

**Welgene Biotech Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Welgene Biotech Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Welgene Biotech Co., Ltd. and its subsidiaries (collectively, the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Hsiang Chen and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 11, 2024

Notice to Readers

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

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

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalent (Notes 6 and 31)	\$ 192,293	37	\$ 188,130	34	\$ 97,958	19
Financial assets at amortized cost - current (Notes 8 and 31)	9,000	2	9,000	2	59,000	12
Notes receivable (Notes 9 and 31)	2,635	1	1,782	-	2,046	-
Trade receivable (Notes 9, 23 and 31)	39,414	8	45,200	8	48,600	10
Other receivables (Note 31)	600	-	-	-	-	-
Current tax assets (Note 4)	3,287	1	3,244	1	3,193	1
Inventories (Note 10)	43,291	8	53,770	10	44,657	9
Prepayments (Note 15)	5,050	1	4,447	1	2,645	-
Other financial assets - current (Notes 16, 31 and 33)	700	-	700	-	700	-
Other current assets	46	-	5	-	26	-
Total current assets	<u>296,316</u>	<u>58</u>	<u>306,278</u>	<u>56</u>	<u>258,825</u>	<u>51</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 31)	28,459	6	33,980	6	37,379	7
Property, plant and equipment (Notes 12 and 33)	164,397	32	172,178	31	172,507	34
Right-of-use assets (Notes 13 and 32)	16,654	3	26,646	5	29,977	6
Other intangible assets (Note 14)	200	-	392	-	477	-
Deferred tax assets (Note 4)	507	-	564	-	643	-
Refundable deposits (Note 32)	6,348	1	7,852	2	6,997	2
Net defined benefit assets - non-current (Note 4)	-	-	274	-	-	-
Total non-current assets	<u>216,565</u>	<u>42</u>	<u>241,886</u>	<u>44</u>	<u>247,980</u>	<u>49</u>
TOTAL	<u>\$ 512,881</u>	<u>100</u>	<u>\$ 548,164</u>	<u>100</u>	<u>\$ 506,805</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17, 31 and 33)	\$ 11,000	2	\$ 11,000	2	\$ 7,000	1
Contract liabilities (Note 23)	45,603	9	46,175	8	39,735	8
Trade payable (Notes 18 and 31)	10,103	2	17,374	3	8,538	2
Other payables (Notes 19 and 31)	18,826	4	26,704	5	20,542	4
Provisions - current (Note 20)	1,315	-	1,852	-	2,047	-
Lease liabilities - current (Notes 13, 31 and 32)	13,514	3	13,326	3	13,264	3
Current portion of long-term borrowings (Notes 17, 31 and 33)	11,622	2	11,050	2	6,153	1
Other current liabilities	704	-	461	-	460	-
Total current liabilities	<u>112,687</u>	<u>22</u>	<u>127,942</u>	<u>23</u>	<u>97,739</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 17, 31 and 33)	98,514	19	105,395	19	87,054	17
Deferred tax liabilities (Note 4)	267	-	303	-	343	-
Lease liabilities - non-current (Notes 13, 31 and 32)	2,949	1	13,576	3	16,463	4
Net defined benefit liabilities - non-current (Note 4)	-	-	-	-	68	-
Guarantee deposits received	17	-	678	-	678	-
Total non-current liabilities	<u>101,747</u>	<u>20</u>	<u>119,952</u>	<u>22</u>	<u>104,606</u>	<u>21</u>
Total liabilities	<u>214,434</u>	<u>42</u>	<u>247,894</u>	<u>45</u>	<u>202,345</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary shares	<u>233,043</u>	<u>46</u>	<u>233,043</u>	<u>42</u>	<u>233,043</u>	<u>46</u>
Capital surplus	<u>50,860</u>	<u>10</u>	<u>50,860</u>	<u>9</u>	<u>50,859</u>	<u>10</u>
Retained earnings						
Legal reserve	15,627	3	15,627	3	15,627	3
Special reserve	7,320	1	7,320	1	7,320	1
Unappropriated earnings (accumulated deficit)	(1,986)	-	(3,435)	-	(787)	-
Total retained earnings	<u>20,961</u>	<u>4</u>	<u>19,512</u>	<u>4</u>	<u>22,160</u>	<u>4</u>
Other equity	<u>(14,273)</u>	<u>(3)</u>	<u>(11,381)</u>	<u>(2)</u>	<u>(7,982)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	290,591	57	292,034	53	298,080	59
NON-CONTROLLING INTERESTS (Note 29)	<u>7,856</u>	<u>1</u>	<u>8,236</u>	<u>2</u>	<u>6,380</u>	<u>1</u>
Total equity	<u>298,447</u>	<u>58</u>	<u>300,270</u>	<u>55</u>	<u>304,460</u>	<u>60</u>
TOTAL	<u>\$ 512,881</u>	<u>100</u>	<u>\$ 548,164</u>	<u>100</u>	<u>\$ 506,805</u>	<u>100</u>

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

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024	%	2023	%	2024	%	2023	%
	Amount		Amount		Amount		Amount	
OPERATING REVENUE (Note 23)	\$ 90,468	100	\$ 80,427	100	\$ 234,894	100	\$ 206,891	100
OPERATING COSTS (Notes 10, 24 and 25)	(49,707)	(55)	(46,956)	(59)	(136,074)	(58)	(115,983)	(56)
GROSS PROFIT	40,761	45	33,471	41	98,820	42	90,908	44
OPERATING EXPENSES (Notes 25 and 32)								
Selling and marketing expenses	(11,268)	(13)	(11,253)	(14)	(30,098)	(13)	(27,454)	(13)
General and administrative expenses	(16,432)	(18)	(17,055)	(21)	(49,072)	(21)	(47,914)	(23)
Research and development expenses	(6,392)	(7)	(6,452)	(8)	(19,062)	(8)	(17,753)	(9)
Expected credit (loss) gain	(365)	-	(13)	-	(303)	-	441	-
Total operating expenses	(34,457)	(38)	(34,773)	(43)	(98,535)	(42)	(92,680)	(45)
PROFIT (LOSS) FROM OPERATIONS	6,304	7	(1,302)	(2)	285	-	(1,772)	(1)
NON-OPERATING INCOME AND EXPENSES (Note 32)								
Finance costs	(746)	(1)	(770)	(1)	(2,245)	(1)	(1,796)	(1)
Interest income	31	-	177	-	652	-	1,000	1
Gain from bargain purchase (Note 28)	-	-	-	-	-	-	805	-
Other income	1,830	2	373	1	2,132	1	1,450	1
Gains on disposal of property, plant and equipment	370	-	-	-	370	-	-	-
Foreign exchange (loss) gain, net	(262)	-	138	-	(89)	-	452	-
Total non-operating income and expenses	1,223	1	(82)	-	820	-	1,911	1
PROFIT (LOSS) BEFORE INCOME TAX	7,527	8	(1,384)	(2)	1,105	-	139	-
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 26)	(106)	-	146	-	(36)	-	(99)	-
NET PROFIT (LOSS) FOR THE PERIOD	7,421	8	(1,238)	(2)	1,069	-	40	-

(Continued)

