Chao	Director of the Company
Tse-Ping, Tung	Director of the Company
Chunwei Management Consulting Co., Ltd. (hereinafter referred to as the "Chunwei")	Other related party

(III) Significant transactions with related parties

1. Operating expenses (including selling and marketing expenses, administrative expenses, and research and development expenses)

	December 31, 2023	December 31, 2022
Tse-Ping, Tung	$ -	$ 150
Director of the Company	526	150
	$ 526	$ 300

The labor expenses incurred in collaboration with industry-academia cooperation, as well as other reimbursable expenses from related parties.

2. Other payables

	December 31, 2023	December 31, 2022
Yang Yan-Chao	$ 2,155	$ -

Advertising expenses advanced by related parties.

3. Lease transaction - Lessee

(1) The Company has leased office space to Chunwei. The lease agreement is for the period from 2020 to 2022, and the rent is to be paid by the 25th of each month.

(2) Lease liabilities

A. Ending Balance:

	December 31, 2023	December 31, 2022
Chunwei	$ -	$ -

B. Interest expenses

	2023	2022
Other related party	$ -	$ 4

4. Guarantee provided by related parties

In order to secure a bank loan with a guarantee, the chairman and directors of the Company have jointly and severally provided guarantees to the bank. Please see Note 6 (7) for detailed information regarding the loan.

(IV) Information of remuneration to the management

	2023	2022
Short-term employee benefits	$ 4,423	$ 3,326
Benefits after retirement	96	128
	$ 4,519	$ 3,454

VIII. Pledged Assets

None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingency

None.

(II) Commitment

None.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

1. Please refer to Note 6 (15) for detailed explanations regarding the offsetting of losses with capital surplus.
2. The Company has decided to change the face value of its stocks to NT$0.25 per share and the total number of shares to 4,000,000 thousand shares on March 13, 2024, as per the resolution passed by the Board of Directors. However, this resolution has not yet been approved by the Shareholders' Meeting.

XII. Others

(I) Capital Management

The capital management objective of the Company is to ensure the ongoing operation, maintain an optimal capital structure to minimize the cost of capital, and provide returns to shareholders. To maintain or adjust the capital structure, the Company may modify the dividend payments to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Please refer to the balance sheet for the respective periods to find the details of the debt-to-capital ratio.

(II) Financial instruments

1. Category of financial instruments

	December 31, 2023		December 31, 2022	
Financial assets				
Financial assets at amortized cost				
Cash and cash equivalents	$	152,827	$	27,732
Notes receivable		256		6,426
Accounts receivable		98,166		48,522
Other receivables		2,437		-
Refundable deposits		4,802		450
	$	258,488	$	83,130

	December 31, 2023		December 31, 2022	
Financial liabilities				
Financial liabilities at amortized cost				
Short-term loans	$	-	$	10,000
Accounts payable		23,718		5,260
Other payables		49,931		17,403
	$	73,649	$	32,663
Lease liabilities	$	1,884	$	3,838

2. Risk Management Policy

The Company implements a comprehensive risk management and control system to accurately identify, measure, and mitigate various types of risks (such as market risk, credit risk, liquidity risk, and cash flow risk). This enables effective management of market risk, credit risk, liquidity risk, and cash flow risk.

3. Nature and severity of significant financial risks

(1) Market risk

Foreign exchange risk

A. The management of the Company has implemented a policy to manage the exchange rate risk of functional currencies. Each segment within the Company should manage and mitigate its overall exchange rate risk by working closely with the Finance Segment. To manage the exchange rate risk of future business transactions and recognized assets and liabilities. Exchange rate risk arises when future business transactions, recognized assets, or liabilities are denominated in a foreign currency other than the functional currency of the entity.

B. The Company's operations involve multiple non-functional currencies, making it susceptible to the impact of exchange rate fluctuations. However, there are no significant fluctuations in exchange rates that affect foreign currency assets and liabilities.

<u>Price risk</u>

The Company does not have any investment targets, so there is no risk of price fluctuations.

