



2023 ANNUAL REPORT

+I Excelsior Medical Co., Ltd.

SPOKESPERSON

Name: Chang Ming-Cheng
Title: General Manager
Telephone: (02) 2225-1888 ext.8883
E-mail: emp826@excelsior.com.tw

DEPUTY SPOKESPERSON

Name: Chou Cheng-Hsiao
Title: CFO and CGO
Telephone: (02) 2225-1888 ext. 1807
E-mail: e95035@excelsior.com.tw

COMPANY ADDRESS & PHONE NUMBER

Head Office	17F, No. 880, Zhongzheng Rd., Zhonghe Dist, New Taipei City 235, Taiwan, R.O.C. TEL: (02) 2225-1888 FAX: (02) 2225-8117
Taichung Office	3F, No. 270, Sec. 1, Fuxing Rd., South Dist., Taichung City 402, Taiwan, R.O.C. TEL: (04) 2302-0753 FAX: (04) 2301-4066
Kaohsiung Office	13F, No. 458, Jianguo 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan, R.O.C. TEL: (07) 223-9395 FAX: (07) 223-9396
Tainan Office	No. 589, Sec. 3, Wenhua Rd., Rende Dist., Tainan City 717, Taiwan, R.O.C. TEL: (06) 270-3823 FAX: (06) 270-3806

STOCK TRANSFER AGENT AND REGISTRAR

Name of agent: President Securities Corporation,
Shareholder Services Department.
Address: B1F., No.8, Dongxing Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C)
Telephone: (02) 2746-3797
Website: <http://www.pscnet.com.tw>

AUDITORS FOR THE LATEST FINANCIAL STATEMENTS

Name of Auditors: Wu Tsao-Jen , Chen Jun-Guang
CPA Firm: KPMG Taiwan
Address: 68F, No. 7, Sec. 5, Xinyi Rd, Xinyi Dist., Taipei City 110, Taiwan (R.O.C)
Telephone: (02) 8101-6666
Website: <http://home.kpmg.com/tw>

**VENUE FOR TRADING THE COMPANY'S LISTED OVERSEAS
SECURITIES AND INQUIRY METHOD**

For Such Overseas Securities: None.
Company Website: <http://www.excelsiormedical.com.tw>

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I . Report to Shareholders

Dear Shareholders,

First of all, I would like to thank you for sparing the time to attend the Company's annual shareholders' meeting. It provides us, the management team, with an opportunity to present the operational achievements and future prospects of the company. On behalf of the management team and all employees, I sincerely welcome and invite your valuable feedback and suggestions.

In recent years, there have been frequent geopolitical conflicts globally, which have caused fluctuations in Taiwan's economy. Fortunately, the impact on our company has been relatively minimal. However, inflation has led to increased procurement costs, and the appreciation of the US dollar has resulted in the depreciation of the New Taiwan Dollar, causing a decrease in product gross profit margins. As our company is one of the larger integrated medical product service providers in the domestic market, our business is relatively less affected compared to other industries and continues to grow steadily. We will leverage this advantageous opportunity to maintain our competitive edge in the future.

The Company's 2023 operating results and 2024 business plan are reported as follows:

I. Report on the 2023 operating results

1. 2023 operating results

(1) Individual statement of comprehensive income

Unit: NT dollars in thousands

Item	2023	2022	Increase (decrease) percentage
Operating revenue	5,246,870	4,654,419	12.73%
Gross profit	762,162	785,948	(3.03%)
Net operating income	340,502	377,167	(9.72%)
Non-operating income and expenses	533,505	409,616	30.25%
Profit before tax	874,007	786,783	11.09%
Profit after tax	746,605	667,453	11.86%
Other comprehensive income	198,160	289,185	(31.48%)
Total comprehensive income	944,765	956,638	(1.24%)

- i. The increase in operating revenue, compared to the previous year is mainly due to the increase in sales of hemodialysis and surgery products.
- ii. The decrease in gross profit and net operating income compared to the previous year is mainly due to reduced sales of high-margin products and increased costs resulting from the depreciation of the New Taiwan Dollar.
- iii. The increase in non-operating income and expenses compared to the previous year is mainly due to the influence of “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method”.
- iv. The decrease in other comprehensive income compared to the previous year is mainly due to the decrease of “Exchange differences on translation”.

(2) Consolidated statement of comprehensive income

Unit: NT dollars in thousands

Item	2023	2022	Increase (decrease) percentage
Operating revenue	8,233,404	7,186,828	14.56%
Gross profit	1,675,568	1,513,112	10.74%
Net operating income	702,880	606,612	15.87%
Non-operating income and expenses	441,200	357,088	23.55%
Profit before tax	1,144,080	963,700	18.72%
Profit after tax	922,850	785,301	17.52%
Other comprehensive income	319,075	364,266	(12.41%)
Total comprehensive income	1,241,925	1,149,567	8.03%

- i. The increase in operating revenue compared to the previous year is mainly due to the increase in sales of hemodialysis, surgery, aesthetic medical products.
 - ii. The increase in gross profit and net operating income compared to the previous year is mainly due to the growth in sales of high-margin lifestyle beauty products and services.
 - iii. The increase in non-operating income and expenses compared to the previous year is mainly due to the influence of “Share of profit of associates and joint ventures accounted for using equity method”.
 - iv. The decrease in other comprehensive income compared to the previous year is mainly due to the decrease of “Exchange differences on translation”.
2. Status of budget implementation: this is not applicable since the Company did not prepare any financial forecast.

3. Status of cash flows

(1) Individual statement of cash flows

Unit: NT dollars in thousands

Item	2023	Description
Beginning cash balance	503,318	The balance of the 2022 final account.
Net cash flows from operating activities	78,787	Mainly resulting from the increase in net operating income and accounts receivable.
Net cash flows from investment activities	221,176	Mainly resulting from the cash dividends received.
Net cash used in from financing activities	(397,529)	Mainly resulting from the cash dividends paid.
Cash balance at the end of the year	405,752	The balance of the 2023 final account.

(2) Consolidated statement of cash flows

Unit: thousand NT dollars

Item	2023	Description
Beginning cash balance	2,506,995	The balance of the 2022 final account.
Net cash flows from operating activities	107,101	Mainly resulting from the increase in net operating income and accounts receivable.
Net cash flows from investment activities	105,745	Mainly resulting from the cash dividends received.
Net cash used in from financing activities	(104,512)	Mainly resulting from the increase in short-term borrowings and the cash dividends paid.
Impact of changes in exchange rates	(543)	Effect of Exchange rate changes.
Cash balance at the end of the year	2,614,786	The balance of the 2023 final account.

4. Analysis and comparison of profitability

(1) Analysis of individual profitability

Item	2023	2022	Description
Return on assets (%)	7.5	7.1	The increase in profit after tax in 2023 is mainly resulting from the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Return on equity(%)	8.9	8.4	The increase in profit after tax in 2023 is mainly resulting from the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Ratio of before-tax profit to the paid-in capital(%)	56.2	53.1	The increase in profit before tax in 2023 is mainly resulting from the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Net profit margin (%)	14.2	14.3	The difference in net profit margin between the two fiscal years is not significant.
Basic after-tax earnings per share (NT\$) (note)	4.80	4.29	The increase in profit after tax in 2023 is mainly resulting from the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".

Note: Analysis according to the net profit after tax with weighted-average shares outstanding.

(2) Analysis of consolidated profitability

Item	2023	2022	Description
Return on assets (%)	5.4	5.0	The increase in profit after tax in 2023 is mainly resulting from the increase in "Share of profit of associates and joint ventures accounted for using equity method".
Return on equity(%)	8.7	7.8	The increase in profit after tax in 2023 is mainly resulting from the increase in "Share of profit of associates and joint ventures accounted for using equity method".
Ratio of before-tax profit to the paid-in capital(%)	73.5	65.0	The increase in profit before tax in 2023 is mainly resulting from the increase in "Share of profit of associates and joint ventures accounted for using equity method".
Net profit margin (%)	11.2	10.9	The difference in net profit margin between the two fiscal years is not significant.
Basic after-tax earnings per share (NT\$) (note)	4.80	4.29	The increase in profit after tax in 2023 is mainly resulting from the increase in net operating income of the operating revenue and the increase in "Share of profit of associates and joint ventures accounted for using equity method".

Note: Analysis according to the net profit after tax with weighted-average shares outstanding.

5. R&D status

As the Company is not in the manufacturing industry, it has not set up a dedicated R&D division. Instead, we rely on our various business departments to expand our business scope in the field of medical-related specialties through agency and distribution.

II. The 2024 business plan

- (1) Strengthening investment deployment: We will focus on the Taiwanese healthcare market and actively seek strategic partners in the medical industry. Through reinvestment, we will continue to integrate upstream and downstream medical resources, develop a competitive value chain service, and expand our medical distribution channels. Additionally, we aim to replicate the success of our experiences in Taiwan and extend our

presence in overseas healthcare markets. For instance, we have entered the manufacturing sector by establishing a dialysis solution factory in Malaysia, thereby extending our sources of profitability.

- (2) Promoting brand management strategy: We will promote our proprietary brand "Ultra Clean" Cubic Air purifiers and other health home appliances, along with the marketing of our proprietary brand "DR CYJ Hair Peptide" through e-commerce and physical retail channels, selling hair care products, facial skincare products, and beauty services.
- (3) Deepening community long-term care services: In alignment with the government's ten-year plan for long-term care, we will actively establish long-term care associations, expand community-based long-term care facilities, and develop a collaborative network between long-term care and medical services. We will also enhance the classification of care service functions and provide an integrated healthcare and caregiving model to meet the needs of individuals requiring care.
- (4) Developing medical real estate and equipment leasing business: Leveraging the expertise of asset management companies, we continue to develop our medical real estate and equipment leasing business. We collaborate with affiliated enterprises to expand medical channels and seek stable, secure, and reasonable real estate targets, aiming to maximize comprehensive benefits.

III. Future corporate development strategies

In response to changes in the market environment, our company aims to increase market share in the field of hemodialysis and surgical products. We will also continue to introduce medical equipment and consumables, deepen our presence in the healthcare market channels, and integrate resources from affiliated companies, combine strategic partnerships and aim to establish an integrated medical healthcare industry group. With the values of dedication, discipline, innovation, and proactive, we are committed to providing comprehensive healthcare services in the medical industry.

Looking ahead to the year 2024, our company and its affiliated investments will continue to strive for diversified development. This includes introducing new-generation medical products and services, as well as healthy home appliances (both large and small appliances, including air purifiers). Continuously expanding in four major areas of aesthetic medical and lifestyle beauty: "Laser/Pulsed Light," "Body Sculpting/Skin Tightening," "Botulinum Toxin Injections," and "Subdermal Implant Fillers," among other product lines. In pharmaceutical logistics, besides continuing to deepen cooperation with international pharmaceutical companies, we have established dedicated business teams for medical centers and regional hospitals in 2023, strengthening sales of principal products and vaccines. We have also obtained qualifications for QMS and GDP, venturing into the medical device field to enhance comprehensive professional services in pharmaceutical logistics. As for long-term care systems, we will continue to respond to the government's ten-year Long-term Care 2.0 plan, integrating medical, nursing, and home-based services in accordance with the Long-term Care Services Act. We aim to establish an integrated care model that combines long-term care and medical services, expanding our business in

this sector. Additionally, we will closely monitor the government's New Southbound Policy and expand our presence in the international healthcare market by investing in a dialysis solution factory in Malaysia, in line with the group's policies.

IV. The influences of the external competitive environment, regulatory environment and overall business environment

According to a research report by the Industrial Technology Research Institute (ITRI) IEK, the global population aged 65 and above is expected to reach its peak between 2011 and 2029. Population aging has become an irreversible global trend. The National Development Council has also announced that Taiwan is estimated to enter the "super-aged society" by international standards by 2025. By 2050, the elderly population is projected to reach 7.66 million, accounting for approximately 37.5% of the total population. According to data published by the Ministry of the Interior, as of the end of 2023, the elderly population (aged 65 and above) in Taiwan has reached 4,296,985, an increase of 211,192 compared to the end of 2022, accounting for 18.35% of the total population of 23,420,442. The rapid growth of the elderly population necessitates middle-aged individuals to address their own retirement life and care for their elders, proactively planning for elderly medical care to meet future market needs. Therefore, in line with the government's initiatives, such as the "Ten-year Long-term Care Plan," "Long-term Care Service Network Plan," and "Enhancement Plan for Long-term Care Capacity," a comprehensive long-term care system is being gradually established in stages.

In recent years, as the economy has grown, the per capita income in our country has been steadily increasing. With this economic growth, there has been an increasing emphasis on health. Additionally, the aging population and the rise in chronic diseases such as obesity, diabetes, and hypertension have led to a significant increase in demand for healthcare and related products. In light of these factors, our company can capitalize on the dynamic adjustments and growth trends in the healthcare supply and demand structure, thereby creating better development opportunities for the healthcare industry.

Fu Hui-Tung, Chairman

II . Company Profile

1. Date of Incorporation

March 15, 1988

2. Company History

1988	Enfield Medical Supply Ltd. was established and elected Hui-Tung Fu as the first chairman. The Company engaged in the sale of hemodialysis medical products.
1989	In responding to business expansion, Enfield Medical Supply Ltd. was changed to Enfield Medical Co., Ltd.
1998	<ol style="list-style-type: none">1. The Company entered globalization era, joint venture with RTS Worldwide Holding Inc, a subsidiary company of Baxter International, and planed to establish "Jiate Excesior Co., Ltd." to expand and manage hemodialysis related business.2. The Company was approved as a public company by Securities and Futures Commission, Ministry of Finance to improve management performance.
1999	Built internal resources to integrate, JDE information management system.
2000	Invested in Bestchain Online Business Co., Ltd., (It has been renamed as Bestchain Healthtaiwan Co., Ltd.) and entered into the medical health e-commerce field.
2001	<ol style="list-style-type: none">1. The company was approved as "biotechnology stock" by Taipei Exchange, stock code is 4104 which officially qualified to list stock.2. Public trading could commence on June 8, 2001 pursuant to authorization from Taipei Exchange.
2003	<ol style="list-style-type: none">1. Invested in Excelsior Healthcare Co., Limited, an overseas holding company in the British Virgin Islands, engaged in the investment and operation of the medical industry in Asia and overseas. The company established EG Healthcare, Inc. to develop medical-related industries in the Philippines.2. Purchased Zhonghe Office to establish the Group headquarter.
2004	Invested in Dynamic Medical Technologies Inc., and entered into the aesthetic medical field.
2005	Purchased all shares of Jiate Excesior Co., Ltd. invested by RTS Worldwide Holding Inc., which is the subsidiary of Baxter International, and obtained the entire hemodialysis channels of that company.
2006	<ol style="list-style-type: none">1. Upgraded internal resource to integrate ERP system.2. To streamline the affiliates, Bestchain Healthtaiwan Co., Ltd. and Chiayi Applied Technology Co., Ltd. merged, and the former is the surviving company.

2007	<ol style="list-style-type: none"> 1. The Company sold 51% shares of its subsidiary Jiata Excelsior Co., Ltd. to Fresenius Medical Care Hong Kong Co., Ltd. joint venture to expand hemodialysis business. 2. The subsidiary, Dynamic Medical Technologies Inc., invested in Great China Technology Development Limited (It has been renamed as Dynamic Medical Technologies (HK) Inc.,) into the international aesthetic medical field. 3. The Company's stock terminated the trading of its shares on Taipei Exchange and listed on the Taiwan Stock Exchange on December 31, 2007.
2008	<ol style="list-style-type: none"> 1. Invested in Asia Best Healthcare Co., Ltd. to expand the long-term care business in Greater China Area. 2. Issued new shares due to acquisition of 51% shares of Arich Enterprise Co., Ltd. held by Jiuyu Investment Co., Ltd.
2009	The Company's name was formally changed from "Enfield Medical Co., Ltd." to "Excelsior Medical Co., Ltd."
2010	The subsidiary, Dynamic Medical Technologies Inc., terminated the trading of its shares on TPEx emerging stock market and listed on Taipei Exchange on December 29, 2010.
2011	<ol style="list-style-type: none"> 1. Established the subsidiary, Excelsior Medical (HK) Co., Limited, and Yujia Medical Service Co., Ltd. (It has been renamed as SinoExcelsior Investment Inc.) was established through Excelsior Medical (HK) Co., Limited, as a joint venture to develop medical industry in China region. 2. Established Remuneration Committee to implement corporate governance system.
2012	<ol style="list-style-type: none"> 1. The Company originally invested in Asia Best Healthcare Co., Ltd. through Excelsior Healthcare Co., Limited. Due to expansion of business in Greater China Area, the investment framework was restructured and shares of Asia Best Healthcare Co., Ltd. were transferred from Excelsior Healthcare Co., Limited to Excelsior Medical (HK) Co., Limited. 2. Excelsior Medical (HK) Co., Limited carried out capital injection, and the shares were purchased by Excelsior Healthcare Co., Limited. After the capital injection of Excelsior Medical (HK) Co., Limited, the Company and Excelsior Healthcare Co., Limited hold its shares respectively.

2013	The subsidiary, Arich Enterprise Co., Ltd., terminated the trading of its shares on TPEx emerging stock market and listed on Taipei Exchange on October 31, 2013.
2014	The Company and the subsidiary Dynamic Medical Technologies Inc. invested Caregen Co., Ltd. shares to develop proprietary, patented peptide technology for hair growth, hair care treatment and to promote products from DR.CYJ brand.
2015	The Company established Shinkong Excelsior Asset Management Co., Ltd. (It has been renamed as Excelsior Asset Management Co., Ltd.) as a joint venture. The parties combined their respective advantageous resources to develop medical real estate leasing business.
2016	Established Audit Committee to strengthen the corporate governance system.
2017	<ol style="list-style-type: none"> 1. The Company merged with its subsidiary Animation Medical Technologies Ltd. to integrate group resource. The Company was the surviving company, and to further develop the field of agency and maintenance of water treatment equipment. 2. The Company acquired partial shares of SinoExcelsior Investment Inc. through Excelsior Medical (HK) Co., Limited, increasing the shareholding ratio to 100% after the completion of this transaction, which aimed to expand medical industries in China region.
2018	<ol style="list-style-type: none"> 1. The Subsidiary, SinoExcelsior Investment Inc., adjusted its operation strategy to reduce capital and change its company name and business content. It was approved to change its registered Chinese name. 2. The Subsidiary, Excelsior Healthcare Co., Limited established Excelsior Investment (Malaysia) Co., Ltd. to develop the Southeast Asia market. 3. Acquired 70% shares in Renal Laboratories Sdn. Bhd. and Medi Chem Systems Sdn. Bhd. through the subsidiary, Excelsior Investment (Malaysia) Co., Ltd., By investing in dialysis solution factory in Malaysia, the Company looks to expand into the hemodialysis market and enter into dialysis-related products manufacturing in Southeast Asia.
2019	<ol style="list-style-type: none"> 1. The Company acquired partial shares of Shinkong Excelsior Medical Asset Management Co., Ltd., increasing the shareholding ratio to 100%, and the name of the subsidiary was changed to Excelsior Asset Management Co., Ltd.

2020

1. The Company acquired normal saline permit license and outsourced manufacturing to Astar Chemical & Phar Co., Ltd.
2. The Company acquired import certificate of Nikkiso's new model DBB-EXA ES hemodialysis machine approved by Ministry of Health and Welfare. The new model DBB-EXA ES hemodialysis machine added new functions, including online hemodialysis powder infusion and data output communication interface. In addition to meeting current medical requirements, also enhance the product's sales strength by adding various functions.