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024	%	2023	%	2024	%	2023	%
	Amount		Amount		Amount		Amount	
OTHER COMPREHENSIVE LOSS								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (2,096)	(2)	\$ (1,678)	(2)	\$ (2,892)	(1)	\$ (1,523)	(1)
Other comprehensive loss for the period, net of income tax	(2,096)	(2)	(1,678)	(2)	(2,892)	(1)	(1,523)	(1)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	\$ 5,325	6	\$ (2,916)	(4)	\$ (1,823)	(1)	\$ (1,483)	(1)
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 7,662	8	\$ (859)	(1)	\$ 1,449	-	\$ 95	-
Non-controlling interests	(241)	-	(379)	(1)	(380)	-	(55)	-
	\$ 7,421	8	\$ (1,238)	(2)	\$ 1,069	-	\$ 40	-
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:	\$ 5,566	6	\$ (2,537)	(3)	\$ (1,443)	(1)	\$ (1,428)	(1)
Owners of the Company	(241)	-	(379)	(1)	(380)	-	(55)	-
	\$ 5,325	6	\$ (2,916)	(4)	\$ (1,823)	(1)	\$ (1,483)	(1)
EARNINGS (LOSS) PER SHARE (Note 27)								
Basic	\$ 0.33		\$ (0.04)		\$ 0.06		\$ -	
Diluted	\$ 0.33		\$ (0.04)		\$ 0.06		\$ -	

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

(Concluded)

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Company							Other Equity Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Loss	Non-controlling Interests	Total Equity			
	Retained Earnings				Unappropriated Earnings (Accumulated Deficit)	Total							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve									
	Ordinary Shares (In Thousands)	Amount											
BALANCE AT JANUARY 1, 2023	23,304	\$ 233,043	\$ 50,859	\$ 14,668	\$ 2,921	\$ 9,586	\$ (7,320)	\$ 303,757	\$ 195	\$ 303,952			
Appropriation of 2022 earnings													
Legal reserve	-	-	-	959	-	(959)	-	-	-	-			
Special reserve	-	-	-	-	4,399	(4,399)	-	-	-	-			
Cash dividends distributed by the Company	-	-	-	-	-	(4,228)	-	(4,228)	-	(4,228)			
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(358)	(358)			
Actual acquisition of interests in subsidiaries (Note 29)	-	-	-	-	-	(21)	-	(21)	(199)	(220)			
Change in non-controlling interests (Note 28)	-	-	-	-	-	-	-	-	6,797	6,797			
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	95	-	95	(55)	40			
Other comprehensive loss for the nine months ended September 30, 2023	-	-	-	-	-	-	(1,523)	(1,523)	-	(1,523)			
Total comprehensive loss for the nine months ended September 30, 2023	-	-	-	-	-	95	(1,523)	(1,428)	(55)	(1,483)			
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(861)	861	-	-	-			
BALANCE AT SEPTEMBER 30, 2023	<u>23,304</u>	<u>\$ 233,043</u>	<u>\$ 50,859</u>	<u>\$ 15,627</u>	<u>\$ 7,320</u>	<u>\$ (787)</u>	<u>\$ (7,982)</u>	<u>\$ 298,080</u>	<u>\$ 6,380</u>	<u>\$ 304,460</u>			
BALANCE AT JANUARY 1, 2024	23,304	\$ 233,043	\$ 50,860	\$ 15,627	\$ 7,320	\$ (3,435)	\$ (11,381)	\$ 292,034	\$ 8,236	\$ 300,270			
Net profit (loss) for the nine months ended September 30, 2024	-	-	-	-	-	1,449	-	1,449	(380)	1,069			
Other comprehensive loss for the nine months ended September 30, 2024	-	-	-	-	-	-	(2,892)	(2,892)	-	(2,892)			
Total comprehensive loss for the nine months ended September 30, 2024	-	-	-	-	-	1,449	(2,892)	(1,443)	(380)	(1,823)			
BALANCE AT SEPTEMBER 30, 2024	<u>23,304</u>	<u>\$ 233,043</u>	<u>\$ 50,860</u>	<u>\$ 15,627</u>	<u>\$ 7,320</u>	<u>\$ (1,986)</u>	<u>\$ (14,273)</u>	<u>\$ 290,591</u>	<u>\$ 7,856</u>	<u>\$ 298,447</u>			

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

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,105	\$ 139
Adjustments for:		
Depreciation expense	21,525	19,663
Amortization expense	192	255
Expected credit loss recognized (reversal) on trade receivables	303	(441)
Finance costs	2,245	1,796
Interest income	(652)	(1,000)
(Gain) loss on disposal of property, plant and equipment	(370)	108
Write-down (reversal) of inventories	2,530	(2,357)
Gain from bargain purchase	-	(805)
Changes in operating assets and liabilities		
Notes receivable	(853)	3,822
Trade receivable	5,483	(4,619)
Other receivables	(600)	117
Inventories	7,949	(1,330)
Prepayments	(603)	(140)
Other current assets	(41)	303
Net defined benefit assets	274	-
Contract liabilities	(572)	(7,220)
Notes payable	-	(8)
Trade payable	(7,271)	(10,720)
Other payables	(7,845)	(8,920)
Provisions - current	(537)	318
Other current liabilities	243	18
Net defined benefit liabilities	-	(51)
Cash generated from (used in) operations	22,505	(11,072)
Interest received	652	1,000
Interest paid	(1,998)	(1,339)
Income tax paid	(58)	(6,982)
Net cash generated from (used in) operating activities	<u>21,101</u>	<u>(18,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,780)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,629	-
Net cash outflow on acquisition of subsidiary	-	(12,804)
Payments for property, plant and equipment	(3,935)	(24,145)
Proceeds from disposal of property, plant and equipment	553	-

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WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
Decrease in refundable deposits	\$ 1,504	\$ 1,100
Decrease in other financial assets	<u>-</u>	<u>70</u>
Net cash generated from (used in) investing activities	<u>751</u>	<u>(39,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings decrease	-	(4,208)
Proceeds from long-term borrowings	2,000	20,000
Repayments of long-term borrowings	(8,309)	(2,948)
Refund of guarantee deposits received	(661)	-
Repayment of the principal portion of lease liabilities	(10,719)	(10,719)
Dividends paid to owners of the Company	-	(4,228)
Acquisition of additional interests in subsidiary	-	(220)
Dividends paid to non-controlling interests	<u>-</u>	<u>(358)</u>
Net cash used in financing activities	<u>(17,689)</u>	<u>(2,681)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,163	(60,633)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>188,130</u>	<u>158,591</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 192,293</u>	<u>\$ 97,958</u>

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

(Concluded)

WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Welgene Biotech Co., Ltd. (the “Company”) was established with the approval of the Ministry of Economic Affairs in January 2003. The Company engages in the trade of biotechnology-related instruments and reagents, as well as biotechnology testing services. The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 27, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 11, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized by the board of director for issue, the Corporation and its subsidiaries have assessed that the application of other impacts and interpretations will not have a material impact on the Corporation and its subsidiaries’ financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations, inflation and market interest rate fluctuations, volatility in energy market on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 369	\$ 379	\$ 413
Checking accounts and demand deposits	<u>191,924</u>	<u>187,751</u>	<u>97,545</u>
	<u>\$ 192,293</u>	<u>\$ 188,130</u>	<u>\$ 97,958</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Investments in equity instruments at FVTOCI</u>			
Unlisted ordinary shares			
Compass Bioinformatics Inc.	\$ 506	\$ 950	\$ 364
Taiwan Genome Industry Alliance Inc.	27,519	29,537	33,373
Expercy Medical Ltd.	<u>434</u>	<u>3,493</u>	<u>3,642</u>
	<u>\$ 28,459</u>	<u>\$ 33,980</u>	<u>\$ 37,379</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

No investments in equity instruments at FVTOCI were pledged as collateral.