<u>Cash flow and fair value interest rate risk</u>

A. The primary source of interest rate risk for the Company arises from short-term and long-term loans issued at variable interest rates, which exposes the Company to cash flow interest rate risk. However, this risk is partially mitigated by cash and cash equivalents held at variable interest rates. The Company is exposed to fair value interest rate risk when we issue loans at a fixed interest rate. In 2023 and 2022, the Company borrowed money at a floating interest rate in New Taiwan Dollars.

B. When the borrowing interest rate increases or decreases by 1%, and all other factors remain unchanged, the net profit after tax for 2023 and 2022 will decrease or increase by NT$0 and NT$80, respectively. This change is primarily attributed to the fluctuating interest expense resulting from variable rate borrowings.

(2) Credit risk

A. The credit risk of the Company stems from customers or counterparties of financial instruments failing to meet their contractual obligations, which leads to financial losses for the Company. This risk primarily arises when counterparties are unable to settle accounts receivable in accordance with the payment terms.

B. According to our internal credit policy, we are obligated to perform a credit risk analysis for every new customer prior to finalizing the payment terms and conditions and delivering the goods. Internal risk management involves assessing the credit quality of customers by taking into account their financial condition, past experience, and other relevant factors. Management establishes the limits of individual risks based on internal or external ratings, and regularly monitors the utilization of credit limits.

C. The Company assumes that if the payment terms of the contract are overdue for more than 90 days, it will be considered a default.

D. The Company applies the following assumptions under IFRS 9 to determine whether there has been a significant increase in credit risk of financial instruments since their initial recognition. It is considered that if the contractual payments are overdue for more than 30 days, the financial asset is deemed to have experienced a significant increase in credit risk since its initial recognition.

E. The Company classifies customer accounts receivable according to their credit rating characteristics and estimates the anticipated credit losses using a simplified approach based on the loss rate method.

F. (A) The expected loss rate for customers in the excellent credit group ranges from 0.01% to 0.03%. As of December 31, 2023, and 2022, the total carrying amount of accounts receivable and notes receivable is NT$36,278 and NT$43,545, respectively. The provision for loss allowances is NT$384 and NT$13, respectively.

(B) The Company has revised the provision for accounts and notes receivable by conducting a forward-looking assessment. This assessment takes into account specific historical and loss rates of the current information for a specified period. The reserve matrix as of December 31, 2023, and December 31, 2022, is provided below:

	December 31, 2023		
	Expected loss rate	Total carrying amount	Loss allowances
Not Past Due	7.64%	$ 66,308	$ 4,091
Within 30 days.	76.88%	239	184
31-60 days	38.91%	-	-
61-90 days	100%	39	39
91-120 days	100%	97	97
More than 121 days.	100%	920	920
		$ 67,603	$ 5,331

	December 31, 2022		
	Expected loss rate	Total carrying amount	Loss allowances
Not Past Due	19.89%	$ 5,642	$ 1,122
Within 30 days.	56.16%	1,000	562
31-60 days	74.47%	1	1
61-90 days	78.45%	106	83
91-120 days	88.90%	73	64
More than 121 days.	99.48%~100.00%	982	982
		$ 7,804	$ 2,814

G. The Company's simplified statement of the change in accounts receivable for loss allowance is as follows:

	2023
	Accounts receivable
January 1	$ 2,827
Impairment loss	2,888
December 31	$ 5,715

	2022
	Accounts receivable
January 1	$ 1,833
Impairment loss	994
December 31	$ 2,827

In 2023 and 2022, we recorded impairment losses of NT$2,888 and NT$994, respectively, for accounts receivable generated from customer contracts.

(3) Liquidity risk

A. The cash flow forecast is prepared by the different segments within the Company and then consolidated by our finance segment. The finance segment of the Company oversees the forecast of the Company's working capital needs to ensure it has enough funds to sustain its operations.

B. The table below presents the non-derivative financial liabilities of the Company, categorized by their respective maturity dates. The analysis of non-derivative financial liabilities is determined by the remaining period from the balance sheet date to the contract maturity date.