2022

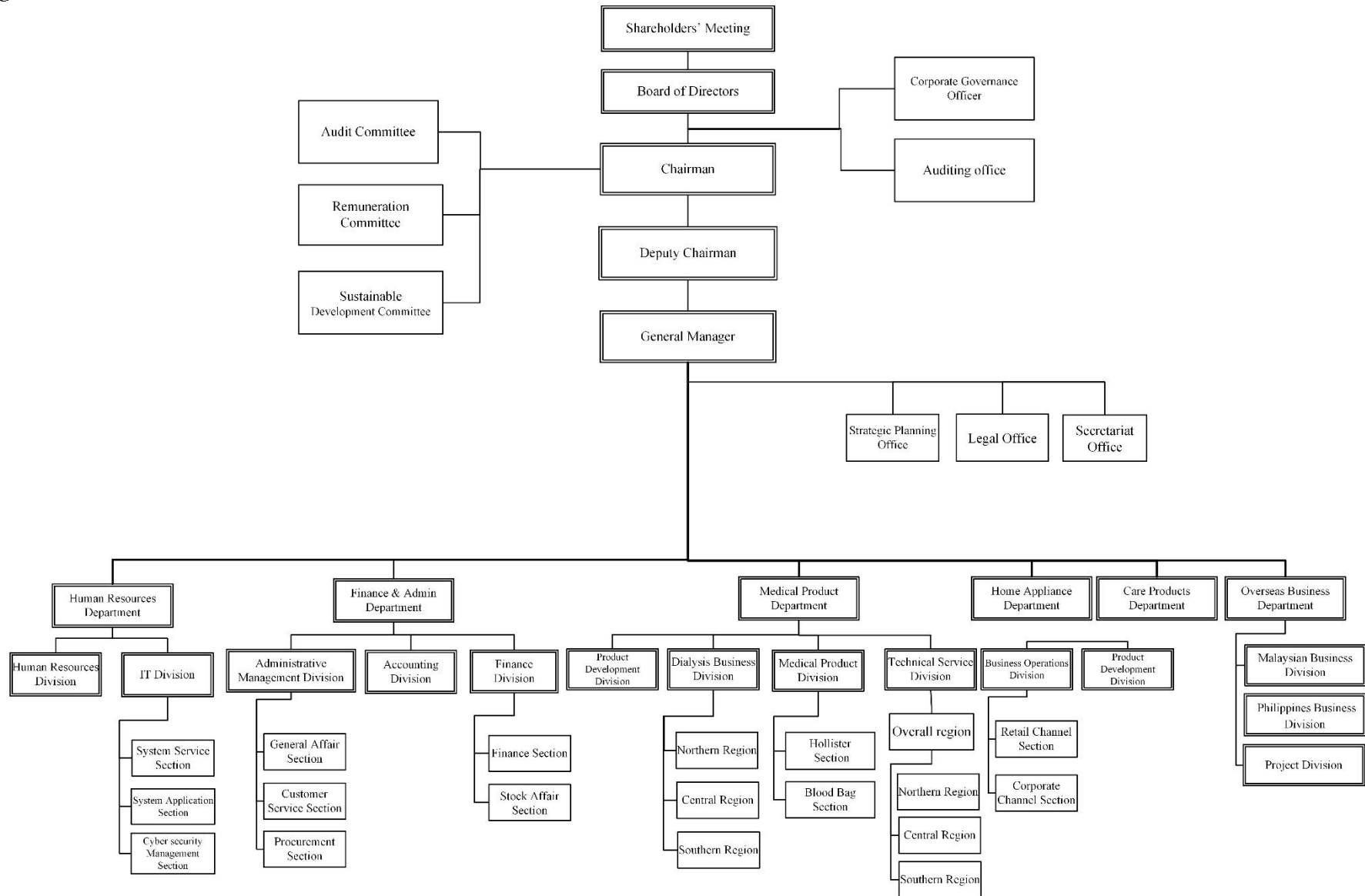
1. The company has acquired 49% equity in NephroCare Limited and Cardinal Medical Services Ltd. through its subsidiary Excelsior Medical (HK) Co., Limited, jointly expanding operations in dialysis-related businesses.
2. Elections for the 13th board of directors (including independent directors) in the shareholders' meeting.
3. Established a Corporate Governance Officer to assist directors in executing, enhancing the effective functioning, and compliance with regulations.
4. Established a Corporate Sustainable Development Committee responsible for environmental, social, and corporate governance aspects and promoting corporate sustainability.
5. Established a Chief Information Security Officer to strengthen the company's information security management mechanisms.

1. The subsidiary, Excelsior Asset Management Co., Ltd. acquired real estate in Daya District, Taichung City, expanding the scale of medical real estate operations.
2. The company obtained ISO 9001 certification for quality management systems and ISO 13485 certification for medical device quality management systems.
3. Our company obtained approval and registration from the Ministry of Health and Welfare for the Good Distribution Practice (GDP) of medical devices, ensuring that the quality of medical devices meets the requirements specified in the package insert.
4. The Company increased its capital by earnings through the issuance of 7,410,321 stock dividends. After the capital increase, the total share capital changed to NT\$1,556,167,400.
5. The company has completed a greenhouse gas inventory according to ISO 14064-1 standards and has been verified by a certification institution.
6. The company has published its sustainability report, which has been verified by a certification institution.
7. The company has established a Sustainable Development Committee under the Board of Directors to strengthen corporate sustainability.
8. Asia Best Healthcare Co., Ltd. repurchased its shares from shareholders and paid for them as equivalent to shares of its subsidiary, Asia Best Life Care Co., Ltd.
9. The company proceeded a investment restructuring, acquiring a 49.38% equity in Asia Best Life Care Co., Ltd. from its subsidiary Excelsior Medical (HK) Co., Limited, Respectively, Excelsior Medical (HK) Co., Limited, and Excelsior Healthcare Co., Ltd. reduced their capital in accordance with their respective shareholding ratios to The company after receiving the investment funds.

III. Corporate Governance Report

1. Organization

(1) Organizational chart



(2) Department operations

Department	Responsibilities
Board of Directors	Decision-making over business strategies, reviewing legally stipulated regulations, laws and bylaws, reviewing budgets and other functional authorities pursuant to laws and the Shareholders' Meeting.
Audit Committee	Composed of all independent directors, the Audit committee assists the Board of Directors in supervising the quality and integrity in respect of implementation of relevant accounting, auditing, and financial reporting procedures and control over the Company's finance.
Remuneration Committee	Composed of all independent directors, the Remuneration committee evaluates the remuneration policies of directors and managers, and to propose recommendations to the Board of Directors for references.
Sustainable Development Committee	Composed of all independent directors and corporate governance officer, aiming to enhance the management principles of ESG for corporate sustainable development. It formulates strategies and measures to address environment (E), society (S), and governance (G).
Corporate Governance Officer	Perform legal procedures related to board of directors and shareholders' meetings, assist directors in their appointments and professional development, provide necessary information for the execution of directors' duties, and assist directors in compliance with regulations.
Auditing office	In charge of investigating and evaluating the implementation of the Company's internal control system and to assess operational efficiency, and to provide recommendations for improvement.
Chairman	Convene Board of Directors and supervise the General Manager to execute resolutions from the Board meetings.

Department		Responsibilities
General manager		Implements policies and decisions from the Board of Directors and operational strategies; in charge of integrating the Company's departments to expand businesses and to establish internal management system.
General Manager's Office	Strategic Planning Office	In charge of promoting corporate image and market planning.
	Legal Office	In charge of reviewing and signing contracts and other relevant matters.
	Secretariat Office	In charge of receiving visitors, handle matters and agenda related to various inter-departmental meetings, and tasks assigned by the Chairman and General Manager.
Human Resources Department	Human Resources Division	In charge of human resources management matters related to employee recruitment, employee development, compensation management, employee benefits and employee relations.
	IT Division	Responsible for the planning and infrastructure of the information system, as well as the management of cyber security and related equipment.
Finance & Admin Department	Administrative Management Division	Responsible for procurement and customer service, as well as document management, printing, general procurement, building, and equipment maintenance.
	Accounting Division	Responsible of accounting, tax, and supervision of subsidiaries.
	Finance Division	Cashier, finance planning ,stock affair and ESG matters.
Medical Products Department	Product Development Division	In charge of new product development and introduction.
	Dialysis Business Division	In charge of planning, market research, and sales and purchase planning related to dialysis, Medtronic, and medical products.
	Medical Product Division	In charge of promoting blood bag and wound and ostomy products.
	Technical Service Division	After-sale repair and maintenance of medical devices.
Home Appliance Department	Business Operations Division	Responsible for planning, market research, and sales procurement planning of healthcare home appliances and other consumer products.
	Product Development Division	Responsible for the development and introduction of new healthcare home appliance products.

Department		Responsibilities
Care Products Department	Care Products Division	Responsible for the sales and promotion of long-term care medical device and assistive device.
Overseas Business Department	Philippines Business Division	In charge of planning and investments in overseas markets.
	Malaysia Business Division	
	Project Division	

2. Directors and Management Team

(1) Directors

A. Directors

April 23, 2024 Unit: shares

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	TW	Fu Hui-Tung	M 61-70	2022/06	3	2001/04	469,993	0.33%	518,166	0.33%	1,813	0.00%	4,210,929	2.71%	Master of Business Administration, University of Southern Queensland, Australia Laboratory Department, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College)	Chairman of Dynamic Medical Technologies Inc. Chairman of Arich Enterprise Co., Ltd. Chairman of Excelsior Group Holdings Co., Ltd. Chairman of Xuan Hui Investment Co., Ltd. Director of Bestchain Healthtaiwan Co., Ltd. Chairman of Asia Best Life Care Co., Ltd. Director of Excelsior Beauty Co., Ltd. Chairman of Excelsior Healthcare Co., Ltd. Chairman of Excelsior Medical (HK) Co., Ltd. Chairman of Asia Best Healthcare Co., Ltd. Director of SinoExcelsior Investment Incorporation Chairman of Excelsior Investment (Malaysia) Co., Ltd Director of Excelsior Group Holdings Ltd. Director of CYJ International Co., Ltd. Director of Excelsior Health Foundation	Director	Fu Jo-Hsuan	Father and son	None
Director	TW	Excelsior Group Holdings Co., Ltd.	-	2022/06	3	1998/04	14,914,833	10.57%	16,455,934	10.57%	—	—	—	—	N/A	None	None	None	None	None
Representative of juristic-person director	TW	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	M 61-70	2022/06	3	2001/04	546,500	0.39%	602,516	0.39%	4,744	0.00%	—	—	Department of Medicine, Taipei Medical University Physician and Nephrologist Director of Feng Yuan Chen General Hospital Director of Shinshen Hospital Director of Jia Ping Clinic Director of Taiwan Society of Nephrology Director of Taiwan Society of Nephrology Public Affairs Committee	Nephrologist (Director) of Jia Ming Clinic Honorary President of Taiwan Society of Dialysis Medical Technologists Nephrologist of Kaohsiung Gangshan Yongshun Clinic Nephrologist of Kaohsiung Sanmin Yuoshen Hospital Nephrologist of Kaohsiung Xiaogang Jiasheng Clinic Nephrologist of Kaohsiung Luzhu Jiaen Clinic	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Representative of juristic-person director	TW	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	M 61-70	2022/06	3	2014/09	15,000	0.01%	16,537	0.01%	—	—	—	—	Bachelor of Business Administration, National Chung Hsing University Chairman of Jia-yao Drugs Co., Ltd. General Manager of Bailijia logistics Co., Ltd. General Manager of Bestchain Healthtaiwan Co., Ltd. General Manager of Arich Enterprise Co., Ltd.	Director of Arich Enterprise Co., Ltd. Chairman of Bestchain Healthtaiwan Co., Ltd. Chairman of Excelsior Asset Management Co., Ltd. Director of Arich Best Chain Co., Ltd. Director of Bestsmile Co., Ltd.	None	None	None	None
Director	TW	Chang Ming-Cheng	M 51-60	2022/06	3	2015/07	155,036	0.11%	170,926	0.11%	—	—	—	—	Bachelor of Science in Department of Medical Technology, college of Medicine, National Taiwan University Bachelor of Business Administration, University of Ottawa Product manager of B. BRAUN TAIWAN CO., LTD. Deputy General Manager of Excelsior Medical Co., Ltd. General Manager of EG Healthcare, Inc.	Director of Dynamic Medical Technologies Inc. Director of Arich Enterprise Co., Ltd. Director of Excelsior Renal Service Co., Ltd. Director of NephroCare Ltd. Director of Cardinal Medical Services Ltd. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem Systems Sdn. Bhd. Director of Excelsior Health Foundation Director of Arich Best Chain Co., Ltd. Director of Medifly Co., Ltd.	None	None	None	None
Director	TW	Hsieh Yen-Sheng	M 71-80	2022/06	3	2013/06	641,200	0.45%	706,923	0.45%	203,269	0.13%	—	—	Master of Business Administration, University of Southern Queensland, Australia Department of Industrial Engineering, Chung Yuan Christian University	Chairman of Pu Yu Investment Co., Ltd. Independent Director of Yufo Electronics Co. Ltd. Director of Quan Ren Zhong Yuan Yu Cheng Investment Co., Ltd. Director of Goldred Nanobiotech Co., Ltd. Supervisor of Chezvous Hotel Co., Ltd.	None	None	None	None
Director	TW	Fu Jo-Hsuan	M 41-50	2022/06	3	2016/06	100,000	0.07%	110,250	0.07%	—	—	—	—	Bachelor of Business Administration, Department of Information Management, National Central University Senior Advisor of Abeam Consulting Ltd. General Manager of Dynamic Medical Technologies Inc.	Chairman of Excelsior Investment Co., Ltd. Director of Excelsior Group Holdings Co., Ltd. General Manager of Excelsior Renal Service Co., Ltd. General Manager of NephroCare Ltd. General Manager of Cardinal Medical Services Ltd. Director of Bestchain Healthtaiwan Co., Ltd. Director of Dynamic Medical Technologies Inc. Director of Excelsior Beauty Co., Ltd. Director of Excelsior Asset Management Co., Ltd. Director of SinoExcelsior Investment Inc. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem Systems Sdn. Bhd. Director of Dynamic Medical Technologies (Hong Kong) Ltd. Chairman of CYJ International Taiwan Inc. Director of Medytox Taiwan Inc. Director of Excelsior Long-term Care Corporation Director of Chia En Long-term Care Corporation Director of Excelsior Health Foundation	Chairman	Fu Hui-Tung	Father and son	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	TW	Chang Wu-I	M 81-90	2022/06	3	2012/06	—	—	—	—	—	—	—	—	Researcher of International Tax Planning, Law School, Harvard University Master of Finance, National Chengchi University Bachelor of Economics, National Chung Hsing University Partner of Taxation Department, KPMG Taiwan Chairperson of KPMG Taiwan	None	None	None	None	None
Independent Director	TW	Kuo Yu-Chia	M 51-60	2022/06	3	2016/06	—	—	—	—	—	—	—	—	Bachelor of Laws, National Taiwan University Master of Laws, George Washington University	Director of Teleport Access Services, Inc. Chairman of Kai Sen Investment Co. Ltd. Chairman of Kai Sen Management Consulting Co., Ltd. Director of Excellent Water Appraisal & Co. Supervisor of Chenghsien Holdings Co., Ltd.	None	None	None	None
Independent Director	TW	Chan Chien-Lung	M 61-70	2022/06	3	2022/06	—	—	—	—	—	—	—	—	Ph.D. of Accounting, Nova University, United States Dean and Provost of the College of Commerce at Soochow University President of Soochow University	Independent Director of Taiwan Semiconductor Company Ltd. Independent Director of Asia Optical Co., Inc. Director of Heran Co., LTD.	None	None	None	None

Note: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

B. Major shareholders of the institutional shareholders

April 23, 2024

Name of Institutional Shareholders	Major Shareholders	%
Excelsior Group Holdings Co., Ltd.	Fu Hui-Tung	35.74 %
	Liao Mei-Hui	16.75 %
	Excelsior Investment Co., Ltd.	16.41 %
	EXCELSIOR GROUP HOLDINGS LTD.	12.89 %
	Xuan Hui Investment Co., Ltd.	10.89 %
	Wei Xiang Investment Co., Ltd.	1.31 %
	Chou Wen-Lan	1.10 %
	Li Ming-Chuan	1.06 %
	Yen Kun-Piao	0.94 %
	Fu Pi-Yun	0.75 %

C. Major shareholders of the Company's major institutional shareholders

April 23, 2024

Name of Institutional Shareholders	Major Shareholders	%
Excelsior Investment Co., Ltd.	Excelsior Group Holdings Co., Ltd.	31.20 %
	Xuan Hui Investment Co., Ltd.	22.86 %
	Wang Wei-Pin	21.90 %
	Long Bon International Industrial Co., Ltd.	8.00 %
	Wei Xiang Investment Co., Ltd.	6.73 %
	REIJU Construction Co Ltd.	2.00 %
	Hsueh Fu-Chuan	1.63 %
	Tsai Wen-Ching	1.06 %
	Liang Ming-Shu	1.06 %
	Wu Sheng-Zhong	1.06 %
EXCELSIOR GROUP HOLDINGS LTD.	Fu Hui-Tung	60.00 %
	Wang Wei-Pin	40.00 %
Xuan Hui Investment Co., Ltd.	Fu Hui-Tung	69.20 %
	Fu Jo-Hsuan	30.76 %
	Wang Ming-Ting	0.02 %
	Liao Mei-Hui	0.02 %
Wei Xiang Investment Co., Ltd.	Wang Wei-Pin	55.00 %
	Wang Chun-Hsiang	30.00 %
	Not Available (Note)	15.00 %

Note: Only provide the partial shareholders because of non-public company.

D. Professional qualifications and independence analysis of directors

Condition Name (Note 1)	Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Chairman Fu Hui-Tung	Please refer to "2.(1).A Director" in the annual report for professional qualifications and experiences of the Board members. (Page 22-24)	Not applicable.	None
Director Chen, Tun-Ling			None
Director Chang, Hsien-Cheng			None
Director Chang Ming-Cheng			None
Director Hsieh Yen-Sheng			1
Director Fu Jo-Hsuan			None
Independent Director Chang Wu-I		All independent directors are in compliance with the relevant provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"	None
Independent Director Kuo Yu-Chia			None
Independent Director Chan Chien-Lung			2

Note 1: None of the Board members is under any of the circumstances in Article 30 of the Company Act.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Not serving concurrently as an independent director on more than three other public companies in total.

3. During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.

(6) Not a director, supervisor, or employee of that other company that the company's director seats or voting shares and those of any other company are controlled by the same person. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at,

a company and its parent or subsidiary or a subsidiary of the same parent.

- (7) Not a director (or governor), supervisor, or employee of that other company or institution that a chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. But not applicable in cases where the person holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company or is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

E. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

Article 3 of the "Election Procedures for Board Directors" stipulated by the board of directors clearly states that the members of the board of directors should generally possess the knowledge, skills and qualities necessary for the performance of their duties ,and should have as the following:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct operational management.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The following table demonstrates the implementation of the diversity policy for Board members:

Diversification Name	Basic composition									Experience in industry				Professional Knowledge					
	Country	Gender	Employed by the Company	Age				Terms Years of Independent Director			Medical	Industry	Accounting	Law	Business management	Accounting and financial analysis	Leadership	Decision- making	Risk management
				40 50	50 60	60 70	70 80	0 3 years	6 9 years	9 years or above									
Fu Hui-Tung	TW	M				V					V	V			V		V	V	V
Chen Tun-Ling	TW	M				V					V	V			V		V	V	V
Chang Hsien-Cheng	TW	M				V					V	V			V		V	V	V
Chang Ming-Cheng	TW	M	V		V						V	V			V		V	V	V
Hsieh Yen-Sheng	TW	M					V					V			V		V	V	V
Fu Jo-Hsuan	TW	M		V							V	V			V		V	V	V
Chang Wu-I	TW	M					V			V			V			V	V	V	V
Kuo Yu-Chia	TW	M			V				V					V			V	V	V
Chan Chien-Lung	TW	M				V		V					V			V	V	V	V

(2) Independence of the Board of Directors

The current board of directors of the company consists of nine directors, the Company had three independent directors accounting for 33%, and the attendance rate of independent directors in the current board of directors has reached 100%, two external directors accounting for 22%, and directors without the company manager position accounted for more than one-half of the number of directors. More than half of the board seats are held by directors who do not have a spouse or a relationship within the second degree of kinship. The members of Board of Directors are nominated via rigorous selection processes, which considers background diversity, professional competence and experience. As such, the Board of Directors possesses independence qualification.

(3) Management team

April 23, 2024 Unit: shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	TW	Chang Ming-Cheng	M	2019/01/01	170,926	0.11%	—	—	—	—	Bachelor of Science in Department of Medical Technology, college of Medicine, National Taiwan University Bachelor of Business Administration, University of Ottawa Product manager of B. BRAUN TAIWAN CO., LTD. Deputy General Manager of Excelsior Medical Co., Ltd. General Manager of EG Healthcare, Inc.	Director of Dynamic Medical Technologies Inc. Director of Arich Enterprise Co., Ltd. Director of Excelsior Renal Service Co., Ltd. Director of NephroCare Limited Director of Cardinal Medical Services Ltd. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem Systems Sdn. Bhd. Director of Excelsior Health Foundation Director of Arich Best Chain Co., Ltd. Director of Medify Co., Ltd.	None	None	None	None
Deputy General Manager	TW	Wang Ming-Ting	M	2000/10/01	69,928	0.04%	—	—	—	—	Master of Business Administration, University of Southern Queensland, Australia Department of Accounting and Statistics, National Taichung College of Business Section Manager of Accounting Section and Examination Section, Taiwan Land Development Investment Trust Corporation Specialist of Bank of Communications	Director of Dynamic Medical Technologies Inc. Director of Excelsior Asset Management Co., Ltd. Supervisor of Excelsior Beauty Co., Ltd. Director of Join Fun Co., Ltd. Director of Excelsior Health Foundation Supervisor of Chia En Long-term Care Corporation	None	None	None	None
CFO & CGO	TW	Chou Cheng-Hsiao	M	2011/08/03	—	—	—	—	—	—	Bachelor of Accountancy, National Chengchi University Assist Manager of Audit Department, Deloitte & Touche Taiwan Accounting Division manager of Excelsior Medical Co., Ltd.	Supervisor of Bestchain Healthtaiwan Co., Ltd. Supervisor of Asia Best Life Care Co., Ltd. Supervisor of Excelsior Long-term Care Corporation Supervisor of SinoExcelsior Investment Inc. Supervisor of Excelsior Asset Management Co., Ltd. Supervisor of Bestsmile Co., Ltd. Supervisor of Anxin Nice Care Co., Ltd.	None	None	None	None

Note: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. For example, increase the number of independent directors, and a majority of the directors may not serve concurrently as an employee or managerial officer.

Note: Deputy General Manager Wang Ming-Ting resigned from his position due to retirement on December 30, 2023.