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 9,000	\$ 9,000	\$ 59,000

The ranges of interest rates for time deposits with original maturities of more than 3 months were 1.30%-1.46%, 1.16%-1.31% and 0.64%-1.20% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

9. NOTES RECEIVABLE AND TRADE RECEIVABLE

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	<u>\$ 2,635</u>	<u>\$ 1,782</u>	<u>\$ 2,046</u>
<u>Trade receivable</u>			
At amortized cost			
Gross carrying amount	\$ 40,147	\$ 45,630	\$ 49,190
Less: Allowance for impairment loss	<u>(733)</u>	<u>(430)</u>	<u>(590)</u>
	<u>\$ 39,414</u>	<u>\$ 45,200</u>	<u>\$ 48,600</u>

The average credit period of sales of goods was 30 to 160 days, and no interest is charged on trade receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base; the Group only sets the expected credit loss rate based on the number of days of the outstanding trade receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

September 30, 2024

	Not Past Due	1 to 90 Days Past Due	91 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	0.12%-8.94%	1.38%-2.47%	100%	100%	
Gross carrying amount	\$ 35,459	\$ 4,182	\$ 275	\$ 231	\$ 40,147
Loss allowance (Lifetime ECLs)	<u>(168)</u>	<u>(59)</u>	<u>(275)</u>	<u>(231)</u>	<u>(733)</u>
Amortized cost	<u>\$ 35,291</u>	<u>\$ 4,123</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 39,414</u>

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	0.01%-3.48%	2.35%-6.63%	100%	100%	
Gross carrying amount	\$ 44,588	\$ 806	\$ 12	\$ 224	\$ 45,630
Loss allowance (Lifetime ECLs)	(166)	(28)	(12)	(224)	(430)
Amortized cost	<u>\$ 44,422</u>	<u>\$ 778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,200</u>

September 30, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	0.07%-2.36%	3.11%-17.15%	100%	100%	
Gross carrying amount	\$ 45,955	\$ 2,995	\$ 5	\$ 235	\$ 49,190
Loss allowance (Lifetime ECLs)	(223)	(127)	(5)	(235)	(590)
Amortized cost	<u>\$ 45,732</u>	<u>\$ 2,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,600</u>

The loss allowance of notes receivable is not affected.

The movements of the loss allowance of accounts receivable were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 430	\$ 641
Add: Acquisitions through business combinations	-	390
Add: Net remeasurement of loss allowance	303	-
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(441)</u>
Ending balance	<u>\$ 733</u>	<u>\$ 590</u>

No notes receivable and trade receivables were pledged as security.

10. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Merchandise	\$ 43,291	\$ 53,770	\$ 38,216
Work in progress	<u>-</u>	<u>-</u>	<u>6,441</u>
	<u>\$ 43,291</u>	<u>\$ 53,770</u>	<u>\$ 44,657</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the allowance for inventory write-downs was \$6,185 thousand, \$3,655 thousand and \$3,458 thousand, respectively.

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 50,259	\$ 46,717	\$ 133,536	\$ 118,328
Labor and other operating costs	4	3	8	12
Inventory write-downs (reversed)	<u>(556)</u>	<u>236</u>	<u>2,530</u>	<u>(2,357)</u>
	<u><u>\$ 49,707</u></u>	<u><u>\$ 46,956</u></u>	<u><u>\$ 136,074</u></u>	<u><u>\$ 115,983</u></u>

For the three months ended September 30, 2024 and for the nine months ended September 30, 2023 inventory write-downs were reversed as a result of decreased slow-moving inventories.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
Welgene Biotech Co., Ltd.	Welmore Co., Ltd. ("Welmore") Wellgenetics Co., Ltd. ("Wellgenetics")	Trading of medical equipment Biogenic technology services	100.00 83.00	100.00 83.00	100.00 82.44	1) 2)

Remarks:

- 1) On September 27, 2023, the Group acquired shares of Welmore for \$220 thousand in cash, increasing its ownership percentage from 99.79% to 100%. Subsequently, in November 2023, the Group made a cash capital increase of \$30,000 thousand in Welmore, maintaining its 100% ownership.
- 2) On April 7, 2023, the Group acquired additional shares of Wellgenetics for a cash consideration of \$33,060 thousand, increasing its ownership percentage from 18.00% to 82.44% and having control over Wellgenetics. Subsequently, in November 2023, the Group made a cash capital increase of \$12,700 thousand in Wellgenetics, raising its ownership percentage to 83%. Therefore, Wellgenetics has been included in the entities of the Group since April 7, 2023. Please refer to Note 28.

b. Subsidiaries excluded from the consolidated financial statements: None.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Transportation Equipment	Office Equipment	Production Equipment	Other Equipment	Equipment under Installation	Total
Cost								
Balance at January 1, 2024	\$ 22,761	\$ 97,700	\$ 7,855	\$ 2,924	\$ 78,427	\$ 18,255	\$ -	\$ 227,922
Additions	-	-	-	-	3,238	697	-	3,935
Disposals	-	-	-	-	(2,755)	(1,478)	-	(4,233)
Balance at September 30, 2024	<u>22,761</u>	<u>97,700</u>	<u>7,855</u>	<u>2,924</u>	<u>78,910</u>	<u>17,474</u>	<u>-</u>	<u>227,624</u>

(Continued)

	Land	Buildings	Transportation Equipment	Office Equipment	Production Equipment	Other Equipment	Equipment under Installation	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 9,673	\$ 4,395	\$ 1,129	\$ 34,510	\$ 6,037	\$ -	\$ 55,744
Depreciation expenses	-	2,956	768	283	6,107	1,419	-	11,533
Disposals	-	-	-	-	(2,755)	(1,295)	-	(4,050)
Balance at September 30, 2024	<u>-</u>	<u>12,629</u>	<u>5,163</u>	<u>1,412</u>	<u>37,862</u>	<u>6,161</u>	<u>-</u>	<u>63,227</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 22,761</u>	<u>\$ 88,027</u>	<u>\$ 3,460</u>	<u>\$ 1,795</u>	<u>\$ 43,917</u>	<u>\$ 12,218</u>	<u>\$ -</u>	<u>\$ 172,178</u>
Carrying amount at September 30, 2024	<u>\$ 22,761</u>	<u>\$ 85,071</u>	<u>\$ 2,692</u>	<u>\$ 1,512</u>	<u>\$ 41,048</u>	<u>\$ 11,313</u>	<u>\$ -</u>	<u>\$ 164,397</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ -	\$ -	\$ 7,855	\$ 2,417	\$ 61,317	\$ 5,609	\$ -	\$ 77,198
Acquisitions through business combinations (Note 28)	22,761	97,700	-	-	-	3,775	-	124,236
Additions	-	-	-	786	1,143	6,787	15,429	24,145
Disposals	-	-	-	(279)	(2,068)	(192)	-	(2,539)
Transfer of prepaid equipment payment	-	-	-	-	-	4,140	-	4,140
Balance at September 30, 2023	<u>22,761</u>	<u>97,700</u>	<u>7,855</u>	<u>2,924</u>	<u>60,392</u>	<u>20,119</u>	<u>15,429</u>	<u>227,180</u>
Accumulated depreciation	-	-	-	-	-	-	-	-
Balance at January 1, 2023	-	-	3,110	1,070	31,020	3,336	-	38,536
Acquisitions through business combinations (Note 28)	-	6,716	-	-	-	2,181	-	8,897
Depreciation expense	-	1,972	982	244	4,797	1,676	-	9,671
Disposals	-	-	-	(279)	(2,068)	(84)	-	(2,431)
Balance at September 30, 2023	<u>-</u>	<u>8,688</u>	<u>4,092</u>	<u>1,035</u>	<u>33,749</u>	<u>7,109</u>	<u>-</u>	<u>54,673</u>
Carrying amount at September 30, 2023	<u>\$ 22,761</u>	<u>\$ 89,012</u>	<u>\$ 3,763</u>	<u>\$ 1,889</u>	<u>\$ 26,643</u>	<u>\$ 13,010</u>	<u>\$ 15,429</u>	<u>\$ 172,507</u>