Non-derivative financial liabilities December 31, 2023	December 31, 2023			
	Within 1 year	1-2 year(s)	2-5 years	Over 5 years
Accounts payable	$ 23,718	$ -	$ -	$ -
Other payables	47,776	-	-	-
Lease liabilities	1,333	624	-	-

Non-derivative financial liabilities December 31, 2022	December 31, 2022			
	Within 1 year	1-2 year(s)	2-5 years	Over 5 years
Short-term loans	$ 10,200	$ -	$ -	$ -
Accounts payable	5,260	-	-	-
Other payables	17,403	-	-	-
Lease liabilities	1,785	2,093	-	-

(III) Information of the fair value

The carrying amounts of financial instruments not measured at fair value by the Company, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, accounts payable, other payables, other current liabilities, and lease liabilities, are reasonably close to their fair values.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

1. Loans provided for others: None.
2. Endorsements/guarantees provided for others: None.
3. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures): None.
4. Accumulated purchase or sale of the same securities amounting to NT$300 million or 20% of paid-in capital or more: Table 1.
5. Acquisition of property amounting to NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of property amounting to NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales with related parties amounting to NT$100 Million or 20% of paid-in capital or more: None.

8. Receivables from related parties amounting to NT$100 million or 20% of paid-in capital or more: None.

9. Derivatives transactions: None.

10. The business relationships, significant transactions, and amounts between the parent company and its subsidiaries, as well as among the subsidiaries: None.

(II) Information on Invested Companies

Name of the investee company, location, and other relevant information (excluding mainland Chinese investee companies): None.

(III) Information on Investments in Mainland China

1. Basic information: None.

2. Significant transactions occurring directly or indirectly through third-party entities in other regions with invested companies in mainland China: None.

(IV) Information on Major Shareholders

Do not disclose this information.

XIV. Segment Information

(I) General Information

The Company operates in only one industry, and the Board of Directors assesses the overall performance and allocates resources accordingly. This allows the Company to be identified as a single reporting segment.

(II) Measurement of segment information

All operating segments within the Company adhere to a uniform accounting policy. The operational decision-makers of the Company assess the performance of the operating segments by considering the operating revenue and net profit after tax.

(III) Adjustment information for profit and loss of the segments

The Company reports the revenue and net profit after tax of the operating segment to the main operational decision-makers using a consistent measurement method. This is done in alignment with the revenue and net profit after tax stated in the comprehensive income statement. As a result, there is no need for adjusted table information.

(IV) Information on product and service categories

None.

(V) Regional information

2023 and 2022 regional information of the Company is as follow:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 284,622	$ 42,083	$ 104,453	$ 4,726
Mainland China	3,302	-	4,385	-
Malaysia and Singapore	2,001	-	1,804	-
	$ 289,925	$ 42,083	$ 110,642	$ 4,726

(VI) Information of important customer

The detailed sales figures for the Company's customer, whose revenue exceeds 10% of the 2023 and 2022 consolidated income statement are as follows:

	2023	2022
	Revenue	Revenue
Customer A	$ 35,283	$ 41,005
Customer B	24,668	19,040
Customer C	19,693	15,605

MARX Biotech Co.

Accumulated purchase or sale of the same securities amounting to NT$300 million or 20% of paid-in capital or more

January 1 to December 31, 2023

Table 1

Unit: NT$ thousand

(unless stated otherwise)

					Beginning of Period		Purchase (Note 1)		Sale				Ending Balance	
Company name for sales and purchases	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
MARX Biotech Co.	Common share of Phargoods Co., Ltd.	(Note 1)	(Note 2)	None	-	$ -	-	$ 49,988	-	$ -	$ -	$ -	-	$ -

Note 1: The Company acquired 100% equity in Phargoods Co., Ltd on July 3, 2023, with a total transaction amount of NT$49,988. Board of Directors resolved to conduct a simplified merger with Phargoods Co., Ltd in October, and the Company is the surviving company in October 2023.

Note 2: Meng-Yen, Chao, Meng-Hsuan, Tsai

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Statement of Cash and Cash Equivalents

December 31, 2023

Statement 1 | Unit: NT$ thousand

Item	Summary	Amount
Petty cash and cash on hand		$ 416
Demand deposit - NT$		146,038
Time deposit - NT$		3,500
Demand deposit - foreign currency	US$87,478 (Note 1), exchange rate: 30.71	2,685
	RMB 43,216 (Note 1), exchange rate: 4.34	188
		$ 152,827

The maturity date of the aforementioned time deposit is from September 13, 2023, to September 14, 2024, with an interest rate of 1.565%.