(4) Remuneration of directors, general managers and deputy general managers

A. Remuneration of directors and independent directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and as % of Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration (A+B+C+D+E+F+G and as % of Net Income (Note 10))		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation(C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)		The Company	All Companies in the Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Fu Hui-Tung	3,600	3,600	0	0	20,454	29,374	237	354	24,291 3.25%	33,328 4.46%	5,767	5,767	108	108	2,788	0	2,788	0	32,954 4.41%	41,991 5.62%	20,581
Director	Excelsior Group Holdings Co., Ltd.																					
Representative of juristic-person director	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling																					
Representative of juristic-person director	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng																					
Director	Chang Ming-Cheng																					
Director	Hsieh Yen-Sheng																					
Director	Fu Jo-Hsuan																					
Independent Director	Chang Wu-I	0	0	0	0	3,168	3,168	210	210	3,378 0.45%	3,378 0.45%	0	0	0	0	0	0	0	0	3,378 0.45%	3,378 0.45%	0
Independent Director	Kuo Yu-Chia																					
Independent Director	Chan Chien-Lung																					
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:Compensations for the Company's Independent Directors are set in accordance with the Company's Articles of Incorporation, remuneration policy and procedures, and in reference to the Company's current operational scale and business conditions, and paid after approval from the Remuneration Committee and a resolutions from the Board of Directors. ° 2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors : None.																						

Remuneration grading table of directors and independent directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the Consolidated Financial Statements (Note 9)(H)	The Company (Note 8)	Companies in the Consolidated Financial Statements (Note 9)(I)
Less than NT\$ 1,000,000				
NT\$1,000,000 ~ NT\$1,999,999	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. representatives: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Chang Ming-Cheng, Hsieh Yen-Sheng, Chang Wu-I, Kuo Yu-Chia, Chan Chien-Lung	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. representatives: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Chang Wu-I, Kuo Yu-Chia, Chan Chien-Lung	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. representatives: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Chang Wu-I, Kuo Yu-Chia, Chan Chien-Lung	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. representatives: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Chang Wu-I, Kuo Yu-Chia, Chan Chien-Lung
NT\$2,000,000 ~ NT\$3,499,999		Chang Ming-Cheng		
NT\$3,500,000 ~ NT\$4,999,999				
NT\$5,000,000 ~ NT\$9,999,999	Fu Jo-Hsuan		Chang Ming-Cheng, Fu Jo-Hsuan	
NT\$10,000,000 ~ NT\$14,999,999	Fu Hui-Tung	Fu Hui-Tung, Fu Jo-Hsuan	Fu Hui-Tung	Fu Hui-Tung, Chang Ming-Cheng, Fu Jo-Hsuan
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	10	10	10	10

Note 1: The Directors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure. The amount of cash payment is disclosed in a summary. If the director is also the general manager or deputy general manager, this table and the following table (3-1) or (2-2) shall be filled in.

Note 2: The Director's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note 3: The latest amount of Director's remuneration as passed by the board of directors.

Note 4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note 5: The latest salary, job allowances, Retirement Pension, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note 8: The total remuneration paid by the Company to each Director; the Director's name should be disclosed in the respective tier.

Note 9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's name s should be disclosed in the respective tier.

Note 10: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 11: a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b.If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c.Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

B. Remuneration of the general manager and deputy general manager

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation and (A+B+C+D) as a % of Net Income (Note 8)		Remunera- tion from Ventures other than Subsidiari- es or from the Parent Company (Note 9)
		The Compan- y	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements (Note 5)		The Company	All Companies in the Consolidat- ed Financial Statements	
								Cash	Stock	Cash	Stock			
General Manager	Chang Ming- Cheng	7,226	7,371	216	228	1,179	1,179	2,788	0	2,788	0	11,409 1.53%	11,566 1.55%	0
Deputy General Manager	Wang Ming- Ting (Note 10)													

Remuneration Grading Table of the General Manager and Deputy General Manager

Range of Remuneration	Name of General Manager and Deputy General Manager	
	The Company(Note 6)	All Companies in the Consolidated Financial Statements (Note 7)(E)
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Wang Ming-Ting	
NT\$3,500,000 ~ NT\$4,999,999		Wang Ming-Ting

NT\$5,000,000 ~ NT\$9,999,999	Chang Ming-Cheng	Chang Ming-Cheng
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	2	2

Note 1: The General Managers and Deputy General Managers' names should be listed separately, and the payments should be consolidated for disclosure. If the Directors are also General Managers or Deputy General Managers, this table and the table above (1-1) or (1-2) shall be filled in.

Note 2: The latest amount of the General Manager's and the Deputy General Managers' remunerations (including salary, job allowances and severance payment).

Note 3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the board of directors in the latest year.

Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.

Note 6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are to be disclosed in the respective tiers

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names should be disclosed in the respective tier.

Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 9: a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

Note 10: Deputy General Manager Wang Ming-Ting resigned from his position due to retirement on December 30, 2023.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

C.General Manager and Deputy General Manager

Unit: NT\$ thousands

Title		Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Chang Ming-Cheng	0	4,188	4,188	0.56%
	Deputy General Manager	Wang Ming-Ting				
	CFO	Chou Cheng-Hsiao				

Note : The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

(5) Performance assessment and remuneration policy of directors and managers

The remuneration package provided by the company, as determined by the Remuneration Committee's organizational regulations, includes cash compensation, stock options, bonus shares, retirement benefits or severance payments, various allowances, and other substantial incentive measures. The scope of these provisions aligns with the guidelines on the disclosure of directors and managers remuneration outlined in the annual report for publicly traded companies.

The performance evaluation of managers is based on the "Performance Assessment and Remuneration Standards for Managers." The results of the performance assessment serve as a reference for determining executive bonuses. The Remuneration Committee and the Board of Directors conduct regular evaluations and reviews on an annual basis. In addition to individual performance and contributions to the company, factors such as overall operational performance, actual business conditions, level of involvement in company operations, decision-making quality, job responsibilities, internal control systems, and compliance with relevant laws and regulations are considered. The remuneration policy is periodically reviewed to ensure that managers receive fair compensation, striking a balance between sustainable business operations and risk management.

The payment principles for remuneration are as follows:

According to Article 22 of our company's Articles of Incorporation, the remuneration for directors' performance of their duties is authorized by the Board of Directors. The remuneration is determined based on their level of involvement and contribution to the company's operations, taking into consideration industry standards. Additionally, in accordance with Article 25 of our company's Articles of Incorporation, if the company generates profits in a given fiscal year, remuneration is allocated as stipulated. The Board of Directors may allocate up to a maximum of 5% of the profits as remuneration for directors.

The remuneration for our company's managers is determined based on the "Performance Assessment and Remuneration Standards for Managers," taking into account industry salary benchmarks. The remuneration reflects the managerial responsibilities and aims to attract and retain outstanding professional management talents. Additionally, if the company generates profits in a given fiscal year, as stipulated

in Article 25 of our company's Articles of Incorporation, a minimum of 1% of the profits is allocated for employee compensation.

The determination of remuneration in our company takes into consideration the overall business risks, long-term profitability, and shareholder interests, using effective indicators to assess the individual contributions of directors and managers. The actual amount of remuneration paid to directors and managers for the year 2023 was reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

3. Implementation of Corporate Governance

(1) Board of directors

A total of 5 meetings (A) of the Board of Directors were held in the previous period.

The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Fu Hui-Tung	5	0	100%	
Director	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	5	0	100%	
Director	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	5	0	100%	
Director	Chang Ming-Cheng	5	0	100%	
Director	Hsieh Yen-Sheng	3	2	60%	
Director	Fu Jo-Hsuan	5	0	100%	
Independent director	Chang Wu-I	5	0	100%	
Independent director	Kuo Yu-Chia	5	0	100%	
Independent director	Chan Chien-Lung	5	0	100%	

Other mentionable items:

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1)Matters referred to in Article 14-3 of the Securities and Exchange Act: The Article 14-3 of the Securities and Exchange Act is not be applicable because the Company has established the Audit Committee. Please refer to the "Audit Committee" on page 40 of the Annual Report.
- (2)Except for the matters listed in the preceding paragraph, other resolutions from the Board of Directors in which an Independent Director has a dissenting or qualified opinion that has been recorded or documented: None.Please see page 92 for important resolutions from the Board of Directors in the most recent year as well as the current year up to the date of publication of the Annual Report.

2.If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) The 6th Meeting of the 13th term on March 16, 2023
 - i. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. and Excelsior Renal Service Co., Ltd. The chairman authorized Director Hsieh Yen-Sheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng, Fu Jo-Hsuan and Chang Ming-Cheng) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
 - ii. Proposal of release the prohibition on directors from participation in competition businesses. After the stakeholders (Directors Chang Hsien-Cheng, Fu Jo-Hsuan, Chang Ming-Cheng, Kuo Yu-Chia and Chan Chien-Lung) left the meeting, the

- resolution was approved by the chairman and all other Directors in attendance.
- iii. Proposal of releasing the prohibition on the Company's managers from participation in competitive business. After the stakeholders (Directors Chang Ming-Cheng) left the meeting, the resolution was approved by the chairman and all other Directors in attendance.
- (2) The 7th Meeting of the 13th term on May 4, 2023
- i. The Company to provide endorsements/guarantees for financing credit extension of US\$2.5 million from Citibank Taiwan on behalf of Renal Laboratories Sdn. Bhd. After the stakeholders (Directors Fu Jo-Hsuan and Chang Ming-Cheng) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- ii. The Company to provide endorsements/guarantees for financing credit extension of US\$ 500,000 from Citibank Taiwan on behalf of Medi-Chem Systems Sdn. Bhd. After the stakeholders (Directors Fu Jo-Hsuan and Chang Ming-Cheng) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- iii. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- iv. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Citibank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- v. Proposal of release the prohibition on directors from participation in competition businesses. After the stakeholders (Directors Chang Hsien-Cheng, Chang Ming-Cheng) left the meeting, the resolution was approved by the chairman and all other Directors in attendance.
- (3) The 8th Meeting of the 13th term on August 8, 2023
- i. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- ii. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Cathay United Bank Industrial Finance Division, Region 2 Center on behalf of Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- iii. Reviewing and approving of the director's remuneration in 2022. After the directors with conflicting interests (Directors Fu Hui-Tung, Chang Hsien-Cheng, Chang Ming-Cheng, Fu Jo-Hsuan, Chen Tun-Ling, Hsieh Yen-Sheng, Chang Wu-I, Kuo Yu-Chia and Chan Chien-Lung) excused themselves from the relevant parts of the discussion, the resolution was approved by the acting chairman and all other Directors in attendance. (In the absence of the Chairman, Director Chang Hsien-Cheng was designated as the acting Chairman).
- (4) The 9th Meeting of the 13th term on November 7, 2023
- i. The company intends not to subscribe the shares of CYJ International Taiwan Inc disposed by Excelsior Beauty Co., Ltd. The chairman authorized Director Chang Hsien-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- ii. The company 100% owned subsidiary, Excelsior Healthcare Co., Limited, intends to invest in its wholly-owned subsidiary, Excelsior Investment (Malaysia) Co., Ltd., by US\$ 3.5 million. Additionally, Excelsior Investment (Malaysia) Co., Ltd. will further invest its subsidiary, Renal Laboratories Sdn. Bhd., with RM 15,750,000. The chairman authorized Director Chang Hsien-Cheng to be the acting chairman. After the

stakeholders (Directors Fu Hui-Tung, Chang Ming-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.

- iii. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- iv. The Company to provide endorsements/guarantees for financing credit extension of NT\$300 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.

(5) The 10th Meeting of the 13th term on December 29, 2023

- i. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Chang Ming-Cheng to be the acting chairman. After the stakeholders (Directors Fu Hui-Tung, Chang Hsien-Cheng and Fu Jo-Hsuan) left the meeting, the resolution was approved by the acting chairman and all other Directors in attendance.
- ii. Establishing a Sustainable Development Committee within The company and formulating the "Sustainable Development Committee Charter", After the stakeholders (Directors Chang Wu-I, Kuo Yu-Chia, Chan Chien-Lung and CGO Chou Cheng-Hsiao) excused themselves from the relevant parts of the discussion, the resolution was approved by the chairman and all other Directors in attendance.
- iii. Proposal for the appointment of the company's spokesperson, After the stakeholders (CFO Chou Cheng-Hsiao), left the meeting, the resolution was approved by the chairman and all Directors in attendance.
- iv. Reviewing and approving of the employees' compensations for managers in 2022. After the stakeholders (Director Chang Ming-Cheng) left the meeting, the resolution was approved by the chairman and all other Directors in attendance.
- v. Reviewing and approving of year-end bonus for managers in 2023. After the stakeholders (Director Chang Ming-Cheng) left the meeting, the resolution was approved by the chairman and all other Directors in attendance.

Except for the preceding resolutions, no other motions in conflict of interest.

3. Implementation of the Board of Directors

Evaluation Cycles	Evaluation Periods	Scope of Evaluation	Method of Evaluation	Evaluation Content
Once a year.	2023/1/1-2023/12/31	Cover the evaluation of the board as a whole, individual directors and functional committees.	Including the overall operation of the board of directors, individual directors and functional committees, and the participation, awareness of the duties and continuing education of directors to be evaluated.	(1)Evaluating the performance of the board of directors: Including participation in the operation of the company, the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control. (2)Evaluating the performance of individual directors: Including alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and

				<p>continuing education and internal control.</p> <p>(3) Evaluating the performance of functional committees: Including participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.</p>
<p>The company completed the performance evaluations of the Board of Directors, individual board members, the Remuneration Committee, and the Audit Committee in January of Year 2024. The evaluation results were reported during the Board meeting held on March 8, Year 2024. The overall self-assessment score for the Board of Directors was 4.94, while the average self-assessment score for individual board members was 4.98. All directors received positive evaluations, indicating the effective functioning of the Board as a whole. The self-assessment score for the Audit Committee was 5, indicating its excellent performance, and the self-assessment score for the Remuneration Committee was 4.95, indicating its satisfactory operation and ability to fulfill its duties. (The maximum score for all evaluations was 5.)</p> <p>4. Measures taken to strengthen the functionality of the Board of Directors in the current year and most recent year</p> <p>(1) The Company has provided directors with relevant regulations periodically and has reported the company's operational status during board meetings. On September 1, 2022, Chief Financial Officer Chou Cheng-Hsiao, was appointed as the Corporate Governance Officer to provide the Board with information related to consultation cases.</p> <p>(2) The Company has completed the performance evaluation of the Board of Directors and functional committees, and the self-evaluation of the Board of Directors for 2023, and results of which have been submitted to the Board of Directors on March 8, 2024.</p> <p>(3) The Company has amended the "Election Procedures for Board Directors" on November 7, 2023 to specify the criteria for the selection and appointment of directors are clearly defined.</p> <p>(4) The Company conducted an Ethical Corporate Management Best Practice Principles and insider trading prevention advocacy for the directors on December 29, 2023, and reminded the directors not to trade their shares during the blackout period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.</p> <p>(5) The Company has amended the "Regulations Governing Procedure for Board of Directors Meetings" and "Audit Committee Charter" on March 8, 2024 to specify the organizational regulations for the Board of Directors and the Audit Committee.</p>				

(2) Audit committee

The Audit Committee of the company consists of three independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls.

The matters reviewed by the Audit Committee primarily include:

1. Internal control systems and related policies and procedures.
2. Financial statement audits and accounting policies and procedures.
3. Significant acquisitions or disposals of assets.
4. Significant endorsements or guarantees.
5. Fundraising or issuance of securities.
6. Qualifications, independence, and suitability of auditors.
7. Appointment or compensation of auditors.
8. Performance of duties by the Audit Committee.
9. Self-assessment questionnaire for evaluating the performance of the Audit Committee.

● Reviewing financial reports

The Board of Directors has prepared the annual business report, financial statements, and profit distribution proposal for 2023. The financial statements have been audited by the appointed accounting firm, KPMG, and an audit report has been issued. The Audit Committee has reviewed the aforementioned business report, financial statements, and profit distribution proposal and determined that there are no significant discrepancies.

● Assessing the effectiveness of the internal control system

The Audit Committee has evaluated the effectiveness of the company's internal control system, including policies and procedures related to financial, operational, risk management, information security, outsourcing, compliance with laws and regulations, and other control measures. The committee has reviewed the audit department, auditors, and management's regular reports, including risk management and compliance with laws and regulations. The Audit Committee considers the company's risk management and internal control system to be effective. The company has implemented necessary control mechanisms to monitor and rectify any non-compliant behavior.

● Appointment of the external auditors

The Audit Committee is entrusted with the responsibility of overseeing the independence of the external auditing firm to ensure the fairness of the financial statements. Generally, except for tax-related services or specifically approved engagements, the auditing firm is not permitted to provide any other services to our company. All services provided by the auditing firm require approval from the Audit Committee.

To ensure the independence of the auditing firm, the Audit Committee has developed an independence assessment form based on Article 47 of the Accountants Act and Bulletin No. 10 of the Code of Professional Ethics for Accountants, which addresses "Integrity, Objectivity, Fairness, and Independence." The assessment evaluates the independence, professionalism, and suitability of the auditors, considering factors such as whether they have any relationships, business interests, or financial interests with the company. On May 4, 2023, during the 6th meeting of the 3rd term of the Audit Committee and the 7th meeting

of the 13th term of the Board of Directors, it was determined that both Wu Tsao- Jen and Chen Chun-Kuang from KPMG met the criteria of the independence and comply with the reference audit quality indicators and (AQI). They are qualified to serve as the financial auditors for the company.

A total of 5 Audit Committee meetings (A) were held in the previous period. The attendance of the independent directors was as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	Chang Wu-Yi	5	0	100%	
Independent director	Kuo Yu-Chia	5	0	100%	
Independent director	Chan Chien-Lung	5	0	100%	

Other mentionable items:

1. If any of the following circumstances, the dates of the meetings, sessions, contents of motion, Audit Committee's resolutions and the Company's response to the Audit Committee's opinion should be specified:
 (1) For items listed in Article 14-5 of the Securities and Exchange Act: Please see the below table.
 (2) Except the items in the preceding issues, other resolutions which was not approved by the Audit Committee but approved by two-thirds of all Board of Directors members: None.

For items listed in Article 14-5 of the Securities and Exchange Act

Audit committee Session and Date		Content	Resolution of the Audit Committee	The Company's Response to the Opinions of the Audit Committee
The 5th meeting of the 3rd term	2023.03.16	1.Preparation 2022 Internal Control System Statement of the Company. 2.The Company's 2022 Financial Statements. 3.The Company's 2022 earnings distribution proposal. 4.The Company to issue new shares for capital increase by earnings recapitalization. 5.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. and Excelsior Renal Service Co., Ltd. 6.The amendment of certain articles of the "Sustainability Practices Guidelines," "Corporate Governance Practices Guidelines," "Director Nomination Review Criteria and Operational Procedures," "Standard Operating Procedures for Handling Director Requests," "Related Party Transaction Operational Procedures," "Internal Control System," and "Internal Audit System" of the company, as well as the revision of the title and full text of the "Operating Procedures for Business and Financial Transactions with Specific Companies, Group Enterprises, and Subsidiaries." 7.Proposal of amendment of "Regulations Governing Procedure for Board of Directors Meetings"	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 6th meeting of the 3rd term	2023.05.04	1.Proposal of the evaluation results for the independence and suitability of the Company's CPA. 2.The 2023 Q1 consolidated financial report. 3.Proposal of amendment of "approved authority hierarchy."	Approved by the Audit Committee and submitted to the Board of	All motions were unanimously approved by all attending

term		<p>4.The Company to provide endorsements/guarantees for new financing credit of peso \$50 million from Manila Branch of Cathay United Bank on behalf of EG Healthcare, Inc.</p> <p>5.The Company to provide endorsements/guarantees for new financing credit of USD \$1 million from Manila Branch of First Commercial Bank on behalf of EG Healthcare, Inc.</p> <p>6.The Company to provide endorsements/guarantees for new financing credit of US\$2.5 million from Citibank on behalf of Renal Laboratories Sdn. Bhd.</p> <p>7.The Company to provide endorsements/guarantees for new financing credit of US\$0.5 million from Citibank on behalf of Medi-Chem Systems Sdn. Bhd.</p> <p>8.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>9.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd.</p>	Directors for approval.	Directors without dissidence.
The 7th meeting of the 3rd term	2023.08.08	<p>1.Routine review of the 2022 CPA audit fee.</p> <p>2.The 2023 Q2 consolidated financial report.</p> <p>3.Setting details for the issuance of new shares for capital increase by earnings in 2023.</p> <p>4.The company plans to carry out the investment restructure, wherein the company will purchase the equity of Asia Best Life Care Co., Ltd. from its subsidiary, Excelsior Medical (HK) Co., Ltd.</p> <p>5.Following point 4, due to the investment structure reorganization, the subsidiary, Excelsior Medical (HK) Co., Ltd., plans to sell 49.38% of its equity in Asia Best Life Care Co., Ltd. to the company.</p> <p>6.Following point 4, due to the investment restructure, the subsidiary, Excelsior Medical (HK) Co., Ltd., plans to carry out a capital reduction by cash.</p> <p>7.Following point 4, due to the investment restructure reorganization, the subsidiary, Excelsior Healthcare Co., Limited, plans to carry out a capital reduction by cash.</p> <p>8.Proposal of amendment of The company's "approved authority hierarchy."</p> <p>9.The Company to provide endorsements/guarantees for new financing credit of NT\$150 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>10.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>11.The Company to provide endorsements/guarantees for new financing credit of NT\$100 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p>	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 8th meeting of the 3rd	2023.11.07	<p>1.The 2023 Q3 consolidated financial report.</p> <p>2.The Company's 2024 budget report.</p> <p>3.To establish the Company's 2024 audit plan.</p> <p>4.The company intends not to subscribe the shares of CYJ International Taiwan Inc disposed by Excelsior Beauty</p>	Approved by the Audit Committee and submitted to the Board of	All motions were unanimously approved by all attending

term		<p>Co., Ltd.</p> <p>5.The company 100% owned subsidiary, Excelsior Healthcare Co., Limited, intends to invest in its wholly-owned subsidiary, Excelsior Investment (Malaysia) Co., Ltd., by US\$ 3.5 million. Additionally, Excelsior Investment (Malaysia) Co., Ltd. will further invest its subsidiary, Renal Laboratories Sdn. Bhd., with RM 15,750,000.</p> <p>6.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>7.The Company to provide endorsements/guarantees for financing credit extension of NT\$300 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>8.The Company to provide endorsements/guarantees for new financing credit of NT\$50 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>9.Proposal of amendment of "Internal Control System, "Internal Audit System" and management regulations.</p> <p>10.Proposal of amendment of The company's "approved authority hierarchy."</p>	Directors for approval.	Directors without dissidence.
The 9th meeting of the 3rd term	2023.12.29	<p>1.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>2.The Company to provide endorsements/guarantees for financing credit extension of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>3.Establishing a Sustainable Development Committee within The company and formulating the "Sustainable Development Committee Charter".</p> <p>4.Proposal of establishment of The company's "Risk Management Policy and Procedures."</p> <p>5.Proposal of amendment of The company's "Company Procedures for Handling Reports of Illegal, Unethical, or Untrustworthy Conduct."</p> <p>6.Proposal of establishment of The company's "Detailed Implementation Rules for Internal Audit." and abolishment "Internal Audit System."</p> <p>7.Proposal of amendment of The company's "approved authority hierarchy."</p>	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.):

Communication matters between independent directors, chief internal auditor, and CPAs in the year 2023.