(Concluded)

According to the Group's assessment, there was no indication of impairment for property, plant and equipment for the nine months ended September 30, 2024 and 2023.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-50 years
Transportation equipment	5-6 years
Office equipment	5 years
Production equipment	5-10 years
Other equipment	3-10 years

Property, plant and equipment owned by the Group and pledged as collateral for bank borrowings are set out in Note 33.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

September 30, 2024 December 31, 2023 September 30, 2023

Carrying amount

Buildings	<u>\$ 16,654</u>	<u>\$ 26,646</u>	<u>\$ 29,977</u>
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	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023

Additions to right-of-use assets

Depreciation charge for right-of-use assets				
Buildings	<u>\$ 3,331</u>	<u>\$ 3,331</u>	<u>\$ 9,992</u>	<u>\$ 9,992</u>

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
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Carrying amount

Current	<u>\$ 13,514</u>	<u>\$ 13,326</u>	<u>\$ 13,264</u>
Non-current	<u>\$ 2,949</u>	<u>\$ 13,576</u>	<u>\$ 16,463</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
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Buildings	1.90%	1.90%	1.90%
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c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 79</u>	<u>\$ 203</u>	<u>\$ 141</u>	<u>\$ 464</u>
Expenses relating to low-value asset leases	<u>\$ 126</u>	<u>\$ 143</u>	<u>\$ 454</u>	<u>\$ 333</u>
Total cash outflow for leases	<u>\$ (3,778)</u>	<u>\$ (3,919)</u>	<u>\$ (11,314)</u>	<u>\$ (11,516)</u>

The Group's leases of certain office equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER INTANGIBLE ASSETS

	Patent	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 1,500	\$ 950	\$ 2,450
Disposals	<u> </u> -	<u> </u> (950)	<u> </u> (950)
Balance at September 30, 2024	<u> </u> <u>1,500</u>	<u> </u> <u>-</u>	<u> </u> <u>1,500</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ (1,187)	\$ (871)	\$ (2,058)
Amortization expenses	<u> </u> (113)	<u> </u> (79)	<u> </u> (192)
Disposals	<u> </u> -	<u> </u> 950	<u> </u> 950
Balance at September 30, 2024	<u> </u> <u>(1,300)</u>	<u> </u> <u>-</u>	<u> </u> <u>(1,300)</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u> </u> <u>313</u>	<u> </u> <u>79</u>	<u> </u> <u>392</u>
Carrying amount at September 30, 2024	<u> </u> <u>200</u>	<u> </u> <u>-</u>	<u> </u> <u>200</u>
<u>Cost</u>			
Balance at January 1, 2023	<u> </u> <u>1,500</u>	<u> </u> <u>950</u>	<u> </u> <u>2,450</u>
Balance at September 30, 2023	<u> </u> <u>1,500</u>	<u> </u> <u>950</u>	<u> </u> <u>2,450</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ (1,037)	\$ (681)	\$ (1,718)
Amortization expense	<u> </u> (113)	<u> </u> (142)	<u> </u> (255)
Balance at September 30, 2023	<u> </u> <u>(1,150)</u>	<u> </u> <u>(823)</u>	<u> </u> <u>(1,973)</u>
Carrying amount at September 30, 2023	<u> </u> <u>350</u>	<u> </u> <u>127</u>	<u> </u> <u>477</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	10 years
Computer software	5 years

An analysis of amortization by function category:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
General and administrative expenses	<u> </u> <u>38</u>	<u> </u> <u>85</u>	<u> </u> <u>192</u>	<u> </u> <u>255</u>

15. PREPAYMENTS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayments for goods	\$ 342	\$ 3,655	\$ 4
Other prepaid expenses	<u>4,708</u>	<u>792</u>	<u>2,641</u>
	<u>\$ 5,050</u>	<u>\$ 4,447</u>	<u>\$ 2,645</u>

16. OTHER FINANCIAL ASSETS - CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged time deposits	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 700</u>

Refer to Note 33 for pledged time deposits for financing loan.

17. BORROWINGS

a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Secured borrowings (Note 33)			
Bank loans	\$ 4,000	\$ 1,000	\$ 1,000
Unsecured borrowings			
Credit loans	<u>7,000</u>	<u>10,000</u>	<u>6,000</u>
	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 7,000</u>

The interest rates for revolving bank loans were 2.16% to 3.47% as of September 30, 2024, 1.98% to 3.44% as of December 31, 2023 and 2.40% to 3.34% as of September 30, 2023.

b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Taiwan Cooperative Bank	\$ 15,810	\$ 17,815	\$ 18,475
The medium-term operational loan, with a borrowing amount of \$20,000 thousand, had interest rates of 2.878%, 2.753% and 2.753% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The loan period is from February 15, 2023 to February 15, 2030, with monthly principal and interest repayments.			
Chang Hua Bank	8,408	9,842	-
The medium-term operational loan, with a borrowing amount of \$20,000 thousand, had an interest rate of 2.220% and 2.095% as of September 30, 2024 and December 31, 2023, respectively. The loan period is from November 20, 2023 to December 20, 2028, with monthly principal and interest repayments.			
Chang Hua Bank	4,204	4,921	-
The medium-term operating loan, with a borrowing amount of \$15,000 thousand, had an interest rate of 2.220% and 2.095% as of September 30, 2024 and December 31, 2023, respectively. The loan period is from November 20, 2023 to November 20, 2028, with monthly principal and interest repayments.			
Chang Hua Bank	8,569	10,000	-
The medium-term operational loan, with a borrowing amount of \$20,000 thousand an interest rate of 2.220% and 2.095% as of September 30, 2024 and December 31, 2023, respectively. The loan period is from December 20, 2023 to December 20, 2028, with monthly principal and interest repayments.			
Chang Hua Bank	1,969	-	-
The medium-term operational loan, with a borrowing amount of \$12,000 thousand an interest rate of 2.220% as of September 30, 2024. The loan period is from August 22, 2024 to August 22, 2029, with monthly principal and interest repayments.			

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>			
Fubon Bank	\$ 71,176	\$ 73,867	\$ 74,732
The capital financing loan, with a borrowing amount of \$89,300 thousand, had interest rates of 2.139%, 1.981% and 2.381% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The loan period is from March 4, 2021 to March 4, 2041, with monthly principal and interest repayments.			
Less: Current portion	<u>(11,622)</u>	<u>(11,050)</u>	<u>(6,153)</u>
Long-term borrowings	<u>\$ 98,514</u>	<u>\$ 105,395</u>	<u>\$ 87,054</u>
	(Concluded)		

Welmore, a subsidiary of the Group, had total bank financing credit lines of \$54,888 thousand, \$44,888 thousand and \$57,888 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Additionally, promissory notes amounting to \$24,888 thousand, \$36,888 thousand and \$51,888 thousand were issued as guarantees for the financing facilities.

Wellgenetics, another subsidiary of the Group, had total bank financing credit lines of \$131,300 thousand, \$119,300 thousand and \$89,300 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The financing was secured by Wellgenetics's own land and buildings.