Note: Foreign currency amounts are expressed in dollar.

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Statement of Accounts Receivable

December 31, 2023

Statement 2 Unit: NT$ thousand

Customer name	Amount		Remark
Customer A	$	23,621	
Customer B		11,427	
Customer C		5,652	
Others		63,181	Each customer has not exceeded the balance of this account by more than 5%.
		103,881	
Less: loss allowance	(	5,715)	
	$	98,166	

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Statement of Inventory

December 31, 2023

Statement 3 Unit: NT$ thousand

Item	Amount: Cost	Amount: Market price	Remark
Raw materials	$ 15,038	$ 15,038	Reset cost
Finished product	23,505	278,275	The market price is determined by the net realizable value.
Inventory of goods	35,386	100,854	The market price is determined by the net realizable value.
	73,929	$ 394,167	
Less: loss allowance	(3,928)		
	$ 70,001		

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Statement of Accounts Payable

December 31, 2023

Statement 4 Unit: NT$ thousand

Customer name	Amount		Remark
Supplier A	$	3,407	
Supplier B		2,783	
Supplier C		2,415	
Others		15,113	Each supplier has not exceeded the balance of this account by more than 5%.
	$	23,718	

MARX Biotech Co.

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Statement of Operating Costs

January 1 to December 31, 2023

Statement 5 Unit: NT$ thousand

Item	Amount
Raw materials at beginning of period	$ 837
Add: Raw materials for the current period	22,609
Add: Acquisition through merger	21,330
Less: Raw materials at end of period	(15,038)
Materials consumed for the current period	29,738
Processing fee	13,780
Finished product at beginning of period	11,105
Add: Acquisition through merger	30,605
Less: Finished products at end of period	(23,505)
Less: Reclassifying finished products as expenses	(1,559)
Costs from production and sales	60,164
Inventory of goods at beginning of period	2,351
Add: Purchases for the current period	48,966
Less: Inventory of goods at end of period	(35,386)
Less: Reclassifying inventories as expenses	(520)
Less: Right for pending product return	(2,118)
Cost of inventories sold	73,457
Falling price loss	1,306
Other costs	570
Operating costs	$ 75,333

MARX Biotech Co.
(Formerly known as Morrison Investment Co., Ltd.)
Statement of Selling and Marketing Expenses
January 1 to December 31, 2023

Statement 6 Unit: NT$ thousand

Item	Amount	Remark
Advertising expenses	$ 132,445	
Salary expenses	18,651	
Transportation expenses	10,048	
Professional service expenses	7,541	
Other expenses	31,879	No sparse item exceeds 5% of the amount for this item.
	$ 200,564	

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Statement of General and Administrative Expenses

January 1 to December 31, 2023

Statement 7 Unit: NT$ thousand

Item	Amount		Remark
Salary expenses	$	14,319	
Other expenses		13,448	No sparse item exceeds 5% of the amount for this item.
	$	27,767	

MARX Biotech Co.

(Formerly known as Morrison Investment Co., Ltd.)

Consolidation of Employee Benefits, Depreciation, and Amortization Expenses for the Current Period

2023

Statement 8

Unit: NT$ thousand

Function / Characteristic	2023 Belongs to operating expenses	2023 Total	2022 Belongs to operating expenses	2022 Total
Employee benefits				
Salary expenses	$ 32,291	$ 32,291	$ 14,043	$ 14,043
Labor and Health Insurance expenses	2,357	2,357	1,123	1,123
Pension expenses	1,185	1,185	535	535
Other employee benefits	1,420	1,420	448	448
	$ 37,253	$ 37,253	$ 16,149	$ 16,149
Depreciation expenses	$ 2,383	$ 2,383	$ 1,948	$ 1,948
Amortization expenses	$ 2,211	$ 2,211	$ -	$ -

Note: The average number of employees for the current year and the past one year was 80 and 18, respectively. Among them, there were 3 non-executive directors who were not also employees.