Principles of communication between the independent directors, chief internal auditor and CPAs:

1. Hold separate meetings with chief internal auditor and CPAs at least twice a year to discuss the findings of internal audit reports and external audit opinions, as well as to address any deficiencies identified during the audits. The current communication situation is satisfactory.
2. In addition to regular updates on audit status and follow-up reports, the independent directors also receive important audit reports on the company and its subsidiaries directly from chief internal auditor. Adequate communication has taken place regarding the execution and effectiveness of audits.
3. CPAs arrange separate meetings with the independent directors to report on the audit of financial statements, compliance with corporate governance practices, and updates on relevant regulations.

Communication matters with chief internal auditor

Meeting date	Attendees	Communication matters	Communication outcome
2023.03.16	Independent Director: Chang Wu-I Independent Director: Kuo Yu-Chia	1. Audit status of overseas subsidiaries	No further comments
2023.12.29	Independent Director: Chan Chien-Lung Chief Internal Auditor : Liu Hsin-Yen	2. Report and discussion on audit content	
Communication matters with CPAs			
Meeting date	Attendees	Communication matters	Communication outcome
2023.03.16	Independent Director :Chang Wu-I Independent Director: Kuo Yu-Chia Independent Director: Chan Chien-Lung CPA : WU,CHAO-JEN	1. Key audit matters	No further comments
2023.05.04		2. Audit quality indicators (AQI)	
2023.08.08		3. Financial Statement Audit Matters	
2023.11.07		4. Regulation update report	

(3) The state of the Company's implementation of corporate governance, any variance from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation Item	Implementation status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
A. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		<p>1. To formulate a positive corporate governance system and to comply with the indicators of the corporate governance evaluation, the Company's Board of Directors has approved the "Corporate Governance Best Practice Principles" in reference to the regulations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" collectively formulated by the Taiwan Stock Exchange and the Taipei Exchange (GreTai Securities Market) and in line with the Company's current practices on May 7, 2015 and has updated as of March 16, 2023.</p> <p>2. The Company has implemented the relevant standards in the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and its own "Ethical Corporate Management Best Practice Principles" in day-to-day operations, and regularly reviews the status of implementing corporate governance and improves accordingly. There is no significant variance found in relevant implementations. Principles and standards on corporate governance have been disclosed on the Governance Section of the Company's website (http://www.excelsiormedical.com.tw/) and the Market Observation Post System (MOPS).</p>	Comply
B. Shareholding structure & shareholders' rights				

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
a. Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		Spokesperson and deputy spokesperson have been set up at the Company, Dynamic Medical Technologies Inc. (hereinafter “DMT”) and Arich Enterprise Co., Ltd. (hereinafter “Arich”) to answer suggestions from the shareholders. No disputes have occurred up to the date of publication of the Report.	Comply
b. Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		The Company, DMT, and Arich maintain a register of major shareholders with controlling power as well as register of persons exercising ultimate control over those major shareholders via the reporting on shares and pledges from insiders as well as the shareholders' register provided by the Taiwan Depository & Clearing Corporation.	Comply
c. Does the Company establish and enforce risk control and firewall systems with its affiliates?	V		On top of implementations in accordance with various procedures, the Company also enforces risk control mechanism through appointing legal representatives to participate in the decision-making and management of various affiliated businesses.	Comply
d. Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		The Company, DMT and Arich have established “Procedures for Handling Material Inside Information” and disclosure of the handling of all material inside information is carried out accordingly. In addition, to facilitate compliance with relevant regulations, “Handbook on Guidelines for Equity Transaction from Company Insiders” is distributed to all newly appointed Directors and managers of the Company.	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
<p>C. Composition and responsibilities of the Board of Directors</p> <p>a. Has the Board of Directors formulate diversity policies, specific management objectives and implemented them?</p>	V		<p>The current board of directors of the company consists of nine directors, the Company had three independent directors accounting for 33%, two external directors accounting for 22%, and directors without the company managers accounted for more than one-half of the number of directors, and the attendance rate of independent directors in the current board of directors has reached 100%. The board of directors should generally possess the knowledge, skills and qualities necessary for the performance of their duties ,and should have as the following :</p> <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct operational management. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. <p>The nomination of directors of the Company adopts the candidate nomination system, considers background diversity, professional competence and experience. To sum up, the board of directors of the company should have its independence.</p> <p>In addition, DMT and Arich have also set up three seats of Independent Directors each, and all companies’ relevant</p>	Comply

Evaluation Item	Implementation status										Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																																																																																																																																																																																				
	Yes	No	Explanation																																																																																																																																																																																																																												
			<p>practices are in line with applicable laws. The following table demonstrates the implementation of the diversity policy for Board members:</p> <table><tr><th rowspan="4">Diversification Name</th><th colspan="6">Basic composition</th><th colspan="3">Experience in industry</th><th colspan="4">Professional Knowledge</th></tr><tr><th rowspan="3">Country</th><th rowspan="3">Gender</th><th rowspan="3">Employed by the Company</th><th colspan="3">Age</th><th colspan="3">Terms Years of Independent Director</th><th rowspan="3">Medical</th><th rowspan="3">Industry</th><th rowspan="3">Accounting</th><th rowspan="3">Law</th><th rowspan="3">Business management</th><th rowspan="3">Accounting financial</th><th rowspan="3">Leadership</th><th rowspan="3">Decision-making</th><th rowspan="3">Risk management</th></tr><tr><th rowspan="2">40-50</th><th rowspan="2">50-60</th><th rowspan="2">60-70</th><th rowspan="2">70 above</th><th rowspan="2">0-3 years</th><th rowspan="2">6-9 years</th><th rowspan="2">9 years or above</th></tr><tr></tr><tr><td>Fu Hui-Tung</td><td>TW</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chen Tun-Ling</td><td>TW</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chang Hsien-Cheng</td><td>TW</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chang Ming-Cheng</td><td>TW</td><td>M</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Hsieh Yen-Sheng</td><td>TW</td><td>M</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Fu Jo-Hsuan</td><td>TW</td><td>M</td><td></td><td>V</td><td></td><td></td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chang Wu-I</td><td>TW</td><td>M</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td></tr><tr><td>Kuo Yu-Chia</td><td>TW</td><td>M</td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td></tr><tr><td>Chan Chien-Lung</td><td>TW</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td></tr></table>										Diversification Name	Basic composition						Experience in industry			Professional Knowledge				Country	Gender	Employed by the Company	Age			Terms Years of Independent Director			Medical	Industry	Accounting	Law	Business management	Accounting financial	Leadership	Decision-making	Risk management	40-50	50-60	60-70	70 above	0-3 years	6-9 years	9 years or above	Fu Hui-Tung	TW	M				V					V	V		V		V	V	V	Chen Tun-Ling	TW	M				V					V	V		V		V	V	V	Chang Hsien-Cheng	TW	M				V					V	V		V		V	V	V	Chang Ming-Cheng	TW	M	V		V						V	V		V		V	V	V	Hsieh Yen-Sheng	TW	M					V					V		V		V	V	V	Fu Jo-Hsuan	TW	M		V							V	V		V		V	V	V	Chang Wu-I	TW	M					V			V			V		V	V	V	V	Kuo Yu-Chia	TW	M			V				V				V			V	V	V	Chan Chien-Lung	TW	M				V		V				V			V	V	V	V	
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Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. In addition to the Remuneration Committee and Audit Committee set according to law, has the Company voluntarily set up other functional committees?	V		The Company has established the Remuneration Committee in December 2011 and the Audit Committee in June 2016. DMT has established the Remuneration Committee in December 2011 and the Audit committee in June 2012, while Arich has established the Remuneration Committee in December 2011 and Audit Committee in June 2012. The Company, DMT, and Arich have established the Corporate Sustainability Development Committee in August 2022 and it was resolved at the board meeting to establish the Sustainable Development Committee under the Board of Directors, aimed at strengthening the promotion of sustainable development in December 2023.	Comply
c. Does the Company formulate rules and procedures for the Board of Directors to regularly perform assessments of the Board of Directors in each year, and submits the results of such assessments to the Board meeting, and to use them as reference toward compensations for individual Board members and nominations for re-elections?	V		The Company has established the “Regulations Governing the Evaluation of the Performance of the Board of Directors” and will regularly evaluate the performance of the Board in each year. Each Director will assess aspects including operations, culture, internal and external relationship management, and self-assessment of Directors, and results will be statistically compiled and submitted to the Board. The internal evaluation (Board of Directors, Audit Committee, Remuneration Committee, and Directors) for 2023 has been completed and results of which have been submitted to the Board of Directors on March 8, 2024.	Comply
d. Does the Company regularly evaluate the independence of the CPA	V		The Company has established the “Corporate Governance Best Practice Principles” and regularly evaluates the independence and suitability (Note 1) of the CPA based on	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
engaged by the Company?			the Audit quality indicators (AQI) and “Evaluation of the Independence and Competence of CPAs” in each year. A Statement of Independence is also required of the CPA, and the evaluation results are also submitted to the Board of Directors.	
D. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to Board meetings and Shareholders' Meetings according to laws, and producing minutes of Board	V		The Company, DMT, and Arich have decided at the board meeting in August 2022 to establish a Corporate Governance Officer to safeguard shareholders' rights and strengthen the functions of the board of directors. The main responsibilities of the Corporate Governance Officer include handling matters related to board of directors and shareholders' meetings in compliance with laws, preparing minutes of board of directors and shareholders' meetings, assisting directors and independent directors in their appointments and continuous education, providing necessary information for directors and independent directors to carry out their duties, and assisting directors and independent directors in complying with laws and regulations. For details regarding the professional development of the Corporate Governance Officer, please refer to the provided explanation.(Note 2)	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
meetings and Shareholders' Meetings)?				
E. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees, customers and suppliers), and set up a stakeholder section on the Company's website, and appropriately responded to the important corporate social responsibility issues that are essential to stakeholders?	V		The Company, DMT, and Arich have all established spokesperson system respectively, and have set up designated channels of communication and specified contact information including telephone number and email on the Stakeholders section of respective Company websites.	Comply
F. Has the Company commissioned a professional stock affair agency to manage Shareholders' Meetings and other relevant affairs?	V		The Company, DMT, and Arich have all appointed President Securities Corporation as the professional stock affair agency to manage Shareholders' Meetings and other relevant affairs.	Comply
G. Information disclosure a. Does the Company establish a website to disclose information on financial operations and corporate	V		The Company, DMT, and Arich have all set up dedicated websites to disclose financial business and corporate governance information. The website of the Company is:	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
governance?			http://www.excelsiormedical.com.tw	
b. Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		The Company, DMT, and Arich have all set up dedicated personnel to be in charge of collecting and disclosing Company information, have implemented spokesperson system, and regularly held investor conferences. The above disclosure is on the company website to improve the transparency of company information.	Comply
c. Does the Company publish and file its annual financial report within two months after the end of a fiscal year, and publish and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		The Company, DMT, and Arich all publish and file annual financial report within three months after the end of a fiscal year, and publish and file financial reports for the first, second and third quarters as well as the operating status for each month before the specified deadline.	Partially comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
H. Does the Company have other important information on the implementation of corporate governance (including but not limited to rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of Directors and Supervisors, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, and purchase of liability insurance for Directors and Supervisors)?	V		<p>1. Rights and interest of employees: On top of establishing the legally stipulated Employee Welfare Committee and Supervisory Committee of Labor Retirement Reserve to coordinate employee benefits and the planning, appropriations, safekeeping, usage, and related legal standards related to pension reserve as well as to serve as channels of communication with the Company, all measures to protect and implement employees' rights and benefits are carried out pursuant to legal standards.</p> <p>2. Employee care: the Group is focused on the safety and physical and mental well-being of our employees. In terms of office design and furnishing, besides taking earthquake prevention, fire prevention, and soundproof into consideration to provide the most comfortable and safest environment to our employees, access control, security system, and surveillance cameras are also implemented on all entrances and exits on each floor. Moreover, we focus on sanitation and cleanliness of the office environment is emphasized and regularly carry out cleaning and disinfectant procedures. Air purifiers are also placed at each office to enhance the quality of workplace environment. Moreover, free health checkup is provided to each employee in each year in order to assist employees to be more aware of and to improve their health conditions. Whenever employees are faced with either difficulties, stress, or setbacks during their personal lives or at work and require assistance or wish to report, the Company also arranges their immediate supervisors and the Human</p>	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<p>Resources Personnel as channels of communication to assist in problem-solving.</p> <p>3. Investor relations: to protect the rights and interests of shareholders and for investors and the public to better understand the operating status of the Group, besides complying with applicable laws in disclosing relevant information on the MOPS, the Company, DMT, and Arich have further established the "Investors" section on respective company websites, and regularly update various share and financial information which the investors can query.</p> <p>4. Supplier relations: the Group maintains positive interactions with all suppliers and appoints professional personnel to participate in product training and promotions with suppliers to learn about relevant knowledge on products and equipment. These engagements help to enhance quality, build partnerships, and create win-win for both parties.</p> <p>5. Rights and interests of stakeholders: The websites of the Company, DMT and Arich have all established service mailbox and points of contact on the Investors section. Besides designating spokesperson and deputy spokesperson, the stock affair agency President Securities Corporation is also responsible for handling inquiries and suggestions from shareholders and stakeholders of the Company. When an inquiry concerns a legal issue, a lawyer is appointed by the Company or a legal personnel will handle appropriately to maintain the rights and</p>	

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<p>interests of stakeholders.</p> <p>6. Continuous studies from Directors, Supervisors, and managers: The Company, DMT, and Arich provide applicable legal information and courses on professional knowledge organized by relevant units to Directors and managers from time to time, and the required continuous studies have been fulfilled in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The summary of continuous studies for 2023 please see Note 3.</p> <p>7. Execution Status of Risk Management Policy and Risk Measurement Standards: The highest responsible unit for risk management in the company is the Board of Directors. On December 29, 2023, the Board of Directors passed a resolution to formulate the "Risk Management Policy and Procedures." Under this, the Sustainable Development Committee's Corporate Governance Unit is established. Annually, the committee reports the operational status of risk management to the Board of Directors. Additionally, the audit unit devises an audit plan focused on risk, reviewing existing or potential risks in various operations.</p> <p>8. Implementation status of customer policies: The Group maintains positive relations and interactions with customers in order to maintain long-term, stable partnership, thereby creating win-win synergies for both the Company and our customers.</p> <p>9. Purchase of liability insurance for Directors and</p>	

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			Supervisors (1)The Company has purchased liability insurance for each Director, Supervisor, and important employee, and the insured terms are from November 2023 to November 2024, and the total insured amount is US\$10 million. (2)DMT has purchased liability insurance for each Director, Supervisor, and important employee, and the insured terms are from February 2024 to February 2025, and the total insured amount is US\$3 million. (3)Arich has purchased liability insurance for each Director, Supervisor, and important employee, and the insured terms are from December 2023 to December 2024, and the total insured amount is US\$3 million.	
I. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year, and specify priorities and measures to improve those items that have not been improved yet: The Company will strengthen disclosure of relevant information on the Company's website to comply with standards of corporate governance. Other items that have not been improved yet will be gradually improved and implemented based on the Company's plans.				

Excelsior Medical Co., Ltd.

Evaluation of the Independence and Competence of CPAs

Evaluation Indicators		Yes	No
Effect on independence from self-interest (refers to acquiring financial interests from an audit client or has a conflict of interest with audit client through other interests or relationships with the client)			
The certified public accountant (CPA) doesn't hold securities from the Company or its related companies.	v		
The Company doesn't have a direct or indirect material financial interest with the CPA.	v		
The Company doesn't have a material and intimate business relationship with the CPA.	v		
The Company doesn't have a potential employment relationship with the CPA.	v		
Effect on independence from self-review (Refers to reports or judgments submitted by the CPA for non-auditing services which constitute important basis in the audit or review process of financial information; or if a member of the audit service team had once served as the Company's director, supervisor, or a position in the Company with significant influence over the audited case)			
The original data isn't prepared by the CPA used toward material or significant items for assurance engagement.	v		
The CPA audit service team members haven't served or had served within the past two years as the Company's directors, supervisors, managers, or other positions that could seriously impact the audit.	v		
The non-audit services performed by the CPA or its firm directly don't affect a material item of the audit.	v		
Effect of advocacy on independence (refers to when a member of the audit team acts as an advocate in support of the audit client's position or opinion, resulting in the CPA's objectivity being challenged)			
The CPA hasn't advocated or mediated shares or other securities issued by the Company.	v		
Except for legally authorized business, the CPA hasn't made defense on behalf of the Company for legal cases or other disputes with any other third party.	v		
Effect of familiarity on independence (refers to a close relationship with either the director, supervisor, or manager of the audit client, influencing a CPA or a member of the audit service team to be excessively concerned or sympathize with the audit client's interest)			
A member of the audit service team isn't a family member or relative of the Company's director, supervisor, or manager, or any other person in a position that could materially impact the audit.	v		
The CPA, who is a former partner from the firm, hasn't joined the Company as a director, supervisor, manager, or in a key position to exert material influence over the audit within one year of disassociating from the firm.	v		
The CPA hasn't accepted gifts of material value or preferential treatment from the Company's director, supervisors, managers, or substantial shareholders.	v		
Effect on independence from threat. (refers to actual or perceived pressures, including attempts to exercise undue influence over members of the audit team and causing the members to be deterred from acting objectively or to clarify professional doubt)			
The CPA and its firm hasn't been threatened with litigation by the Company.	v		
The CPA hasn't provided audit assurance for the same company for seven consecutive years.	v		
The CPA hasn't been threatened with dismissal from a client engagement.	v		
The Company hasn't put pressure of reducing fees on any CPA to inappropriately contract the extent of the audit work performed.	v		
The CPA has issued a Statement of Independence?	v		
Evaluation results	All of the aforementioned evaluation indicators comply with independence and competence.		