The Company had total bank financing credit lines of \$110,000 thousand, \$99,000 thousand and \$89,000 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Additionally, promissory notes amounting to \$50,000 thousand, \$52,000 thousand and \$52,000 thousand were issued as guarantees for the financing facilities.

18. TRADE PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Trade payables - operating	<u>\$ 10,103</u>	<u>\$ 17,374</u>	<u>\$ 8,538</u>

Trade payables are paid on due dates in accordance with agreements. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Payables for salaries or bonuses	\$ 14,825	\$ 18,618	\$ 13,527
Payables for compensation of employees and remuneration of directors	173	-	106
Payables for business taxes	119	748	488
Others	<u>3,709</u>	<u>7,338</u>	<u>6,421</u>
	<u><u>\$ 18,826</u></u>	<u><u>\$ 26,704</u></u>	<u><u>\$ 20,542</u></u>

20. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Employee benefits (a)	\$ 1,279	\$ 1,815	\$ 2,008
Warranties (b)	<u>36</u>	<u>37</u>	<u>39</u>
	<u><u>\$ 1,315</u></u>	<u><u>\$ 1,852</u></u>	<u><u>\$ 2,047</u></u>

- a. Employee benefits are provisions estimated for employees' vested service leave entitlements.
- b. Warranties are provisions based on the sales contract, representing the present value of the management's best estimate of future outflows of economic benefits due to warranty obligations for Welmore, a subsidiary of the Group. This estimate is based on historical warranty experience.

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2023 and 2022, and recognized in the following line items in their respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Operating cost	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ 1

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The Group's employees at the Company settled their defined benefit plan retirement years in November 2023. Since there were no employees remaining eligible for the relevant retirement plan after the settlement, the Company's labor retirement reserve account was approved for cancellation by the competent authority in December 2023.

The employees of Welmore, a subsidiary of the Group, settled their defined benefit plan retirement years in 2023. Since there were no longer any employees covered by the relevant retirement plan after the settlement, the labor retirement reserve account was deregistered with the approval of the competent authority on March 5, 2024.

Wellgenetics, another subsidiary of the Group, has no employees covered by a defined benefit plan.

22. EQUITY

a. Share capital

Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Shares authorized (in thousands of shares)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Share authorized	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Shares issued and fully paid (in thousands of shares)	<u>23,304</u>	<u>23,304</u>	<u>23,304</u>
Ordinary shares issued	<u>\$ 233,043</u>	<u>\$ 233,043</u>	<u>\$ 233,043</u>

A holder of issued ordinary shares with a par value of \$10 is entitled to vote and to receive dividends.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares*	\$ 50,081	\$ 50,081	\$ 50,081
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries accounted for using the equity method	<u>778</u>	<u>778</u>	<u>778</u>
	<u>\$ 50,860</u>	<u>\$ 50,860</u>	<u>\$ 50,859</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company's dividend policy takes into account operational conditions, capital requirements, capital budgets, balancing shareholder interests and dividend distribution. The total amount of shareholder dividends shall not be less than 2% of the distributable earnings. Dividends may be distributed in cash or shares, with cash dividends no less than 10% of the total dividends. For the distribution of cash dividends, it is authorized by the board of directors with the attendance of at least two-thirds of the directors and the approval of more than half of the attending directors, and then reported to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 25-b.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 were as follows:

	Appropriation of Earnings
	For the Year Ended
	December 31, 2022
Legal reserve	\$ 959
Special reserve	<u>\$ 4,399</u>
Cash dividends	<u>\$ 4,228</u>
Cash dividends per share (NT\$)	\$ 0.18

The above cash dividends were resolved for distribution by the board of directors on March 1, 2023, and the remaining items for the distribution of 2022 earnings were resolved by the shareholders in their meeting on May 18, 2023.

The plan for accumulated deficit for 2023 was as follows:

	For the Year Ended
	December 31, 2023
Accumulated deficit	<u>\$ (3,435)</u>

The above plan for accumulated deficit for 2023 was resolved at the shareholders' meeting on May 30, 2024.

d. Other equity items

Unrealized loss on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ (11,381)	\$ (7,320)
Recognized for the period		
Unrealized loss on equity instruments	(2,892)	(1,523)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	—	861
Balance at September 30	<u>\$ (14,273)</u>	<u>\$ (7,982)</u>

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Sales revenue	\$ 60,250	\$ 51,276	\$ 140,480	\$ 126,974
Test revenue	30,146	29,078	94,224	79,679
Revenue from the rendering of services	<u>72</u>	<u>73</u>	<u>190</u>	<u>238</u>
	<u><u>\$ 90,468</u></u>	<u><u>\$ 80,427</u></u>	<u><u>\$ 234,894</u></u>	<u><u>\$ 206,891</u></u>

- Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Accounts receivable (Note 9)	\$ 39,414	\$ 45,200	\$ 48,600	\$ 40,796
Contract liabilities	<u>\$ 45,603</u>	<u>\$ 46,175</u>	<u>\$ 39,735</u>	<u>\$ 29,454</u>

For the nine months ended September 30, 2024 and 2023, the Group's customer contract revenue included amounts reclassified from contract liabilities to contract revenue, totaling \$25,832 thousand and \$26,823 thousand, respectively.

24. OPERATING COST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of goods sold	\$ 35,643	\$ 32,705	\$ 90,731	\$ 79,265
Testing costs	14,060	14,248	45,335	36,706
Service costs	<u>4</u>	<u>3</u>	<u>8</u>	<u>12</u>
	<u><u>\$ 49,707</u></u>	<u><u>\$ 46,956</u></u>	<u><u>\$ 136,074</u></u>	<u><u>\$ 115,983</u></u>

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Employee benefits expense

	For the Three Months Ended September 30					
	2024			2023		
	Attributed to Operating Cost	Attributed to Operating Expenses	Total	Attributed to Operating Cost	Attributed to Operating Expenses	Total
Short-term benefits						
Salaries and wages	\$ 3,755	\$ 17,435	\$ 21,190	\$ 4,399	\$ 18,604	\$ 23,003
Employee insurance expenses	465	1,524	1,989	458	1,560	2,018
Post-employment benefits						
Defined contribution plan	207	711	918	201	695	896
Other employee benefits	<u>233</u>	<u>1,022</u>	<u>1,255</u>	<u>180</u>	<u>698</u>	<u>878</u>
	<u><u>\$ 4,660</u></u>	<u><u>\$ 20,692</u></u>	<u><u>\$ 25,352</u></u>	<u><u>\$ 5,238</u></u>	<u><u>\$ 21,557</u></u>	<u><u>\$ 26,795</u></u>
Depreciation expense						
Property, plant and equipment	\$ 914	\$ 2,900	\$ 3,814	\$ -	\$ 3,459	\$ 3,459
Right-of-use assets	<u>-</u>	<u>3,331</u>	<u>3,331</u>	<u>-</u>	<u>3,331</u>	<u>3,331</u>
	<u><u>\$ 914</u></u>	<u><u>\$ 6,231</u></u>	<u><u>\$ 7,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,790</u></u>	<u><u>\$ 6,790</u></u>
Amortization expense						
Intangible assets	<u>-</u>	<u>38</u>	<u>38</u>	<u>-</u>	<u>85</u>	<u>85</u>
For the Nine Months Ended September 30						
	2024			2023		
	Attributed to Operating Cost	Attributed to Operating Expenses	Total	Attributed to Operating Cost	Attributed to Operating Expenses	Total
Short-term benefits						
Salaries and wages	\$ 11,020	\$ 47,094	\$ 58,114	\$ 9,086	\$ 43,784	\$ 52,870
Employee insurance expenses	1,392	4,415	5,807	1,172	4,214	5,386
Post-employment benefits						
Defined contribution plan	622	2,092	2,714	543	1,883	2,426
Defined benefit plans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Other employee benefits	<u>705</u>	<u>2,621</u>	<u>3,326</u>	<u>466</u>	<u>1,847</u>	<u>2,313</u>
	<u><u>\$ 13,739</u></u>	<u><u>\$ 56,222</u></u>	<u><u>\$ 69,961</u></u>	<u><u>\$ 11,267</u></u>	<u><u>\$ 51,729</u></u>	<u><u>\$ 62,996</u></u>
Depreciation expense						
Property, plant and equipment	\$ 2,819	\$ 8,714	\$ 11,533	\$ -	\$ 9,671	\$ 9,671
Right-of-use assets	<u>-</u>	<u>9,992</u>	<u>9,992</u>	<u>-</u>	<u>9,992</u>	<u>9,992</u>
	<u><u>\$ 2,819</u></u>	<u><u>\$ 18,706</u></u>	<u><u>\$ 21,525</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,663</u></u>	<u><u>\$ 19,663</u></u>
Amortization expense						
Intangible assets	<u>-</u>	<u>192</u>	<u>192</u>	<u>-</u>	<u>255</u>	<u>255</u>

b. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the nine months ended September 30, 2024 and 2023, respectively, are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2024	2023
Compensation of employees	3%	3%
Remuneration of directors	2%	2%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	\$ 42	\$ (27)	\$ 42	\$ 13
Remuneration of directors	\$ 28	\$ (18)	\$ 28	\$ 9

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the board of directors on March 13, 2024 and March 1, 2023, respectively, are as follows:

	2023		2022	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Compensation of employees	\$ -	\$ -	\$ 431	\$ -
Remuneration of directors	-	-	287	-

There is no difference between the actual amounts of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Gains or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ -	\$ 213	\$ 384	\$ 601
Foreign exchange losses	<u>(262)</u>	<u>(75)</u>	<u>(473)</u>	<u>(149)</u>
Net (loss) gains	<u>\$ (262)</u>	<u>\$ 138</u>	<u>\$ (89)</u>	<u>\$ 452</u>

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ -	\$ (52)	\$ -	\$ -
Adjustments for prior periods	<u>-</u>	<u>(73)</u>	<u>15</u>	<u>(73)</u>
	<u>-</u>	<u>(125)</u>	<u>15</u>	<u>(73)</u>
Deferred tax				
In respect of the current period	<u>106</u>	<u>(21)</u>	<u>21</u>	<u>172</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 106</u>	<u>\$ (146)</u>	<u>\$ 36</u>	<u>\$ 99</u>

b. Income tax assessments

The income tax of the Company, Welmore and Wellgenetics have been assessed by the tax authorities through 2022.

27. EARNINGS (LOSS) PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings (loss) per share	\$ 0.33	\$ (0.04)	\$ 0.06	\$ -
Diluted earnings per share	<u>\$ 0.33</u>	<u>\$ (0.04)</u>	<u>\$ 0.06</u>	<u>\$ -</u>

a. Basic earnings (loss) per share

The earnings and weighted average number of ordinary shares outstanding used in the computation of basic earnings (loss) per share and diluted earnings (loss) per share are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Earnings (loss) for the period attributable to owners of the Company	\$ 7,662	\$ (859)	\$ 1,449	\$ 95
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share (in thousands)	23,304	23,304	23,304	23,304
Basic earnings (loss) per share (NT\$)	\$ 0.33	\$ (0.04)	\$ 0.06	\$ -

b. Diluted earnings per share

The earnings and weighted average number of common shares used to calculate diluted earnings per share are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Earnings (loss) for the period attributable to owners of the Company	\$ 7,662	\$ (859)	\$ 1,449	\$ 95
Weighted average number of ordinary shares used in the computation of basic loss per share (in thousands)	23,304	23,304	23,304	23,304
Effect of potentially dilutive ordinary shares				
Compensation of employees	2	-	2	5
Weighted average number of ordinary shares used in the computation of diluted earnings per share	23,306	23,304	23,306	23,309
Diluted earnings per share (NT\$)	\$ 0.33	\$ (0.04)	\$ 0.06	\$ -

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. BUSINESS COMBINATIONS

Before obtaining control, the Group already held an 18% equity interest in Wellgenetics Co., Ltd. On April 7, 2023, the Group acquired an additional 1,450,000 shares of Wellgenetics Co., Ltd. in exchange for a cash consideration, increasing its ownership percentage from 18% to 82.44%. As a result, Wellgenetics Co., Ltd. became an entity of the Group on April 7, 2023. The difference of \$861 thousand between the net fair value of the identifiable assets and liabilities of Wellgenetics Co., Ltd. and the cost of the previously held 18% equity interest was reclassified from unrealized valuation gains and losses at fair value through other comprehensive income to retained earnings.

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Wellgenetics Co., Ltd.	Biogenetic technology services	April 7, 2023	82.44	<u>\$ 33,060</u>

Wellgenetics Co., Ltd. was acquired in order to continue the expansion of the Group's activities.

b. Consideration transferred

	Wellgenetics Co., Ltd.
Cash	<u>\$ 33,060</u>

The acquisition-related costs were excluded from the consideration transferred and were recognized as expenses in the periods incurred under other expenses in the consolidated statements of comprehensive income.

c. Assets acquired and liabilities assumed at the date of acquisition

	Wellgenetics Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 20,256
Notes receivable	99
Trade receivables	2,744
Other receivables	117
Inventories	6,987
Prepayments	46
Other current assets	244

(Continued)

**Wellgenetics
Co., Ltd.**

Non-current assets	
Property, plant and equipment	\$ 115,339
Deferred tax assets	96
Refundable deposits	668
Current liabilities	
Contract liabilities	(17,501)
Notes payable	(8)
Trade payables	(268)
Other payables	(2,019)
Current tax liabilities	(2,164)
Current portion of long-term borrowings	(2,762)
Other current liabilities	(86)
Non-current liabilities	
Long-term borrowings	(73,393)
Deferred tax liabilities	(86)
Deposits received	<u>(678)</u>
	<u>\$ 47,631</u>
	(Concluded)

In the business combination transaction, the fair value of the receivables acquired from Wellgenetics Co., Ltd. approximates their carrying amount. As of the acquisition date, there were no expected uncollectible amounts.

d. Non-controlling interests

The non-controlling interest (a 17.56% ownership interest in Wellgenetics Co., Ltd.) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest of \$6,797 thousand. This fair value was estimated based on the acquisition price per share, taking into account the control premium discount.

e. Gain recognized in bargain purchase transaction recognized on acquisitions

**Wellgenetics
Co., Ltd.**

Consideration transferred	\$ 33,060
Plus: The fair value of the Group's previously held equity interest as of the acquisition date.	6,969
Plus: Non-controlling interests (17.56% in Wellgenetics Co., Ltd.)	6,797
Less: Fair value of identifiable net assets acquired	<u>(47,631)</u>
Gain recognized in bargain purchase transaction recognized on acquisitions	<u>\$ (805)</u>

The gain from a bargain purchase resulting from the acquisition of Wellgenetics Co., Ltd. is the difference between the transferred consideration and the fair value of the identifiable net assets acquired. This gain is recognized as profit or loss for the period.

f. Net cash outflow on the acquisition of subsidiaries

	Wellgenetics Co., Ltd.
Consideration paid in cash	\$ 33,060
Less: Cash and cash equivalent balances acquired	<u>(20,256)</u>
	<u><u>\$ 12,804</u></u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On September 27, 2023, the Group acquired 20 thousand shares of Welmore in cash, increasing its ownership percentage from 99.79% to 100%.