Note 2 : Corporate Governance Officer' training status: (Newly appointed on September 1, 2022)

Comp any	Title	Name	Date	Organizer	Course Name	Hours
Excelisior Medical Co., Ltd	Corporate Governance Officer	Chou Cheng-Hsiao	2022/10/04	Securities and Futures Institute	Challenges and opportunities in sustainable development pathways and an introduction to greenhouse gas inventory	3
			2022/10/05	Securities and Futures Institute	Global net-zero emissions response and corporate ESG actions	3
			2022/10/14	Securities and Futures Institute	The 2022 Seminar on preventing insider trading	3
			2022/12/02	Corporate Governance Association	Accelerators for Corporate Sustainability - CSR, ESG, and SDGs	3
			2023/04/27	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/06/09	Securities and Futures Institute	The 2023 Seminar on preventing insider trading	3

Note 3: Directors' training status (the positions are listed as of December 31, 2023)

Comp any	Title	Name	Date	Organizer	Course Name	Hours
Excelisior Medical Co., Ltd	Chairman	Fu Hui-Tung	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Director	Chang Ming-Cheng	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Director	Hsieh Yen-Sheng	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3

Comp any	Title	Name	Date	Organizer	Course Name	Hours
	Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	2023/04/27	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/06/09	Securities and Futures Institute	The 2023 Seminar on preventing insider trading	3
	Director	Fu Jo-Hsuan	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Independent director	Chang Wu-I	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
	Independent director	Kuo Yu-Chia	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Independent director	Chan Chien-Lung	2023/09/18	Corporate Governance Association	Code of Conduct for Integrity in Business Operations and How to Avoid Accidentally Crossing the Red Line of Director and Supervisor Responsibilities	3
			2023/09/18	Corporate Governance Association	Board of Directors Meeting Governance for ESG	3
Dynamic Medical Technologies inc.	Chairman	Fu Hui-Tung	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Director	Fu Jo-Hsuan	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3

Company	Title	Name	Date	Organizer	Course Name	Hours
	Director	Wang Ming-Ting	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Huang Chieh-Ching	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Ming-Cheng	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Xue Fu-Quan	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Independent director	Liao Yi-Hsing	2023/04/27	Taipei Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Independent director	Shih Mei-Hui	2023/04/14	The National Federation of CPA Associations of the R.O.C.	Supervision and Practices in Anti-Money Laundering for Accountants	3
			2023/12/21	The National Federation of CPA Associations of the R.O.C.	Accountants' Responsibilities and Responses in Dealing with Shareholder Disputes in Companies	3
			2023/12/29	The National Federation of CPA Associations of the R.O.C.	Introduction to Climate Change Adaptation Law	3
	Independent director	Yang Yu-Ming	2023/04/27	Taipei Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3

Comp any	Title	Name	Date	Organizer	Course Name	Hours
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
Arich Enterprise Co., Ltd.	Juristic-person chairman representative	Excelsior Medical Co., Ltd. Representative: Fu Hui-Tung	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Hsien-Cheng	2023/04/27	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/06/09	Securities and Futures Institute	The 2023 Seminar on preventing insider trading	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Ming-Cheng	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Excelsior Investment Co., Ltd. Representative: Xue Fu-Quan	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Juristic-person director representative	Xuan Hui Investment Co., Ltd. Representative: Su Wen-Lynn	2023/07/18	Accounting Research and Development Foundation	2023 Green Finance International Conference	3
			2023/08/07	Taipei Exchange	Seminar on Internal Insider Equity Advocacy for Over-the-Counter and Emerging Market Companies	3
			2023/11/15	Taiwan Institute of Sustainable Energy	Harmonizing Sustainability: A New Movement in Carbon and Nature	3
			2023/11/16	Taiwan Institute of Sustainable Energy	Towards a Green New Future: Corporate Responses to the EU's Carbon Neutrality Transformation	3
	Juristic-person director	Lin Feng Co., Ltd. Representative:	2023/11/16	Taiwan Institute of Sustainable Energy	Embracing the Carbon Trading Era: Digital Empowerment Accelerating the Net Zero Transformation	3

Comp any	Title	Name	Date	Organizer	Course Name	Hours
	represeensative	Dang Tian-Jian	2023/11/16	Taiwan Institute of Sustainable Energy	Examining Corporate Social Impact through SDG 17 Partnerships	3
	Independent director	Wang Chang-Sheng	2023/07/13	Taipei Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
	Independent director	Hsu Shui-Sheng	2023/07/18	Accounting Research and Development Foundation	2023 Green Finance International Conference	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Independent director	Dong De-Tai	2023/04/27	Taipei Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023/08/07	Taipei Exchange	Seminar on Internal Insider Equity Advocacy for Over-the-Counter and Emerging Market Companies	3

Note 4 : Managers' training records: (the positions are listed as of December 31, 2023)

Compa ny	Title	Name	Date	Organizer	Course Name	Hours
Excelisior Medical Co., Ltd	General Manager	Chang Ming-Cheng	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	Deputy General Manager	Wang Ming-Ting(Note 1)	2023/09/22	Corporate Governance Association	Enterprise Risk and Compliance Risk Management Issues and Practical Sharing	3
			2023/09/22	Corporate Governance Association	Best Practices in Corporate Innovation	3
	CFO	Chou Cheng-Hsiao	2023/11/9 to 2023/11/10	Accounting Research and Development Foundation	Continuing Education Program for Issuers, Securities Dealers, and Securities Exchange Accounting Managers	12
	Corporate Governance Officer		2022/10/04	Securities and Futures Institute	Challenges and opportunities in sustainable development pathways and an introduction to greenhouse gas inventory	3
			2022/10/05	Securities and Futures Institute	Global net-zero emissions response and corporate ESG actions	3
			2022/10/14	Securities and Futures Institute	The 2022 Seminar on preventing insider trading	3
			2022/12/02	Corporate Governance Association	Accelerators for Corporate Sustainability - CSR, ESG, and SDGs	3
			2023/04/27	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
2023/06/09			Securities and Futures Institute	The 2023 Seminar on preventing insider trading	3	

Note 1: Deputy General Manager Wang Ming-Ting resigned from his position due to retirement on December 30, 2023.

(4) Composition, responsibilities, and operation of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

A. Members of the Remuneration Committee

Condition Name and identity (Note 1)		Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as a Remuneration Committee Member
Independent Director Convener	Chang Wu-I	Please refer to "2.(1).A Director" in the annual report for professional qualifications and experiences of Independent Director. (Page 24)	In compliance with the relevant provisions of Article 6 of the " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange "(Note2)	None
Independent Director	Kuo Yu-Chia			None
Independent Director	Chan Chien-Lung			None

Note 1: None of the Board members is under any of the circumstances in Article 30 of the Company Act.

Note 2: During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (6) Not a director, supervisor, or employee of that other company that the company's director seats or voting shares and those of any other company are controlled by the same person. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (7) Not a director (or governor), supervisor, or employee of that other company or institution that a chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. But not applicable in cases where the person holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company or is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

B. Members of the Remuneration Committee

- a. There are three members in the Remuneration Committee
- b. The term of office for current members runs from 14 July 2022 through 20 June 2025 As of publication of the Annual Report, there had been a total of 3 meetings (A) of the Remuneration Committee over the past fiscal year. Member attendance is detailed as below:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (B/A)	Remark
Convener	Chang Wu-I	3	0	100%	Reelection on July 14, 2022
Committee Member	Kuo Yu-Chia	3	0	100%	New appointment on July 14, 2022
Committee Member	Chan Chien-Lung	3	0	100%	New appointment on July 14, 2022

Other mentionable items:

- (a) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified):
None.
- (b) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- (c) Operations of the Remuneration Committee in the most recent year:

Remuneration Committee Session and Date		Content	Resolution	The Company's handling of the opinion of the remuneration committee members
The 3rd Meeting in the 5th term	2023.03.16	The distribution of employees' compensations and Directors' remuneration for 2022.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.
The 4th Meeting in the 5th term	2023.08.08	The distribution of directors' remuneration in 2022.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.
The 5th Meeting in the 5th term	2023.12.29	1.The distribution of employees' compensations for managers in 2022. 2.The distribution of year-end bonus for managers in 2023.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.

(5) Fulfillment of SDGs

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
A. Has the company established exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		<p>To enhance the management principles of ESG corporate sustainable development, the company, along with DMT and Arich, established the "Corporate Sustainable Development Committee" in August of 2022. In December 2023, the board of directors passed a resolution to set up a Sustainable Development Committee under the board of directors, with three independent directors and the corporate governance officer serving as members. The CGO acts as the chairman of the committee, overseeing the Corporate Governance Unit, Cooperation Partnership Unit, Employee Rights Unit, Environmental Sustainability Unit, and Social Engagement Unit.</p> <p>The committee convenes regular meetings with department heads to develop response measures and strategies for environmental (E), social (S), and governance (G). In addition to meetings of various units and related working groups, the entire committee holds quarterly ESG meetings to review goal achievements and progress, verified by the internal audit supervisor, and reports periodically to the chairman and the board of directors on implementation effectiveness and improvement directions.</p>	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			The "Sustainable Development Committee" regularly reports to the board of directors on the execution results and future work plans of sustainable development. In the fiscal year 2023, the committee reported to the board of directors five times, with agenda items including the schedule and verification of greenhouse gas inventories, as well as policy revisions related to sustainability. The board of directors evaluates the feasibility of these plans, reviews their progress, and urges adjustments to the management team when necessary.	
B. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations based on the materiality principle and establish the relevant risk management policies or strategies?	V		To mitigate potential losses resulting from risks, The company has established a risk management policy based on the business philosophy and significant principles. This policy covers fulfilling corporate social responsibilities, prioritizing the interests of stakeholders, and addressing environmental, social, and governance topics. We identify, assess, address, and monitor potential risks to the company, and regularly track these risks. The highest responsible unit for risk management in the company is the Board of Directors, which approves the risk management policy and related regulations and oversees the overall implementation of risk management to ensure	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			effective risk control. The Corporate Governance Unit of the Sustainable Development Committee serves as members of the risk management team to ensure that each operating unit effectively implements the risk management system. Personnel from each operating unit are designated as risk management executives responsible for executing risk management procedures. They conduct risk assessments related to environmental, social, and governance topics relevant to the company's operations. Additionally, they present the status of risk management operations to the Board of Directors annually.	
C. Environmental issues a. Has the company established proper environmental management systems based on the characteristics of their industries?	V		The Company is not a manufacturing company and is therefore not applicable for ISO 14001 or other similar environmental management system certification. Nevertheless, the Company is dedicated to promoting environmental protection activities and strongly promotes water and power conservation to reduce damages and burdens to the environment. Products related to the Group do not generate waste, and the remaining garbage disposal is carried out in line with relevant regulations from the management committee of	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			the office building. In addition, Arich has established the “Employee Safety and Health Manual” as management guidelines for the workplace environment.	
b. Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		As a non-manufacturing company, the primary source of carbon emissions for the company is the electricity consumption in various office facilities. To achieve continuous carbon reduction, we are actively replacing old lighting fixtures with energy-efficient LED. We have implemented a planned schedule to update glass insulation films to improve cooling efficiency and reduce power consumption. Furthermore, we are assessing the replacement of outdated air conditioner. Intelligent energy-saving devices are being considered for the public electricity usage in the office building in the northern region and installing the water-saving aerators on faucets. By implementing the energy-saving measures mentioned above, the Group views promoting energy and power-saving products while reducing redundant packaging as a priority. Internally, we also promote energy and water conservation to reduce the harms and burden on the environment.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
c. Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		<p>The company assesses the potential risks of climate change on present and future operations, primarily impacting business operations and the environment: climate extreme events leading to resource shortages and restricted product transportation resulting in increased costs can directly or indirectly affect operational efficiency. Recognizing climate change as a significant future issue, we have developed specific strategies to implement energy-saving and carbon reduction policies. The company has established the "Energy-Conservation and Carbon Reduction Management Procedures," strengthened recycling efforts to reduce waste, periodically conducted energy-saving and resource recycling advocacy, promoted paperless operations, and reduced water consumption as response measures. In the future, we will incorporate climate change risk management into our overall risk management policy to mitigate the impact of climate change on the company.</p> <p>In 2023, The company completed the ISO 14064-1 greenhouse gas inventory and verification,</p>	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<p>examining the company's greenhouse gas emissions and the operational impacts. Based on the annual carbon inventory results, we will continue to promote carbon reduction measures. To effectively reduce indirect greenhouse gas emissions, we have implemented the following initiatives:</p> <p>Setting the air conditioning temperature uniformly at 26 degrees Celsius throughout the office, Turning off lights for 30 minutes during the lunch break every day, and installing water-saving facilities to reduce carbon emissions from water and electricity usage.</p> <p>These efforts are aimed at reducing our carbon footprint and mitigating the impact of climate change.</p>	
d. Did the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The Company has established the “Energy Conservation and Carbon Reduction Management Procedures” and advocates that the temperature of air conditioner shall not be lower than 26 degree Celsius. Employees shall appropriately turn off the air conditioners and lights at office areas that are either unmanned or with very few people; in addition, the replacement of lights shall be mostly for energy-</p>	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			saving LED lighting, and energy conservation and recycling are also promoted from time to time. The Company’s carbon dioxide emissions, already announced on the MOPS, were 198,585kg in 2022 and 204,101kg in 2023(Using the coefficients from the year 2022 for conversion). In addition, the total water consumption were 1,893 cubic meters in 2022 and 1,720 cubic meters in 2023 and the total weight of waste shared by the office building were 66,065kg in 2022 and 72,710kg in 2023. In the future, we will continue to promote energy conservation, carbon reduction and greenhouse gas reduction policies as our goals. The company has completed the ISO 14064-1 greenhouse gas inventory and verification in the fiscal year 2023 to align with the government's net-zero carbon emission target. This serves as the basis for reducing carbon emissions.	
D. Social issues a. Has the company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Group complies with applicable laws and standards, including the Labor Standards Act and Act of Gender Equality in Employment. In addition, the Company has also established the “Employee Work Rules” to provide employees a friendly work environment through equal	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			recruitment principles and mutually-respectful work attitude. In 2023, The company formulated the human rights policy based on the principles of the "Universal Declaration of Human Rights," the "United Nations Global Compact," and the "International Labour Organization conventions." This policy aims to uphold and protect the rights of our employees.	
b. Has the company had reasonable employee benefit measures (including salaries, leave, and other benefits), and reflected business performance or results in employee compensations?	V		The Company has already established and implemented various employee benefit measures. Please refer to the description of “Chapter V. Business Overview-5. Labor Relations.” In addition, according to the Article 25 of the Company’s Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation when there is profit for the year. Employee compensation amount in 2023 was NT\$47,243,593. The company has a female employee representation of 50% of the total workforce, and the proportion of female executives is 40%. We are committed to promoting workplace diversity and gender equality.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
c. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company views great importance to the safety of employees' work environment and conducts fire safety campaigns twice a year. There have been no workplace accidents or incidents this year. In addition, the Employee Welfare Committee has also been set up to organize various benefit measures, including annual employee health checkup and provides various allowances. Moreover, labor insurance, national health insurance, and group insurance are also filed in line with the law to protect employees' rights and interests.	Comply
d. Does the company provide its employees with career development and training sessions?	V		The Group regularly organizes “teaching by experience” training to effectively enhance employees' occupational competences and to develop their professional skills.	Comply
e. Does the company comply with relevant regulations and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and establish consumer right protection policy and grievance procedure?	V		The Company has established the “Handling Procedures for Reporting Illegal, Unethical and Dishonest Conduct” to fulfill corporate social responsibility in practice and to protect the privacy and rights of customers. The Procedures also include after-sale customer service and maintenance warranty. In addition, special areas for product registration and inquiry on maintenance progress are also available on the Company's website, and a 0800 toll-free hotline is	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			set up, where professional customer service personnel will be available to answer all queries. Furthermore, the Group is non-manufacturing, so there is no research and development or production procedures.	
f. Does the company implement supplier management policies, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		Most of the Company’s major suppliers are medical principals in Europe, USA, and Japan. Therefore, the Company always practices due care in evaluating whether the products comply with domestic and foreign legal requirements before purchases are made. In addition, during signing of contracts, based on the requirement in the “Ethical Corporate Management Best Practice Principles,” contracts shall clearly specify compliance with ethical corporate management policy and both shall strive to enhance the corporate social responsibilities. In 2023, The company established the "Supplier Sustainable Development Management Procedures" to assist suppliers in promoting environmental, social, and governance sustainability. Before entering into written contracts with suppliers, the company requires them to fill out a "Supplier Commitment	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			Form" before proceeding with substantive transactions.	
E. Does the company refer to internationally accepted reporting standards or guidelines to compile reports that disclose non-financial information of the company, such as corporate social responsibility reports? Has the reports above obtained assurance from a third-party verification organization?	V		In 2023, The company referred to internationally recognized reporting standards or guidelines to prepare sustainability reports. The report were assured by third-party verification institution to ensure their accuracy and reliability.	Comply.
<p>F. If the Company has established its own corporate social responsibility principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please state the difference between actual practice and principles.</p> <p>The Company has established “ Sustainable Development Best Practice Principles” and will actively fulfill corporate social responsibilities in practice to meet international trends for balanced environmental, social, and governance developments. The overall business activities of the Group are carried out in accordance with the regulations from “Sustainable Development Best Practice Principles.”</p>				
<p>G. Other important information that helps to understand the status of sustainable development practices:</p> <p>In addition to committing to core business development, the Company also pays great attention to social welfare and adheres the spirit of giving back to society. In 2023, we continued to carry out various donation activities, such as donating to Tainan Sin-Lau Hospital of Sin-Lau Medical Foundation, Taoyuan Saint Paul's Hospital, Taiwan Society of Nephrology, Taiwan Wound Ostomy and Continence Nursing Association, Taiwan Clinical Dialysis Association and blood centers throughout Taiwan.</p> <p>In June 2023, The company collaborated with the Taipei Blood Centers to organize a blood donation event in Zhonghe. On that day, over a hundred people participated in the event. Upholding our medical mission and the spirit of saving lives through blood donation, the company is committed to continuing to organize blood donation in the future.</p>				

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
<p>In addition to promoting employee social participation and volunteerism, we also participated in the "Igniting Love Volunteer Activity" to accompany and care for the elderly, creating a joyful atmosphere.</p> <p>Moreover, Excelsior Health Foundation organized winter relief for underprivileged Groups and Solitary elders and handle home-based, community-based long-term health care institutions and community bases. By collaborating with domestic and foreign medical groups or academic institutions to train professionals in the medical/healthcare industry.</p>				

Climate-Related Information of TWSE/TPEX Listed Company

Item	Implementation status				
1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Corporate Governance Unit of the Company's Sustainable Development Committee is responsible for overseeing various aspects of ESG (Environmental, Social, and Governance) initiatives. They consolidate key management indicators related to ESG, integrating environmental (E), social (S), and governance (G) factors into routine operational tasks. The Corporate Governance Unit regularly identifies stakeholders, collects and reviews issues of stakeholder concern. These are then presented at annual meetings to ensure all significant considerations are covered. Following confirmation by the Committee, action plans, outcomes, and future strategies are developed and reported to the Chairman and to the Board of Directors.				
2.Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).					
3.Describe the financial impact of extreme weather events and transformative actions.	Risk/ Oppor tunity	Item	Topic	Potential financial impact	Company response strategy
	Transi tion Risk	policies and regulati ons	enhanced emission reporting obligation s	1. Increased operating cost (e.g., compliance costs and premium increases) 2. Policy changes leading to write-offs of existing assets and early retirements 3. Cost increases due to fines and judgments and reduced demand for products and services	1. The company implemented ISO 14064-1 for carbon inventory in 2023 and obtained certification, issuing an ESG sustainability report. 2. Established a Sustainable Development Committee.
	Physic al Risk	long- term nature	changes in rainfall patterns	1. Increased operating cost (e.g., insufficient water for hydroelectric	1. Replace low-energy consumption equipment in response

			and extreme variations in climate patterns	<p>power plants or cooling water shortages for nuclear and thermal power plants)</p> <p>2. Increased infrastructure costs (e.g., facility damage)</p> <p>3. Decreased revenue due to reduced sales/output</p> <p>4. Higher insurance premiums and difficulty insuring assets located in "high-risk" areas</p>	<p>to increased water and electricity usage due to rising average temperatures.</p> <p>2. In case of water shortages, contact water truck companies to replenish the water supply.</p>
	Opportunity	resource efficiency	reducing water usage and consumption	<p>1. Reduce operating cost (e.g., through increased efficiency and cost reduction)</p> <p>2. Increase production capacity and revenue</p> <p>3. Enhance the value of fixed assets (e.g., high-performance buildings)</p> <p>4. Facilitate workforce management and planning (e.g., improved health and safety, employee satisfaction), reducing costs</p>	<p>1. Install water-saving accessories on water equipment.</p> <p>2. Periodically promote water conservation among employees.</p>

	Opportunity	energy sources	participating in the carbon trading market	<ol style="list-style-type: none"> 1. Reduce operating cost (e.g., using the most cost-effective carbon reduction measures) 2. Reduce risk exposure to future fossil fuel price increases 3. Lower greenhouse gas emission risks, thus reducing sensitivity to carbon trading price fluctuations 4. Returns on investment in low-carbon technologies 5. Increased capital (e.g., more investors favoring low-carbon manufacturers) 6. Enhanced reputation and increased demand for products/services 	<ol style="list-style-type: none"> 1. Apply for membership in the carbon trading market platform. 2. Plan to calculate the carbon footprint of products or activities and purchase carbon offsets accordingly.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	To strengthen corporate governance and improve risk management operations, the Company has established a "Risk Management Policies." The risk management framework revolves around various responsible departments as its core, which carry out related risk management activities. This process involves assessing the probability of risk occurrence and responding to specific high-risk items to ensure the company's sustainable operations.				
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters,	The company references the 1.5°C (Net Zero Scenario) as a transition risk scenario for discussions in the Sustainable Development Committee. The				

assumptions, analysis factors and major financial impacts used should be described	company uses tools provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) as a reference for assessing physical climate change risks. Ultimately, the company decided to adopt the RCP8.5 scenario as its physical climate change risk scenario. Under this scenario, by 2050, the temperature is projected to rise by 1.9°C, electricity consumption is expected to increase by 5%, and assuming the electricity rates remain unchanged, electricity costs will increase by 5%.
6.If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks	<ol style="list-style-type: none"> 1. The company implemented ISO 14064-1 for carbon inventory in 2023 and obtained certification, issuing an ESG sustainability report. 2. Established a Sustainable Development Committee. 3. Replaced energy-consuming equipment to cope with increased water and electricity usage due to rising average temperatures. 4. In case of water shortages, contacted water truck companies for replenishment operations. 5. Installed water-saving accessories on water equipment. 6. Periodically promoted water conservation among employees. 7. Applied for membership in the carbon trading market platform. 8.Planned to calculate the carbon footprint of products or activities and purchase carbon offsets accordingly.
7.If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The company has not yet planned an internal carbon pricing mechanism. Currently, we are implementing self-assessment and reduction measures while awaiting further clarification from government agencies on greenhouse gas-related regulations or guidelines."
8.If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<ol style="list-style-type: none"> 1. In 2023, the first sustainability report was issued, with ongoing implementation of ISO 14064-1 carbon inventory and validation. Supervision and implementation of sustainability plans continue. 2. To minimize our operational impact on the surrounding environment, we've allocated considerable resources to all environmental indicators. For instance, by the end of 2023, water-saving faucet attachments were installed in the North District office building, and plans are underway to

	<p>replace energy-saving elevators in the office building, all aligned with our vision for sustainable development.</p> <p>3. In addition to reducing our own greenhouse gas emissions as much as possible, we plan to purchase carbon credits on the carbon trading platform to achieve carbon neutrality for our products or activities.</p>
9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Please refer to the attached table below.

Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
<p>Emissions for the two years:</p> <p>In 2022, 732.3479 metric tons of CO₂e.</p> <p>In 2023, 742.1366 metric tons of CO₂e.</p> <p>Intensity (Density):</p> <p>In 2022, 0.1573 metric tons of CO₂e per million dollars.</p> <p>In 2023, 0.1414 metric tons of CO₂e per million dollars.</p> <p>The data covers the following locations of The company:</p> <p>Headquarters, Taichung, Tainan, Kaohsiung offices.</p>

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope

of assurance, assurance institutions, assurance standards, and assurance opinion.

Scope of Assurance: Headquarters , Taichung, Tainan, Kaohsiung offices

Assurance Provider: Greentech International Verification Limited

Assurance Standard: ISO 14064-1 standard

Assurance Opinion: Reasonable Assurance for Categories One to Two / Limited Assurance for Categories Three to Six

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The baseline year is 2022, and related reduction targets, strategies, and specific action plans are expected to be planned in the future.

(6) Fulfillment of ethical corporate management

Evaluation Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
<p>A. Establishment of ethical corporate management policies and programs</p> <p>a. Has the company established ethical corporate management policy approved by the board of directors and stated the ethical corporate management policy and practices in its regulations and external documents, as well as the commitment from the board of directors and executives to actively implement the policies?</p>	V		<p>The Company and DMT have both established "Ethical Corporate Management Best Practice Principles." Alternatively, Arich has established the "Procedures for Ethical Management and Guidelines for Conduct." All aforesaid principles and procedures have been approved by the Board of Directors, and is overseen by the Corporate Sustainability Committee to promote integrity management within the company. The committee assists the Board of Directors and management in formulating and supervising the implementation of integrity management policies and preventive measures, ensuring the adherence to the Code of Conduct for Integrity Management, and reports to the Board of Directors at least once a year.</p>	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Has the company established mechanisms in place to assess the risk of unethical conduct, and regularly analyze and assess business activities with higher risk of unethical conduct within the scope of business? Has the company implemented programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		In order to prevent unethical conduct, the Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct,” enacted specific and effective reward and disciplinary system, and utilized the procedures to carry out relevant audits, analysis, and assessments.	Comply
c. Has the company clearly established operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Did the company carry out the implementation and regularly review and revise them?	V		The “Ethical Corporate Management Best Practice Principles” specifies prevention against various unreasonable transfer of interest, and appropriately organizes educational training and advocacy for directors, managers, and substantial business controllers. In addition, the Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct” and implement it.	Comply
B. Fulfill ethical corporate management				

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
a. Has the company evaluated business partners’ ethical records and included ethics-related clauses in business contracts?	V		The Group has established evaluation system for all transacting customers and suppliers. To fulfill ethical corporate management, when signing contracts with counterparties, rights and obligations of both parties are specified in detail along with compliance with the “Ethical Corporate Management Best Practice Principles.”	Comply
b. Has the company set up a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		In 2022, the company established the "Corporate Sustainable Development Committee," In 2023, it was resolved by the Board of Directors to establish a Sustainable Development Committee under the board of directors, which includes the Corporate Governance unit responsible for promoting ethical business practices. The head of the Corporate Governance Division, is in charge of assisting the Board of Directors and management in formulating and overseeing the implementation of policies and preventive measures for ethical business practices. They ensure the implementation of ethical business guidelines and report to the Board of Directors at least once a year.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
c. Has the company established policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct,” and internal personnel can report to their direct supervisors as well as submit whistle-blowing reports to responsible units in case of matters concerning conflict of interests.	Comply
d. Has the company established effective accounting and internal control systems in place to implement ethical corporate management? Has the internal audit unit followed the results of unethical conduct risk assessments and devised audit plans to audit the systems accordingly to prevent unethical conduct, or has it hired a CPA to perform the audits?	V		To ensure the implementation of ethical corporate management, the Group has established effective accounting and internal control systems and its compliance is regularly audited by the internal auditors.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
e. Does the company regularly hold internal and external educational trainings on ethical corporate management?	V		<p>In 2023, The company conducted integrity training for employees via an online education platform, followed by assessments. A total of 161 employees participated in the training. Additionally, the company provided insider trading prevention courses covering regulatory analysis, elements and identification of insider trading, confidentiality procedures, consequences of insider trading violations, and practical case studies, with a total of 162 employees participating in the training.</p> <p>In 2023, The company also conducted integrity training and insider trading prevention sessions for the board of directors. Directors were reminded not to trade company stocks during the thirty days preceding the announcement of annual financial reports and the fifteen days preceding the announcement of quarterly financial reports.</p>	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
C. Operation of the whistle-blowing channel a. Has the company established both a reward/punishment system, set up convenient whistle-blowing channels and designated appropriate personnel for follow-up?	V		The Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct” and the Company’s stakeholders such as shareholders and investors can report to the spokesperson and deputy spokesperson for matters related to violation of ethical corporate management and Codes of Ethical Conduct; customers, suppliers, and contractors can report to the CFO and audit supervisor, while Company employees can report to the HR department. After investigations, if the incident was found to be true, disciplinary actions will be taken based on the severity of the violation.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Has the company established standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		In case Company employees discover unethical conduct such as a breach of ethics, unlawful act, or breach of fiduciary duty from any director, manager, employee, or person with substantial control, the employee shall submit substantial information on the incident and submit a whistle-blowing report to the unit responsible for receiving such reports. An investigation report will be submitted to the Board of Directors after investigation has been completed, and the Board of Directors shall determine the method of disciplinary action and listen to any appeals from the subject of the investigation.	Comply
c. Has the company provided proper whistleblower protection?	V		The Company shall keep the identity of whistleblowers and the content of reported cases confidential.	Comply
D. Strengthening information disclosure Has the company disclosed its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company, DMT and Arich have established corporate websites that disclose information on corporate culture, management objectives, and ethical corporate management.	Comply
E. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the policies and their implementation. The Company, DMT and Arich have established “Ethical Corporate Management Best Practice Principles” based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” and have implemented it indeed, so there are no difference.				

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation	
F. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).				
a. As the basis for implementing ethical corporate management in practice, the Group adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant policies for TWSE/TPEx listed companies and other business laws and bylaws pursuant to business conduct.				
b. The Company, DMT and Arich have established “Procedures for Handling Material Inside Information” and disclosure of the handling of all material inside information is carried out accordingly. The following is a summary of the Procedures:				
(a)Designate an exclusive unit to be in charge of handling matters related to material inside information, and all documents related to material information comply with the Company’s internal approval processes.				
(b)The company’s directors, managers and employees shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties, and shall sign confidentiality agreements. No director, manager, or employee with knowledge of material inside information of this company may divulge the information to others.				
(c)Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company thus acquired.				
(d) Directors of the company are prohibited from trading their stocks during a blackout period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of each quarterly financial report.				
(e) External disclosure of material inside information shall comply with the following principles: (i) the information disclosed shall be accurate, complete, and timely; (ii) there shall be a well-founded basis for the information disclosure; and (iii) the information shall be disclosed fairly.				
(f) Any disclosure of the Company’s material inside information, except as otherwise provided by law or regulation, shall be made by the Company’s spokesperson, or by a deputy spokesperson acting in a confirmed sequential order. When necessary, the disclosure may be made directly by the chairman of the Company. The Company’s spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company’s chairman, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.				

(7) The Company shall disclose how to search for its corporate governance best practice principles or related regulations.

Information on Corporate Governance is available under the Investor section at the Company's website (<http://www.excelsiormedical.com.tw>.) Organization and operations of the internal audit, Articles of Incorporation, Regulations Governing the Acquisition and Disposal of Assets, and Regulations Making of Endorsements/Guarantees are disclosed and available for investors and other related parties to query.

Please see the Market Observation Post System (MOPS) for corporate governance policies and related standards and procedures from DMT and Arich. (<http://mops.twse.com.tw/mops/web/index>)

(8) Other important information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed.

The Company, DMT and Arich have all established three seats of independent directors respectively, and all supervise the operations of corporate governance in practice through setting an Audit committee and Remuneration Committee. Material information and various matters to be declared by TWSE/TPEX listed companies are all announced on a timely basis, and on top of fulfilling the corporate governance system in practice, three companies also strive to achieve various indicators on the TWSE/TPEX listed companies information assessment.

(9) Internal control systems

A. Statement of internal control system

Excelsior Medical Co., Ltd.
Statement of Internal Control System

Date: March 8, 2024

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during the year 2023:

- I. The Company fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Company's Board of Directors and managers, and have established the said system accordingly. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, the ICS of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This statement will constitute the main content of the Company's Annual Report and the Prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

This statement has been approved on March 8, 2024, by the Board and out of the nine (9) Board members in attendance, none had objected to the statement and all consented to the content expressed herein.

EXCELSIOR MEDICAL CO., LTD.

Chairman : Fu Hui-Tung

General Manager : Chang Ming-Cheng

B. If CPA has been hired to carry out a special audit of the internal control system, the company shall furnish the CPA audit report: None.

(10) Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during from last year up to the time of report publication: None.

(11) Major resolutions of the shareholders meeting and board of directors meeting from last year up to the time of report publication:

A. Major resolutions of the shareholders meeting

Classification	Date	Major Resolutions	Resolution of the Shareholders Meeting	Implementation Status
Shareholders' Meeting	2023.06.21	1. Adoption of the Company's 2022 financial statements.	Voting results: 90,647,713 ballots in favor; 97.76% (including 61,596,187 ballots submitted through e-voting); 15,870 ballots against; 0.02% (including 15,870 ballots submitted through e-voting); 2,059,163 ballots forfeit/did not vote; 2.22% (including 1,975,237 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		2. Adoption of the proposal for distribution of 2022 profits.	Voting results: 90,775,458 ballots in favor; 97.90% (including 61,728,161 ballots submitted through e-voting); 22,200 ballots against; 0.02% (including 17,971 ballots submitted through e-voting); 1,925,088 ballots forfeit/did not vote; 2.08% (including 1,841,162 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	The Shareholders' Meeting approved the distribution of NT\$540,953,430 of cash dividends, or NT\$3.65 per share. The distribution was completed on August 3, 2023.
		3. Issuing new shares for capital increase by earnings recapitalization.	Voting results: 90,789,254 ballots in favor; 97.89% (including 61,716,728 ballots submitted through e-voting); 28,044 ballots against; 0.03% (including 28,044 ballots submitted through e-voting); 1,926,448 ballots forfeit/did not vote; 2.08% (including 1,842,522 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded two-thirds of all voting rights, and the motion is passed without amendment.	The Shareholders' Meeting approved the distribution of NT\$74,103,210 of stock dividends, or NT\$0.5 per share. The distribution was completed on October 18, 2023.
		4. Amending part of the articles of the Company's "Operational Procedures for Loaning of Company Funds".	Voting results: 90,779,602 ballots in favor; 97.88% (including 61,711,305 ballots submitted through e-voting); 26,648 ballots against; 0.03% (including 26,648 ballots submitted through e-voting); 1,937,496 ballots forfeit/did not vote; 2.09% (including 1,849,341 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		5. Release the prohibition on directors from participation in competition businesses..	Voting results: 90,589,425 ballots in favor; 97.68% (including 61,521,128 ballots submitted through e-voting); 197,682 ballots against; 0.21% (including 197,682 ballots submitted through e-voting); 1,956,639 ballots forfeit/did not vote; 2.11% (including 1,868,484 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded two-thirds of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.

B. Major resolutions of the Board of Directors' Meetings from last year up to the time of report publication

The Company has convened nine Board of Directors meetings in 2022 up to the time of annual report publication. Major resolutions have been listed in the following:

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 6th Meeting in the 13th term	2023.3.16	1.Preparation 2022 Internal Control System Statement of the Company. 2.The distribution of employees' compensations for managers and directors' remuneration for 2022. 3.The Company's 2022 Financial Statements. 4.The Company's 2022 earnings distribution proposal. 5.The Company to issue new shares for capital increase by earnings recapitalization. 6.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. and Excelsior Renal Service Co., Ltd. 7.Proposal of releasing the prohibition on directors from participation in competition businesses. 8.Proposal of releasing the prohibition on the Company's managers from participation in competitive business. 9. The amendment of certain articles of the "Sustainability Practices Guidelines," "Corporate Governance Practices Guidelines," "Director Nomination Review Criteria and Operational Procedures," "Standard Operating Procedures for Handling Director Requests," "Related Party Transaction Operational Procedures," "Internal Control System," and "Internal Audit System" of the company, as well as the revision of the title and full text of the "Operating Procedures for Business and Financial Transactions with Specific Companies, Group Enterprises, and Subsidiaries." 10. Proposal of amendment of "Regulations Governing Procedure for Board of Directors Meetings" 11.The motion to convene the Company's 2023 Annual Shareholders' General meeting and to establish related matters including accepting shareholders' proposals.	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.
The 7th Meeting in the 13th term	2023.5.4	1.Proposal of the evaluation results for the independence and suitability of the Company's CPA. 2.The Company's 2023 Q1 consolidated financial report. 3.Proposal of amendment of The company's "approved authority hierarchy." 4.The Company's application for credit extension due to expiration of the syndicated credit line from Citibank Taiwan.	Motions approved without amendment.	None	N/A	All motions were unanimously approved by All attending Directors

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		5.The Company to provide endorsements/guarantees for new financing credit of peso \$50 million from Manila Branch of Cathay United Bank on behalf of EG Healthcare, Inc. 6.The Company to provide endorsements/guarantees for new financing credit of USD \$1 million from Manila Branch of First Commercial Bank on behalf of EG Healthcare, Inc. 7.The Company to provide endorsements/guarantees for new financing credit of US\$2.5 million from Citibank on behalf of Renal Laboratories Sdn. Bhd. 8.The Company to provide endorsements/guarantees for new financing credit of US\$0.5 million from Citibank on behalf of Medi-Chem Systems Sdn. Bhd. 9.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 10.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd. 11. Proposal of releasing the prohibition on directors from participation in competition businesses.				without dissidence.
The 8th Meeting in the 13th term	202388	1.Routine review of the 2023 CPA audit fee. 2.The Company's 2023 Q2 consolidated financial report. 3.Setting details for the issuance of new shares for capital increase by earnings in 2023. 4.The company plans to carry out the investment restructure, wherein the company will purchase the equity of Asia Best Life Care Co., Ltd. from its subsidiary, Excelsior Medical (HK) Co., Ltd. 5.Following point 4, due to the investment structure reorganization, the subsidiary, Excelsior Medical (HK) Co., Ltd., plans to sell 49.38% of its equity in Asia Best Life Care Co., Ltd. to the company. 6.Following point 4, due to the investment restructure, the subsidiary, Excelsior Medical (HK) Co., Ltd., plans to carry out a capital reduction by cash. 7.Following point 4, due to the investment restructure reorganization, the subsidiary, Excelsior Healthcare Co., Limited, plans to carry out a capital reduction by cash. 8.Proposal of amendment of The company's "approved authority hierarchy." 9.The Company's application for credit extension and the increase in the limit due to expiration of the syndicated credit line from Citibank Taiwan. 10.The Company's application for credit extension and the increase in the limit due to expiration of the syndicated credit line from Taipei Branch of Taiwan Cooperative Bank.	Motions approved without amendment.	None	N/A	All attending directors unanimously agree to nominate Fu Hui-Tung as the Chairman and Chang Hsien-Cheng as the Vice Chairman.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		<p>11.The Company's application for credit extension due to expiration of the syndicated credit line from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank.</p> <p>12.The Company to provide endorsements/guarantees for new financing credit of NT\$150 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>13.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>14.The Company to provide endorsements/guarantees for new financing credit of NT\$100 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>15.Reviewing and approving of the director's remuneration in 2022.</p>				
The 9th Meeting in the 13th term	2023.11.7	<p>1.The Company's 2023 Q3 consolidated financial report.</p> <p>2.The Company's 2024 budget report.</p> <p>3.To establish the Company's 2024 audit plan.</p> <p>4.The company intends not to subscribe the shares of CYJ International Taiwan Inc disposed by Excelsior Beauty Co., Ltd.</p> <p>5.The company 100% owned subsidiary, Excelsior Healthcare Co., Limited, intends to insert in its wholly-owned subsidiary, Excelsior Investment (Malaysia) Co., Ltd., by US\$ 3.5 million. Additionally, Excelsior Investment (Malaysia) Co., Ltd. will further invest its subsidiary, Renal Laboratories Sdn. Bhd., with RM 15,750,000.</p> <p>6.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>7.The Company to provide endorsements/guarantees for financing credit extension of NT\$300 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>8.The Company to provide endorsements/guarantees for new financing credit of NT\$50 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>9.The company originally applied for an extension of credit limits with the Taipei Branch of Taiwan Cooperative Bank, but due to an increase in the approved credit limit and</p>	Motions approved without amendment..	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		<p>adjustments to the credit terms.</p> <p>10.The Company's application for credit extension due to expiration of the syndicated credit line from Nanjing East Road Branch of Hua Nan Bank.</p> <p>11.Proposal of amendment of "Internal Control System, "Internal Audit System" and management regulations.</p> <p>12.Proposal of amendment of The company's "approved authority hierarchy."</p>				
The 10th Meeting in the 13th term	2023.12.29	<p>1.The Company's application for credit extension due to expiration of the syndicated credit line from Zhonghe Branch of First Bank.</p> <p>2.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>3.The Company to provide endorsements/guarantees for new financing credit of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>4.Establishing a Sustainable Development Committee within the Company and formulating the "Sustainable Development Committee Charter".</p> <p>5.Proposal of establishment of The company's "Risk Management Policy and Procedures."</p> <p>6.Proposal of amendment of The company's "Company Procedures for Handling Reports of Illegal, Unethical, or Untrustworthy Conduct."</p> <p>7.Proposal of establishment of The company's "Detailed Implementation Rules for Internal Audit." and abolishment "Internal Audit System."</p> <p>8.Proposal of amendment of The company's "approved authority hierarchy."</p> <p>9.Proposal for the appointment of the company's spokesperson.</p> <p>10.Reviewing and approving of the employees' compensations for managers in 2022.</p> <p>11.Reviewing and approving of year-end bonus for managers in 2023.</p>	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.
The 11th Meeting in the 13th term	2024.3.8	<p>1.Preparation 2023 Internal Control System Statement of the Company.</p> <p>2.The distribution of employees' compensations for managers and directors' remuneration for 2023.</p> <p>3.The Company's 2023 Financial Statements.</p> <p>4.The Company's 2023 earnings distribution proposal.</p> <p>5.The Company to issue new shares for capital increase by earnings recapitalization.</p> <p>6.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>7.Proposal of releasing the prohibition on directors from participation in competition</p>	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		<p>businesses.</p> <p>8.Proposal of releasing the prohibition on the Company's managers from participation in competitive business.</p> <p>9.Proposal of amendment of “Regulations Governing Procedure for Board of Directors Meetings”, “Audit Committee Charter” and “Internal Control - Other Cycles”.</p> <p>10.Proposal of the 2024 sustainability development goals and reporting on the implementation of the plans for the company.</p> <p>11.The motion to convene the Company's 2024 Annual Shareholders' General meeting and to establish related matters including accepting shareholders' proposals.</p>				
The 12th Meeting in the 13th term	2024.5.10	<p>1.Proposal of the evaluation results for the independence and suitability of the Company's CPA.</p> <p>2.The Company's 2024 Q1 consolidated financial report.</p> <p>3.The Company's application for credit extension due to expiration of the syndicated credit line from Citibank Taiwan.</p> <p>4.The Company's application for credit extension due to expiration of the syndicated credit line from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank.</p> <p>5.The Company to provide endorsements/guarantees for new financing credit of peso \$50 million from Manila Branch of Cathay United Bank on behalf of EG Healthcare, Inc.</p> <p>6.The Company to provide endorsements/guarantees for new financing credit of USD \$1 million from Manila Branch of First Commercial Bank on behalf of EG Healthcare, Inc.</p> <p>7.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>8. The Company originally to provide endorsements/guarantees for financing credit extension of NT\$300 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd., It is now proposed to increase the endorsed guarantee amount to NT\$400 million.</p> <p>9. The Company to provide endorsements/guarantees for financing credit extension of NT\$200 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>10.Proposal of The company intending to dispose of part of its shares in Dynamic Medical Technologies Inc.</p>	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		11.Proposal of releasing the prohibition on directors from participation in competition businesses. 12.Proposal of releasing the prohibition on the Company's managers from participation in competitive business.				