The above transactions were accounted for as equity transactions since they did not have an effect on the Group's control over these subsidiaries.

	Welmore Co., Ltd.
Consideration paid	\$ (220)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>199</u>
Differences recognized from equity transactions	<u><u>\$ (21)</u></u>
Line items adjusted for equity transactions	
Retained earnings	<u><u>\$ (21)</u></u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, reserves, retained earnings and other equity). The key management of the Group regularly reviews its capital structure, considering the cost and associated risks of each type of capital. Based on the recommendations of key management, the Group balances its overall capital structure through measures such as paying dividends and issuing new shares.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group considered the carrying amounts of financial instruments not measured at fair value to be close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Investments in equity instruments				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 28,459	\$ 28,459

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Investments in equity instruments				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 33,980	\$ 33,980

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Investments in equity instruments				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 37,379	\$ 37,379

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Domestic unlisted shares	Market approach: According to the transaction price of a comparable target, the difference between the target evaluated and the comparable target is considered, and the value of the target evaluated is estimated with an appropriate multiple.

For the nine months ended September 30, 2024

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ 33,980
Reduction of capital cash return	(2,629)
Recognized in other comprehensive income	
Unrealized valuation loss on financial assets at FVTOCI	<u>(2,892)</u>
Balance at September 30, 2024	<u><u>\$ 28,459</u></u>

For the nine months ended September 30, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 42,091
Purchases	3,780
The equity previously held in Wellgenetics Co., Ltd. was transferred at fair value on the acquisition date (Note 28)	(6,969)
Recognized in other comprehensive income	
Unrealized valuation loss on financial assets at FVTOCI	<u>(1,523)</u>
Balance at September 30, 2023	<u><u>\$ 37,379</u></u>

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 192,293	\$ 188,130	\$ 97,958
Financial assets at amortized cost - current	9,000	9,000	59,000
Notes receivable	2,635	1,782	2,046
Trade receivables	39,414	45,200	48,600
Other receivables	600	-	-
Other financial assets	700	700	700
Financial assets at FVTOCI			
Equity instruments - non-current	28,459	33,980	37,379
<u>Financial liabilities</u>			
Amortized cost			
Short-term borrowings	11,000	11,000	7,000
Trade payables	10,103	17,374	8,538
Other payables	18,826	26,704	20,542
Current portion of long-term borrowings	11,622	11,050	6,153
Long-term borrowings	98,514	105,395	87,054

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at fair value through other comprehensive income, trade receivables, trade payables and borrowings. The Group ensures that operating capital is sufficient and efficient. The Group cautiously manages market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk to reduce potential negative impact on finance due to market uncertainty.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group operates primarily as a domestic sales-oriented industry, with purchases and sales mainly conducted in New Taiwan dollars. For the carrying amounts of monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date, please refer to Note 35. The Group's foreign currency assets primarily consist of USD-denominated bank deposits that are outstanding as of the balance sheet date and not subject to cash flow hedging.

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on foreign currency monetary items as of the balance sheet date. If the NTD experiences an adverse 1% change against foreign currencies, the Group's pre-tax net profit for the nine months ended September 30, 2024 and 2023, would have decreased by \$57 thousand and \$39 thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the year were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Cash flow interest rate risk	\$ 121,136	\$ 127,445	\$ 100,207

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The financial assets were minimally impacted by changes in interest rates due to the low levels of market deposit rates. Interest rate sensitivity analysis was conducted using financial liabilities to assess the impact on profit and loss. The changes in fair value and estimated cash flows resulting from interest rate fluctuations were analyzed by increasing the rates by 100 basis points at the end of the reporting period, assuming all other variables remained constant. The pre-tax net profit for the Group for the nine months ended September 30, 2024 and 2023, would decrease by \$909 thousand and \$752 thousand, respectively.

The sensitivity of the Group to interest rates in the current period did not show significant changes.

c) Other price risk

The price risk of other equity of the Group primarily arises from investments in financial assets at FVTOCI, mainly investments in unlisted shares.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 0.5% lower, the other comprehensive income for the nine months ended September 30, 2024 and 2023 would have decreased by \$142 thousand and \$187 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The credit risk of the Group primarily arises from receivables generated from operating activities. As of the balance sheet date, the maximum credit risk exposure for the Group, resulting from counterparties failing to fulfill obligations, is represented by the carrying amount of financial assets recognized on the balance sheet.

To mitigate credit risk, the management of the Group has established management control procedures for determining and approving credit limits to ensure the collection of overdue receivables. Additionally, as of the balance sheet date, the recoverable amounts of receivables are reviewed individually to ensure that appropriate impairment losses are recognized for uncollectible receivables. Accordingly, the management believes that the credit risk of the Group has been significantly reduced. Furthermore, since the counterparties for transactions involving liquid funds are all reputable financial institutions and corporate organizations, the associated credit risk is limited, and no significant credit risk is anticipated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized short-term bank loan facilities of \$148,888 thousand, \$120,888 thousand and \$119,888 thousand respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

September 30, 2024

	Less than 1 Year	1-2 Years	2-3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 11,000	\$ -	\$ -	\$ -	\$ 11,000
Trade payables	10,103	-	-	-	10,103
Other payables	18,826	-	-	-	18,826
Lease liabilities - current	13,514	-	-	-	13,514
Current portion of long-term borrowings	11,622	-	-	-	11,622
Lease liabilities - non-current	-	2,949	-	-	2,949
Long-term borrowings	-	11,908	12,195	74,411	98,514

December 31, 2023

	Less than 1 Year	1-2 Years	2-3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 11,000	\$ -	\$ -	\$ -	\$ 11,000
Trade payables	17,374	-	-	-	17,374
Other payables	26,704	-	-	-	26,704
Lease liabilities - current	13,326	-	-	-	13,326
Current portion of long-term borrowings	11,050	-	-	-	11,050
Lease liabilities - non-current	-	13,576	-	-	13,576
Long-term borrowings	-	11,270	11,540	82,585	105,395

September 30, 2023

	Less than 1 Year	1-2 Years	2-3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 7,000	\$ -	\$ -	\$ -	\$ 7,000
Trade payables	8,538	-	-	-	8,538
Other payables	20,542	-	-	-	20,542
Lease liabilities - current	13,264	-	-	-	13,264
Current portion of long-term borrowings	6,153	-	-	-	6,153
Lease liabilities - non-current	-	13,514	2,949	-	16,463
Long-term borrowings	-	6,325	6,496	74,233	87,054

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Han Gene Co., Ltd.	Associate - the chairman of this company and the representative of the corporate chairman of the Company are the same person.

b. Refundable deposits

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Associate Han Gene Co., Ltd.	\$ 2,402	\$ 2,402	\$ 2,402

c. Lease arrangements - the Group is lessee

Line Item	Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities - current	Associate Han Gene Co., Ltd.	\$ 13,514	\$ 13,326	\$ 13,264
Lease liabilities - non-current	Associate Han Gene Co., Ltd.	\$ 2,949	\$ 13,576	\$ 16,463

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023

Interest expense

Associate Han Gene Co., Ltd.	\$ 78	\$ 139	\$ 280	\$ 463
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The Group leased offices in Nangang, Taichung and Kaohsiung from its affiliate Han Gene Co., Ltd. in November 2022 and August 2022, respectively. The lease terms are three years and three years and four months, respectively. The rental payments are based on similar properties in the vicinity of the office, and the fixed lease payments are paid quarterly. For the nine months ended September 30, 2024 and 2023, the amount of the Group's rental payment were both \$10,719 thousand. The leases are accounted for under IFRS 16 "Leases" and are recognized under right-of-use assets and lease liabilities, with depreciation and interest expenses accrued monthly.

d. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 6,819	\$ 4,581	\$ 19,219	\$ 20,763

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets - current	\$ 700	\$ 700	\$ 700
Property, plant and equipment - land	22,761	22,761	22,761
Property, plant and equipment - buildings	<u>85,071</u>	<u>88,027</u>	<u>89,012</u>
	<u>\$ 108,532</u>	<u>\$ 111,488</u>	<u>\$ 112,473</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had no significant contingent liabilities or unrecognized contractual commitments.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

September 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 189	31.71	\$ 6,000
<u>Financial liabilities</u>			
Monetary items			
USD	9	31.71	\$ 281
GBP	2	42.62	<u>66</u>
			\$ 347

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 268	30.76	\$ 8,232
<u>Financial liabilities</u>			
Monetary items			
USD	1	30.76	\$ 27

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 121	32.33	\$ 3,925
<u>Financial liabilities</u>			
Monetary items			
USD	1	32.33	\$ 32

For the three months ended September 30, 2024 and 2023, realized and unrealized net foreign exchange gains and losses were \$(262) thousand and \$138 thousand, respectively; for the nine months ended September 30, 2024 and 2023, realized and unrealized net foreign exchange gains and losses were \$(89) thousand and \$452 thousand, respectively, which were primarily from the exchange of US dollars to New Taiwan dollars.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: Table 1.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Information on investees: Table 3.
- 11) Intercompany relationships and significant intercompany transactions: None.

b. Information on investments in mainland China: None.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 4.

37. SEGMENT INFORMATION

Segment Revenues and Results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	For the Nine Months Ended September 30, 2024			
	Biotechnology Testing Department	Instrument Sales Department	Adjustments and Write-offs	Total
Revenue from external customers	\$ 175,396	\$ 59,498	\$ -	\$ 234,894
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 175,396</u></u>	<u><u>\$ 59,498</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 234,894</u></u>

(Continued)

For the Nine Months Ended September 30, 2024

	Biotechnology	Instrument		
	Testing	Sales	Adjustments	
	Department	Department	and Write-offs	Total
Segment profit	<u>\$ 76,398</u>	<u>\$ 22,422</u>	<u>\$ -</u>	<u>\$ 98,820</u>
Interest income				652
General other income				2,043
Other gains and losses				370
Finance costs				(2,245)
General operating expenses				<u>(98,535)</u>
Net profit before tax for the period				<u>\$ 1,105</u>
Identifiable assets	<u>\$ 173,070</u>	<u>\$ 7,981</u>		<u>\$ 181,051</u>
General assets				<u>331,830</u>
Total assets				<u>\$ 512,881</u>
Depreciation expense	<u>\$ 17,902</u>	<u>\$ 3,623</u>		
Capital expenditure amount	<u>\$ 3,935</u>	<u>\$ -</u>		

For the Nine Months Ended September 30, 2023

	Biotechnology	Instrument		
	Testing	Sales	Adjustments	
	Department	Department	and Write-offs	Total
Revenue from external customers	<u>\$ 152,760</u>	<u>\$ 54,131</u>	<u>\$ -</u>	<u>\$ 206,891</u>
Inter-segment revenue	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	<u><u>\$ 152,760</u></u>	<u><u>\$ 54,131</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 206,891</u></u>
Segment profit	<u>\$ 68,287</u>	<u>\$ 22,621</u>	<u>\$ -</u>	<u>\$ 90,908</u>
Interest income				1,000
General other income				2,707
Finance costs				(1,796)
General operating expenses				<u>(92,680)</u>
Net profit before tax for the period				<u>\$ 139</u>
Identifiable assets	<u>\$ 189,281</u>	<u>\$ 13,203</u>		<u>\$ 202,484</u>
General assets				<u>304,321</u>
Total assets				<u>\$ 506,805</u>
Depreciation expense	<u>\$ 15,770</u>	<u>\$ 3,893</u>		
Capital expenditure amount	<u>\$ 23,697</u>	<u>\$ 448</u>		

The Group's main business operations are divided into two categories: Genetic testing (biotechnology testing division) and the trading of biotechnology medical instruments (instrument sales division). There are no interdepartmental advances or loans.

The segment profit represents the profit earned by each division and does not include general administrative expenses, interest income, dividend income, gains or losses on disposal of real estate, plant, and equipment, gains or losses on disposal of financial assets, miscellaneous income and expenses, and income tax expenses that are unrelated to the divisions.

Identifiable assets of a division refer to assets that can be directly attributed to that division. If assets are used by more than one division, they are allocated based on the proportion of personnel in each division or another reasonable basis. However, identifiable assets of a division do not include assets held for general use and not for the operations of any specific division.

TABLE 1**WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****SEPTEMBER 30, 2024**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Welgene Biotech Co., Ltd.	Welmore Co., Ltd.	Subsidiary	\$ 29,059	\$ 6,770	\$ 6,770	\$ -	\$ -	2.33	\$ 145,296	Y	N	N	Note

Note: The total amount of endorsements and guarantees by the Company is limited to 50% of the net value in the most recent financial statements. For companies in which the Company directly or indirectly holds 90% or more of the voting shares, the amount of endorsements and guarantees is limited to 10% of the net value in the most recent financial statements.

TABLE 2**WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)****SEPTEMBER 30, 2024**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	September 30, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Welgene Biotech Co., Ltd.	<u>Shares</u> Compass Bioinformatics Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current	200,000	\$ 506	1.08	\$ 506	
	Taiwan Genome Industry Alliance Inc.	-	"	3,970,000	27,519	15.36	27,519	
	Expercy Medical Ltd.	-	"	115,112	434	16.43	434	
					<u>\$ 28,459</u>		<u>\$ 28,459</u>	

TABLE 3**WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES**

INFORMATION OF INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Profit (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount			
Welgene Biotech Co., Ltd.	Welmore Co., Ltd.	10F., No. 3, Yuancyu St., Nangang District, Taipei City 115603, Taiwan	Medical equipment sales	\$ 182,055	\$ 182,055	12,500,000	100	\$ 124,485	\$ 2,203	\$ 2,203	Note
	Wellgenetics Co., Ltd.	10F., No. 3, Yuancyu St., Nangang District, Taipei City 115603, Taiwan	Biogenetic technology services	52,729	52,729	2,490,000	83	47,533	(1,876)	(1,855)	Note

Note: Consolidated financial statements included the investment income and losses recognized by subsidiaries accounted for using the equity method, whereby long-term equity investments of the investing company and the equity of the investee are fully eliminated.

TABLE 4**WELGENE BIOTECH CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
HanGii Co., Ltd.	7,063,333	30.30
HanGene Co., Ltd.	2,318,489	9.94
HauChu Co., Ltd.	2,313,933	9.92
SunGii Co., Ltd.	1,840,000	7.89

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Company based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: The information above is listed by settlers' individual accounts separated from trust account set by trustees on the condition that shareholders hold shares through a trust. For shareholders who report ownerships exceeding 10% in accordance with the Securities and Exchange Act, the number of shares includes shares held by themselves and held under trust with discretion reserved. Information on the shareholding of insiders, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.