- (12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a resolution approved by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
- (13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer:

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Deputy General Manager	Wang Ming-Ting	2001/01/05	2023/12/30	Retirement

4. Information on Fees to CPA

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Audit Period	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG International	Wu Tsao-Jen	2023.01.01-2023.12.31	3,680	730	4,410	None
	Chen Jun-Guang	2023.10.01-2023.12.31				

Note: Non-audit fees were NT\$730 in thousands, and included the following items:

- (1) Review of transfer pricing; (2) salary information checklist; (3) verification of direct tax deductions for business tax for concurrent businesspersons; (4) litigation representation in import goods taxation disputes; (5) CPA's opinion for issuing new shares for capital increase by earnings recapitalization; (6) **Company registration fee.**

5. Replacement of CPA: None.

6. The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates in the past year: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer; or Shareholder with a Stake of More than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report:

(1) Changes in Shareholding of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2023		As of May 10, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Fu Hui-Tung	24,674	0	0	0
Director and major shareholder	Excelsior Group Holdings Co., Ltd.	791,258	0	0	0
Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	28,691	0	0	0
Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	787	0	0	0
Director and general manager	Chang Ming-Cheng	8,139	0	0	0
Director	Hsieh Yen-Sheng	33,663	0	0	0
Director	Fu Jo-Hsuan	5,250	0	0	0
Indepent Director	Chang Wu-I	0	0	0	0
Indepent Director	Kuo Yu-Chia	0	0	0	0
Indepent Director	Chan Chien-Lung	0	0	0	0
CFO and CGO	Chou Cheng-Hsiao	(50,307)	0	0	0
Major shareholder (Note 1)	Excelsior Investment Co., Ltd.	828,106	0	0	0

Note 1: Shareholders with more than 10% of the Company's shares shall be listed as major shareholders.

(2) Information on equity transfer or equity pledge: None.

8. Information on Relationship between any of the Top Ten Shareholders

As of April 23, 2024 (Last Record Date)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Excelsior Investment Co., Ltd	17,390,232	11.18%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. And Xuan Hui Investment Co., Ltd. 2. Bestchain Healthtaiwan Co., Ltd	1. Investment company to Excelsior Investment Co., Ltd. accounted for using equity method. 2. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using equity method.	
Chairman : FU JO-HSUAN	110,250	0.07%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. 2. Bestchain Healthtaiwan Co., Ltd	1. Serves as a Director of Excelsior Group Holdings Co., Ltd. 2. Serves as a Director of Bestchain Healthtaiwan Co., Ltd.	
Excelsior Group Holdings Co., Ltd	16,455,934	10.57%	0	0	0	0	1. Excelsior Investment Co., Ltd 2. Bestchain Healthtaiwan Co., Ltd 3. Xuan Hui Investment Co., Ltd.	1. Investee of Excelsior Investment Co., Ltd. accounted for using equity method. 2. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using equity method. 3. The same chairman as that of Xuan Hui Investment Co., Ltd.	
Chairman : FU HUI-TUNG	518,166	0.33%	1,813	0.00%	4,210,929 (Note 4)	2.71% (Note 4)	1. Bestchain Healthtaiwan Co., Ltd 2. Xuan Hui Investment Co., Ltd.	1. Serves as a Director of Bestchain Healthtaiwan Co., Ltd. 2. Serves as the Chairman of Xuan Hui Investment Co., Ltd.	
Bestchain Healthtaiwan Co., Ltd	15,286,432	9.82%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. And Excelsior Investment Co., Ltd 2. Xuan Hui Investment Co., Ltd.	1. Investment company to Bestchain Healthtaiwan Co., Ltd. accounted for using equity method. 2. Investment company to Bestchain Healthtaiwan Co., Ltd. accounted for using cost method.	
Chairman : CHANG HSIEN-CHENG	16,537	0.01%	0	0	0	0	None	None	
Arich Investment Co., Ltd.	4,630,500	2.98%	0	0	0	0	None	None	
Chairman : CHANG CHUN-	586	0.00%	0	0	0	0	None	None	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
JEN									
Xuan Hui Investment Co., Ltd.	4,210,929	2.71%	0	0	0	0	1.Excelsior Group Holdings Co., Ltd. 2.Excelsior Investment Co., Ltd. 3.Bestchain Healthtaiwan Co., Ltd.	1. The same chairman as that of Excelsior Group Holdings Co., Ltd. 2. Investee of Excelsior Investment Co., Ltd. accounted for using equity method. 3. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using cost method.	
Chairman : FU HUI-TUNG	518,166	0.33%	1,813	0.00%	4,210,929 (Note 4)	2.71% (Note 4)	1.Excelsior Group Holdings Co., Ltd 2.Bestchain Healthtaiwan Co., Ltd	1. Serves as the Chairman of Excelsior Group Holdings Co., Ltd. 2. Serves as a Director of Bestchain Healthtaiwan Co., Ltd.	
LIN JUN-YAO	1,653,000	1.06%	0	0	0	0	None	None	
Bank Sinopac Company Limited	959,175	0.62%	0	0	0	0	None	None	
Taiwan Bank Custody ING Retirement Fund Investment Account	816,821	0.52%	0	0	0	0	None	None	
City Bank trusteeship of DFA securities account	770,375	0.50%	0	0	0	0	None	None	
HSIEH YEN-SHENG	706,923	0.45%	0	0	0	0	None	None	

Note 1: List out the top ten shareholders. For institutional shareholders, list out the names of the institutional shareholders and also the names of the representatives separately.

Note 2: The calculation of the proportion of shares in holding is based on the holding of shares by the person, spouse, children who are minors, or in the name of a third party.

Note 3: List out the shareholders who are institutions and natural persons, and disclose their relation in accordance with the Criteria for the Compilation of Financial statements by Securities Issuers.

Note 4: Xuan Hui Investment Co., Ltd. holds 4,210,929 shares, with a shareholding ratio of 2.71%.

9. The number of shares of the same invested company held by the Company, the Company's directors, supervisors, and executive officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio.

Ownership of Shares in Affiliated Enterprises

March 31, 2024 / Unit: shares, %

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Bestchain Healthtaiwan Co., Ltd	50,674,854	44.7%	26,737,361	23.6%	77,412,215	68.3%
Arich Enterprise Co., Ltd.	29,829,742	40.0%	37,000	0.1%	29,866,742	40.1%
Dynamic Medical Technologies Inc.	12,706,690	38.5%	0	0.0%	12,706,690	38.5%
Excelsior Healthcare Co., Limited	28,695,856	100.0%	0	0.0%	28,695,856	100.0%
Sunrise Health Care Company	2,085,547	24.0%	0	0.0%	2,085,547	24.0%
Excelsior Medical (HK) Co., Ltd.	33,807,013	64.4%	18,724,062	35.6%	52,531,075	100.0%
Excelsior Beauty Co., Ltd.	5,190,662	41.0%	6,819,523	53.9%	12,010,185	94.9%
Excelsior Asset Management Co., Ltd.	83,916,300	100.0%	0	0.0%	83,916,300	100.0%
Asia Best Life Care Co., Ltd.	84,633,340	49.4%	19,484,150	11.4%	104,117,490	60.8%
Medifly Co., Ltd.	3,615,976	28.7%	0	0.0%	3,615,976	28.7%
Dynamic Medical Technologies (Hong Kong) Ltd.	0	0.0%	79,021,783	100.0%	79,021,783	100.0%
Guangzhou Dynamic Inc.	Note 2	0.0%	Note 2	100.0%	Note 2	100.0%
CYJ INTERNATIONAL COMPANY LIMITED	0	0.0%	2,150,000	50%	2,150,000	50%
Medytox Taiwan Inc.	0	0.0%	1,800,000	40.0%	1,800,000	40.0%
TOUCE BIOTECH CO., LTD	0	0.0%	420,000	35.0%	420,000	35.0%
CYJ International Taiwan Inc.	0	0.0%	11,016,020	90.0%	11,016,020	90.0%
EG Healthcare Inc.	0	0.0%	9,427,489	99.9%	9,427,489	99.9%
Excelsior Renal Service Co., Limited	0	0.0%	73,375,728	49.0%	73,375,728	49.0%
NephroCare Limited	0	0.0%	151,801,588	49.0%	151,801,588	49.0%
Cardinal Medical Services Ltd.	0	0.0%	9,800	49.0%	9,800	49.0%
Excelsior Investment (Malaysia) Co., Ltd.	0	0.0%	11,171,271	100%	11,171,271	100.0%
Renal Laboratories Sdn. Bhd.	0	0.0%	32,523,586	81.9%	32,523,586	81.9%
Medi-Chem Systems Sdn. Bhd.	0	0.0%	350,000	70.0%	350,000	70.0%
Renal Management Sdn. Bhd	0	0.0%	200,000	100.0%	200,000	100.0%
Sino Excelsior Investment Incorporation	Note 2	0.0%	Note 2	100.0%	Note 2	100.0%
Asia Best Healthcare Co., Ltd.	0	0.0%	156,229	58.5%	156,229	58.5%

Note 1: This table is based on the Company's investments accounted for using equity method.

Note 2: The invested company has not issued shares, so there are no shares held.

IV. Capital Overview

1. Source of Capital

(1) Source of capital

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
1988.01	10	500,000	5,000	500,000	5,000	Capital at establishment	None	
1990.04	10	2,500,000	25,000	2,500,000	25,000	Capital increase by cash	None	
1991.06	10	6,500,000	65,000	6,500,000	65,000	Capital increase by cash	None	
1993.11	10	11,500,000	115,000	11,500,000	115,000	Capital increase by cash	None	
1993.11	10	12,000,000	120,000	12,000,000	120,000	Capital increase by earnings	None	
1997.02	10	16,000,000	160,000	16,000,000	160,000	Capital increase by cash	None	
1997.05	35	19,990,000	199,900	19,990,000	199,900	Capital increase by cash	None	
1998.07	10	60,000,000	600,000	30,000,000	300,000	Capital increase by cash	None	
2001.06	10	60,000,000	600,000	36,000,000	360,000	Capital increase by earnings and employees' share compensation	None	1998.07.17(87),TCZ(1) No. 59134
2002.07	10	70,000,000	700,000	43,058,057	430,580	Capital increase by earnings , employees' share compensation and conversion of convertible bonds	None	Convertible bonds of NTD 4,000,000 were converted into 64,834 ordinary shares.
2003.01	10	70,000,000	700,000	43,073,660	430,737	Conversion of convertible bonds	None	Convertible bonds of NTD 900,000 were converted into 15,603 ordinary shares.
2003.01	50	70,000,000	700,000	53,073,660	530,737	Capital increase by cash	None	2002.11.29,TCZ(1) No. 0910162126
2003.02	10	70,000,000	700,000	53,074,050	530,741	Conversion price adjustment and issuance of additional shares	None	Convertible bonds were adjusted and issued into more 390 ordinary shares.
2003.06	10	100,000,000	1,000,000	62,316,544	623,165	Capital increase by earnings and employees' share compensation	None	2003.04.17,TCZ(1) No. 0920113020
2004.05	10	100,000,000	1,000,000	62,470,676	624,707	Conversion of convertible bonds	None	Convertible bonds of USD 200,000 were converted into 154,132 ordinary shares.
2004.09	10	103,000,000	1,030,000	68,047,942	680,479	Capital increase by earnings and employees' share compensation	None	2004.07.15, JGZYZ No.0930131436
2005.04	10	103,000,000	1,030,000	68,257,948	682,579	Conversion of convertible bonds	None	Convertible bonds of USD 200,000 were converted into 210,006 ordinary shares.
2005.09	10	112,650,000	1,126,500	70,671,307	706,713	Capital increase by earnings and employees' share compensation	None	2005.07.26, JGZYZ No. 0940128764
2006.04	10	112,650,000	1,126,500	72,161,419	721,614	Conversion of convertible bonds	None	Convertible bonds of USD 1,370,000 were converted into 1,490,112 ordinary shares.

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2006.07	10	112,650,000	1,126,500	72,324,569	723,246	Conversion of convertible bonds	None	Convertible bonds of USD 150,000 were converted into 163,150 ordinary shares.
2006.08	10	112,650,000	1,126,500	77,993,569	779,936	Capital increase by earnings and employees' share compensation	None	2006.06.30, JGZYZ No. 0950127700
2006.10	10	112,650,000	1,126,500	78,047,952	780,479	Conversion of convertible bonds	None	Convertible bonds of USD 50,000 were converted into 54,383 ordinary shares.
2007.01	10	112,650,000	1,126,500	91,987,264	919,873	Conversion of convertible bonds	None	Convertible bonds of USD 11,880,000 were converted into 13,939,312 ordinary shares.
2007.04	10	112,650,000	1,126,500	100,141,997	1,001,420	Conversion of convertible bonds	None	Convertible bonds of USD 6,950,000 were converted into 8,154,733 ordinary shares.
2007.10	10	112,650,000	1,126,500	80,113,597	801,136	Capital reduction by cash	None	2007.10.29, JGZYZ No. 0960052676
2009.01	10	112,650,000	1,126,500	84,866,099	848,661	Issue new shares to acquire ordinary shares of Arich	Stocks of other companies	2008.12.22, JGZYZ No. 0970067548
2009.10	10	200,000,000	2,000,000	89,108,471	891,085	Conversion of convertible bonds	None	Convertible bonds of NTD 207,200,000 were converted into 4,242,372 ordinary shares.
2010.01	10	200,000,000	2,000,000	92,991,295	929,913	Conversion of convertible bonds	None	Convertible bonds of NTD 185,600,000 were converted into 3,882,824 ordinary shares.
2010.04	10	200,000,000	2,000,000	94,618,899	946,189	Conversion of convertible bonds	None	Convertible bonds of NTD 77,800,000 were converted into 1,627,604 ordinary shares.
2010.08	10	200,000,000	2,000,000	95,026,841	950,268	Conversion of convertible bonds	None	Convertible bonds of NTD 19,500,000 were converted into 407,942 ordinary shares.
2010.10	10	200,000,000	2,000,000	95,233,952	952,340	Conversion of convertible bonds	None	Convertible bonds of NTD 9,900,000 were converted into 207,111 ordinary shares.
2010.11	78	200,000,000	2,000,000	102,983,952	1,029,840	Capital increase by cash	None	2010.10.19, JGZFY No. 0990055485

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2012.10	10	200,000,000	2,000,000	113,252,348	1,132,523	Capital increase by earnings	None	2012.08.20, JGZFFZ No. 1010036655
2014.10	10	200,000,000	2,000,000	112,952,348	1,129,523	Cancellation of treasury shares	None	2014.10.03, JSSZ No. 10301207220
2015.09	10	200,000,000	2,000,000	120,452,348	1,204,523	Capital increase by cash	None	2015.06.16, JGZFFZ No. 1040021860
2016.01	10	200,000,000	2,000,000	121,780,560	1,217,806	Conversion of convertible bonds	None	Convertible bonds of NTD 52,200,000 were converted into 1,328,212 ordinary shares.
2016.05	10	200,000,000	2,000,000	125,569,358	1,255,694	Conversion of convertible bonds	None	Convertible bonds of NTD 148,900,000 were converted into 3,788,798 ordinary shares.
2016.08	10	200,000,000	2,000,000	127,205,487	1,272,055	Conversion of convertible bonds	None	Convertible bonds of NTD 64,300,000 were converted into 1,636,129 ordinary shares.
2016.11	10	200,000,000	2,000,000	127,581,485	1,275,815	Conversion of convertible bonds	None	Convertible bonds of NTD 14,100,000 were converted into 375,998 ordinary shares.
2017.03	10	200,000,000	2,000,000	127,626,817	1,276,268	Conversion of convertible bonds	None	Convertible bonds of NTD 1,700,000 were converted into 45,332 ordinary shares.
2017.08	10	200,000,000	2,000,000	127,765,483	1,277,655	Conversion of convertible bonds	None	Convertible bonds of NTD 5,200,000 were converted into 138,666 ordinary shares.
2018.02	10	200,000,000	2,000,000	127,827,385	1,278,274	Conversion of convertible bonds	None	Convertible bonds of NTD 2,200,000 were converted into 61,902 ordinary shares.
2018.05	10	200,000,000	2,000,000	127,990,578	1,279,906	Conversion of convertible bonds	None	Convertible bonds of NTD 5,800,000 were converted into 163,193 ordinary shares.
2018.07	10	200,000,000	2,000,000	128,134,077	1,281,341	Conversion of convertible bonds	None	Convertible bonds of NTD 5,100,000 were converted into 143,499 ordinary shares.
2018.11	10	200,000,000	2,000,000	128,148,970	1,281,490	Conversion of convertible bonds	None	Convertible bonds of NTD 500,000 were converted into 14,893 ordinary shares.
2020.01	10	200,000,000	2,000,000	141,148,970	1,411,490	Capital increase by cash	None	2019.12.11, JGZFFZ No. 1080339288
2022.10	10	200,000,000	2,000,000	148,206,419	1,482,064	Capital increase by earnings	None	Approved by Securities and Futures Bureau on Aug.4,2022.

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2023.10	10	200,000,000	2,000,000	155,616,740	1,556,167	Capital increase by earnings	None	Approved by Securities and Futures Bureau on JUL.25,2023.

(2) Type of stock

April 23, 2024

Type of Stock	Authorized Capital			Remarks
	Outstanding shares (Note)	Unissued Shares	Total Shares	
Common Stock	155,616,740	44,383,260	200,000,000	

Note: Outstanding shares issued by the Company are publicly traded on TWSE.

(3) Shelf-registration : None.

2. Shareholder Structure

As of April 23,2024 Unit: shares.

Item Amount	Government Agencies	Financial Institutions	Other Institutions	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	—	2	274	39,870	110	40,256
Shareholding (shares)	—	1,432,902	64,960,325	82,590,928	6,632,585	155,616,740
Percentage (%)	—	0.92	41.74	53.08	4.26	100.00

3. Distribution of Shares Ownership

Common Stock

As of April 23,2024 Unit: shares.

Class of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding Percentage(%)
1 ~ 999	22,253	2,027,420	1.30
1,000 ~ 5,000	14,491	27,100,220	17.41
5,001 ~ 10,000	1,928	13,157,743	8.46
10,001 ~ 15,000	701	8,343,469	5.36
15,001 ~ 20,000	244	4,277,748	2.75
20,001 ~ 30,000	290	6,962,737	4.47
30,001 ~ 40,000	101	3,473,389	2.23
40,001 ~ 50,000	56	2,500,646	1.61
50,001 ~ 100,000	107	7,456,203	4.79
100,001 ~ 200,000	41	5,427,181	3.49
200,001 ~ 400,000	23	6,266,962	4.03
400,001 ~ 600,000	9	4,443,789	2.86
600,001 ~ 800,000	4	2,776,210	1.78
800,001 ~ 1,000,000	2	1,775,996	1.14
Over 1,000,001	6	59,627,027	38.32
Total	40,256	155,616,740	100.00

Note: Preferred Shares: None.

4. List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, and all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

As of April 23,2024 Unit: shares.

Name	Shares	Number of shares held	Shareholding percentage(%)
Excelsior Investment Co., Ltd.		17,390,232	11.18%
Excelsior Group Holdings Co., Ltd.		16,455,934	10.57%
Bestchain Healthtaiwan Co., Ltd.		15,286,432	9.82%
Arich Investment Co., Ltd.		4,630,500	2.98%
Xuan Hui Investment Co., Ltd.		4,210,929	2.71%
Lin,Jun-Yao		1,653,000	1.06%
Bank Sinopac Company Limited		959,175	0.62%
Taiwan Bank Custody ING Retirement Fund Investment Account		816,821	0.52%
City Bank trusteeship of DFA securities account		770,375	0.50%
Hsieh Yen-Sheng		706,923	0.45%

5. Market Prices, Net Worth, Earnings and Dividends Per Share

Unit: NT\$

Item		Year	2022	2023	As of May 10, 2024(Note 6)
Market Price per Share	Highest		71.20	107	98.20
	Lowest		56.80	67.20	85.60
	Average		64.34	86.54	90.49
Net Worth per Share	Before Distribution		55.33	55.35	53.65
	After Distribution		49.22	(Note 1)	(Note 2)
Earnings per Share	Weighted Average Shares (thousand shares)		148,206	155,617	155,617
	Earnings Per Share	Before Adjustment	4.50	4.80	1.19
		After Adjustment	4.29	(Note 1)	(Note 2)
Dividends per Share	Cash Dividends		3.65	3.80	(Note 2)
	Stock dividends	Dividends from Retained Earnings	0.5	(Note 1)	(Note 2)
		Dividends from Capital Surplus	0	0	(Note 2)
	Accumulated Undistributed Dividends		0	0	0
Return on Investment Analysis	Price / Earning Ratio (Note 3)		14.30	17.98	(Note 2)
	Price / Dividend Ratio (Note 4)		17.63	22.72	(Note 2)
	Cash Dividend yield rate (%) (Note 5)		5.67	4.40	(Note 2)

Note 1 : The cash dividend of per share is proposed to be distributed NT\$3.80 by the Board of Directors on March 8, 2024. The stock dividend of per share is proposed to be distributed NT\$0.5, it will take effect after the resolution of the 2024 Annual Shareholders' General meeting is passed.

Note 2 : The earnings had not yet been finalized.

Note 3 : Price / Earning Ratio = Average closing price per price / Earnings per Share

Note 4 : Price / Dividend Ratio = Average closing price per price / Cash dividend per Share

Note 5 : Cash Dividend yield rate = Cash dividends per share / Average closing price per price

Note 6 : Listed net worth per share and earnings per share are according to the report review by CPA in the latest quarter of the date of the publication of this annual report. Other columns show information for the current year as of the date publication of the annual report.

6. Dividend Policy and Implementation Status

(1) Dividend policy

According to Article 26 of the company's Articles of Incorporation, The dividend policy as follows:

The Company sets up its dividend policy in conjunction with its current and future development plan and by taking the investment environment, capital requirements and local and foreign competition status into account, whereas the Company also concurrently considers shareholders' interests. The annual dividend payable to shareholders from the cumulative distributable earnings shall be not less than 20% of current year after-tax profit. The shareholder dividend can be distributed by either cash or stock, in which the cash dividend shall be no less than 20% of the total dividend amount.

(2) Proposed distribution of dividend

Year \ Item	Cash dividends	Stock dividends
2019	3.3000	None
2020	3.5000	None
2021	3.5000	0.050000003 shares
2022	3.6500	0.05 shares
2023(Note)	3.8000	0.05 shares

Note: The cash dividend of per share is proposed to be distributed NT\$3.80 by the Board of Directors on March 8, 2024. The stock dividend of per share is proposed to be distributed NT\$0.5, it will take effect after the resolution of the 2024 Annual Shareholders' General meeting is passed.

(3) The material change in the expected dividend policy: None.

7. Impact of the Proposed Stock Dividends in Shareholders Meeting on Business Performances and EPS

Not applicable.

8. Employee Compensation and Directors' Remuneration

- (1) Scope of employee compensation and directors' remuneration referred to in the Articles of Incorporation:

The Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits.

The preceding employee compensation shall be distributed by stock or cash, and the recipients shall cover the employees of subordinate companies the terms set up by the Board of Directors. The preceding directors' remuneration shall be paid in cash only.

Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

- (2) The basis for estimating the remuneration to employees and directors for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

As adopted by the Company's Board of Directors on March 8, 2024, 5% of the Company's 2023 profits in an amount of NT\$47,243,593 shall be distributed to employees as their compensation, whereas 2.5% of the profits in an amount of NT\$23,621,797 shall be distributed to directors as their remuneration. The preceding amounts shall be distributed in cash.

If the amount of the annual individual financial report is still changed after the date of publication, there is a difference between the actual amount and the estimated amount, it is classified as the profit and loss of the following year.

- (3) Distribution of compensation approved by the Board of Directors

The 2023 Distribution report of employees' compensations and directors remuneration approved by the Company's Board of Directors on March 8, 2024. Approved appropriations were as follows:

A. The compensations to employees and remuneration to Directors

Item	Amount(NT\$ in thousands)
Directors' Remuneration	23,622
Employee Compensation in Cash	47,244
Employee Compensation in Stock	None

The aforementioned amounts of employees compensations and directors' remuneration approved by the Company's Board of Directors are totally the same with that accrued expenses in the 2023 financial Statements.

- B. Ratio of recommended employee stock bonus to capitalization of earnings:

Not applicable.

- (4) Information for employee compensation and directors' remuneration in previous fiscal year:

On March 16, 2023, the Board of Directors of Company approved of employees' compensations and Directors' remuneration in 2022 of NT\$42,529 in thousands and NT\$21,264 in thousands respectively. There is no difference between the amounts recognized in the 2022 individual financial statements.

9. Buyback of Treasury Stocks:

None.

10. Issuance of Corporate Bonds:

None.

11. Issuance of preferred shares, global depositary receipts (GDR), employee stock option and employee restricted stock:

None.

12. Issuance of New Shares Acquisition or Exchange of other Companies' Shares

None.

13. Status of Capital Utilization Plan

(1) Finance plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: Not applicable.

(2) Implementation Plans: Not applicable.

V. Business Overview

1. Business Scope

(1) Major business scope

A.The Group's primary business content

The Group operates in the following businesses:

- a. Sales, maintenance, lease of medical devices and medical management consultancy.
- b.Sales and maintenance of aesthetic medical lifestyle beauty devices, consumables, equipment maintenance, and lifestyle beauty treatment services.
- c. Sales, promotions, distribution and logistics services of medicine.

B.Percentage of sales revenue of the Group

Unit: NT\$ thousands

Major Product Categories	2023	Percentage of Sales Revenue
Surgical consumables	2,189,725	26.60%
Dialyzers, blood tubing set and A.V. fistula needles	1,262,730	15.34%
Aesthetic medical consumables and spare parts	1,012,196	12.29%
Erythropoietin (EPO), concentrated solution and powders	903,896	10.98%
Medicine	829,247	10.07%
Lifestyle beauty products and treatment services	246,271	2.99%
Blood bags ,wound and ostomy products	215,974	2.62%
Home appliances	184,858	2.25%
Aesthetic medical devices	183,665	2.23%
Medical devices	146,134	1.77%
Others	1,058,708	12.86%
Total	8,233,404	100.00%

C.The Group's Current products and services

- a. Dialyzers
- b. Blood tubing set and A.V. fistula needles
- c. Hemodialysis concentrated solution and powders and normal saline
- d. Disinfectant for hemodialysis machine
- e. Hemodialysis machine and RO central system
- f. Erythropoietin (EPO) and anticoagulant etc.
- g. Healthcare home appliances including air purifiers
- h. Blood bags and related products
- i. Wound and ostomy products
- j. Agency sales of surgical devices and consumables
- k. Self-pay medicine related to hemodialysis patients
- l. Laser aesthetic medical devices

- m. Pulsed light aesthetic medical devices
- n. Skin tightening aesthetic medical devices
- o. Body shaping devices
- p. Dermal fillers
- q. Cosmetic neurotoxins injection
- r. Aesthetic medical lifestyle beauty equipment maintenance
- s. Lifestyle beauty products and treatment services
- t. Sales and promotion of medicine related to internal, family, urology, obstetrics and gynecology, dermatology, hepatobiliary and gastroenterology, ophthalmology, and psychiatry.
- u. Sales and promotion of medicine related to hair growth, anti-dandruff shampoo, and quit smoking.
- v. Comprehensive integrated distribution and logistics services including customer service, tender/bidding, information flow, cash flow and logistics

D. The Group's New products (services) to be developed

- a. Medical consumables and devices related to wound caring
- b. Medical consumables and devices related to blood banks
- c. New home appliances products of own brand "ULTRACLEAN"
- d. Agency and distribution of products from foreign renowned home appliances brands
- e. New hemodialysis consumables products of own brand "FASFLO"
- f. Sales of products and services related to hair growth and hair care products
- g. Develop home beauty products
- h. Develop in-house licensed prescription/non-prescription drugs
- i. R&D of daily health consumer products
- j. Develop new pharmaceutical distribution and logistics business

(2) Industry overview

A. Current status and development of the industry

● **Medical device sector**

The Company is a comprehensive medical devices provider. Our major businesses include trading of medical products used in hemodialysis treatment, surgeries and diagnosis, air purifiers, blood bags, and wound and ostomy products. Below is a summary of the domestic medical device industry and the hemodialysis industry that is the Company's major products:

a. Overview and development in the medical device industry

Medical devices can broadly mean various products, and in the boundaries defined by Industrial Technology Research Institute's Industrial Economics & Knowledge Center (IEK), could encompass diagnostic and monitoring devices, assistive and repair devices, surgical and treatment devices, in vitro diagnostic devices (IVD), and other relevant medical products. Technologies involved in manufacturing medical devices include electronics, electrical engineering, biotechnology, biochemistry, medical engineering, measurement and chemical

engineering. In addition, research and development (R&D) require extensive time, and product assurance and clinical testing are also required, creating high barrier to entry. In terms of the market, the medical device industry is significantly influenced by government policies; and in particular, policies on health insurance benefits will directly impact the market demand. Hence, the demand for medical devices mostly comes from regions with developed countries such as North America, Europe, and Japan. Additionally, since safety specification requirements and medical insurance benefit systems also vary from country to country, market penetration is very difficult. Nevertheless, after a product has been introduced to the market, thanks to patent and certification protection and the longer product life cycle, profits can be higher compared to other industries.

b. Overview and development in the hemodialysis industry

Hemodialysis, or more commonly known as kidney dialysis in Taiwan, is a critical life-supporting treatment for patients with chronic kidney disease. When a terminally ill kidney disease patient fails to filter wastes and water from his/her body due to gradual or complete loss of kidney functions, the patient would have to rely on hemodialysis machine to pump blood out to expose the wastes and excess to the dialysate through the hemodialysis machine. This process cleanses the blood and removes water to reduce symptoms of toxin overload. It is common for patients to receive three times of hemodialysis treatment in every week. According to statistics from the National Kidney Foundation R.O.C., as of the fourth quarter (Q4) in 2023, the cumulative number of patients receiving hemodialysis and peritoneal dialysis in Taiwan had reached more than 96,000 persons, and the demand for the hemodialysis market continues to grow; as the technology and quality of hemodialysis both become more mature, the survival rates of patients are also increasing accordingly. In addition, entities in hemodialysis treatment as well as the number of hemodialysis machines are also continuing to grow. In order to enhance operational effectiveness and patient satisfaction for treatment, in addition to supplying the hardware facilities of hemodialysis centers, comprehensive medical devices providers also began to provide softwares including personnel training, cost analysis, and medical quality analysis and more. Additionally, in recent years, certain end-stage renal failure patients are also opting for peritoneal dialysis treatment. Nevertheless, after a few years of receiving peritoneal dialysis treatment, most peritoneal dialysis patients still need to switch over to hemodialysis treatment to extend their lives.

● **Aesthetic medical sector**

With the advancement of technology, aesthetic medical treatments with remarkable effects and short recovery periods have been emerging. At the same time, as the usage rate of the internet and social media has increased across all age groups, information about aesthetic medical has become more widespread and transparent, leading more people to be willing to accept various aesthetic medical

treatments.

The Taiwanese aesthetic medical market is exhibiting a high demand for the latest aesthetic medical equipment and minimally invasive procedures (subcutaneous injectable fillers, collagen stimulators, botulinum toxin injections). With the widespread dissemination of information about aesthetic medical and the vigorous marketing efforts of various companies, consumers not only focus on the treatment effects, safety, and price, but are also attracted by advertising and marketing. Furthermore, the age of aesthetic medical treatment consumers has been gradually declining, with an increasing number of young people accepting aesthetic medical treatments, driving the overall growth of the aesthetic medical market.

● **Pharmaceutical sales promotion and distribution logistics sector**

The Group is a pharmaceutical channel provider and most of our businesses concern the sales promotions, and distribution logistics services of pharmaceutical products in Taiwan. In terms of pharmaceutical sales and promotions, we mostly sell pharmaceutical products to medical institutions, clinics, pharmacies, chain drugstores and hypermarkets based on the individual needs of such institutions. In terms of distribution and logistics, besides providing warehousing and shipping of medicine that comply with applicable pharmaceutical regulations, we also provide well-rounded services including customer services, acting for pharmaceutical principals to tender hospital offers, information flow, cash flow, and logistics services. The following is a description of the market overview of the industry:

a. Pharmaceutical sales promotion and distribution logistics

As the coverage of national health insurance (NHI) in Taiwan has nearly reached 100% and approximately a quarter of NHI's total expenditures covers medicine, the National Health Insurance Administration has in effect become the biggest buyer of prescription drugs in Taiwan. Statistics from IQVIA indicated that, most of the revenues from Taiwan's pharmaceutical market came from hospitals, clinics, and pharmacies. In recent years, the National Health Insurance Administration (NHIA) has been actively launching the "2nd Generation NHI". By encouraging hospitals to transfer patients to clinics and to release chronic illness prescription refill slip, the clinics could acquire more patients. Nevertheless, the clinics could potentially lose the patients, if patients are switched from brand-name drugs at hospitals to locally-produced generic drugs at the clinics. Since clinics do not have restrictions on the number of medicine, doctors could be asked to prescribe both brand and generic drugs of the same ingredients, so that the market shares of both clinics and pharmacies could both grow in the future.

Though Taiwan's pharmaceutical market continues to grow, but as the prices of NHI medicine continue to be reduced in each year, major global pharmaceutical principals have continued to outsource their sales promotions and distribution logistics in consideration of costs and maintaining profit margins. To target the increasingly active global pharmaceutical market, and seeing that the international market has extended the quality management of

medicine from manufacturing processes to logistics and distribution, the Ministry of Health and Welfare in Taiwan has also emphasized on the reinforced control over medicine distribution and logistics. A phased GDP compliance inspection has commenced since 2016, and subjects of which include local medicine manufacturers in Taiwan, logistics service providers that label and package medicine, and pharmaceutical suppliers that hold medicine licenses. In particular, inspections for those with elevated risks, such as businesses with licenses for cold-chain and restricted medicine will be prioritized.

b. Industry development

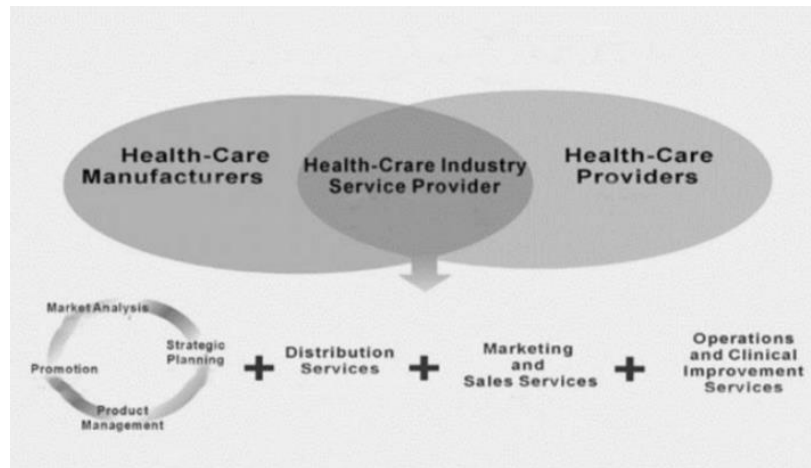
In 2023, due to the impact of COVID-19 and the Russia-Ukraine war, the supply of natural gas, oil, and food has become unstable, leading to global price fluctuations and severe inflation, which has significantly impacted the global economy. However, with the post-pandemic drug supply chain crisis and the aging population driving increased demand for chronic disease medications, data from the Taiwan Biotechnology Association shows that the global pharmaceutical market still reached \$1.4184 trillion in 2022, an increase of 2.0% from 2021. It is estimated that the pharmaceutical market will continue to grow in 2023, with the market size expected to reach \$1.4948 trillion, a yearly growth rate of 5.4%.

In 2022, Taiwan's pharmaceutical market was NT\$213.85 billion, with a yearly growth rate of 3.5%. It is estimated that the domestic pharmaceutical market will grow by 3.6% to NT\$222.55 billion in 2023. The fields that have experienced rapid growth from 2019 to 2023 include diabetes and anticoagulants, followed by cancer, autoimmune, and immune diseases. In terms of clinical trial products, cancer, central nervous system, and cardiovascular diseases are the top three. However, many governments are implementing drug price controls to reduce the burden of medical expenses, which has become an adverse factor for the future growth of the pharmaceutical market.

B. Correlations throughout the industry chain

● Medical device sector

As a medical product system integration provider, the Company's primary operational model is to integrate resources and provide services except medical treatment. They also take on the role of healthcare management consultants for healthcare institutions. Using a "healthcare management" approach, they construct healthcare-related channel systems. The correlations throughout this channel system is shown in the following diagram:

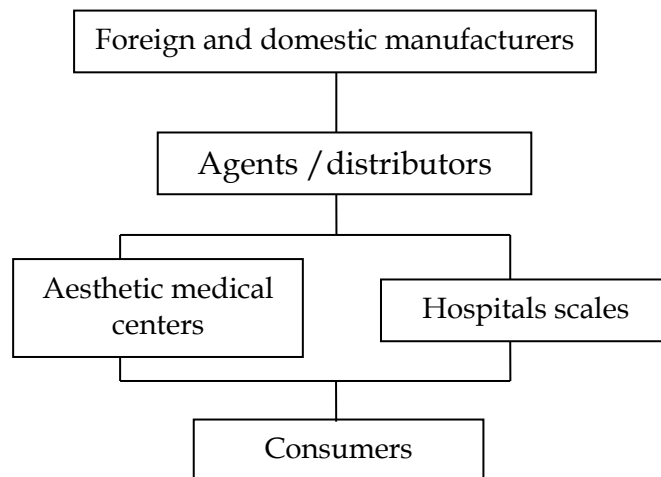


● Aesthetic medical sector

The aesthetic medical industry is largely dominated by laser/light-based equipment, injectable fillers, and botulinum toxin products, which are primarily developed and manufactured by brands from Europe, the US, and increasingly, Korea. Korean manufacturers have been able to produce similar aesthetic medical products at lower prices, gaining competitive advantage in the market. This has changed the dynamics of the aesthetic medical market in Taiwan, as more competing products enter the market.

In recent years, the industry has shifted towards strong brand marketing to increase awareness and demand for their products and treatments. Aesthetic medical providers have also begun to integrate vertically, with clinics importing and distributing their own product lines, and distributors expanding their aesthetic medical sales channels. These vertical integrations have helped strengthen the overall marketing and promotional efforts, driving the growth of the broader aesthetic medical market.

The relationship between the upper, middle and lower reaches of aesthetic devices and dermal fillers



● **Pharmaceutical sales promotion and distribution logistics sector**

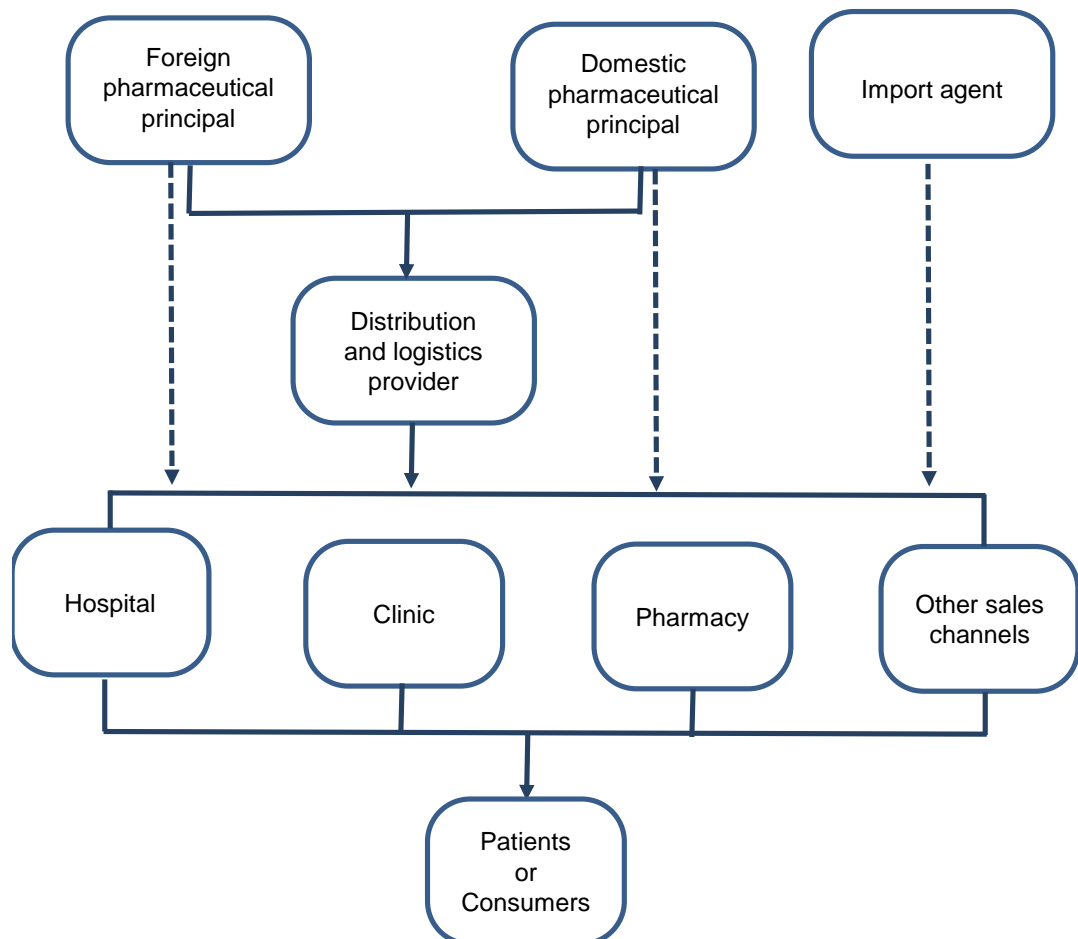
The industry structure of Taiwan's pharmaceutical market can be divided into upstream suppliers (medicine permit holders) such as local or foreign pharmaceutical principals or agents, midstream distributors or logistics providers, and downstream medical institutions. The Group is a pharmaceutical sales promotion and distribution logistics provider, which is in the midstream of the industry.

In terms of pharmaceutical sales and promotions, the pharmaceutical channel provider will directly sell various medicine products based on the demand from medical institutions. Key operations include raising the image of medicine products, providing professional education related to treatment, disseminating the clinical use, effects, side effects and other clinical matters related to the medicine, organizing medical conferences and other promotional activities, and effectively and efficiently delivering various medicine from thousands of suppliers to distribution points located throughout Taiwan.

From the pharmaceutical channel providers' standpoint, there may be the demands that provide distribution and logistics services, but since medical institutions ranging from hospitals, clinics, to pharmacies, have very diverse demands (for instance, mid to large-scale hospitals usually procure medicine through tender, demand from clinics vary from department to department, while pharmacies usually have sparse medicine needs), these services are usually provided to areas close to their sites of operation. Since pharmaceutical principals need to focus on R&D, manufacturing, and marketing of medicine products, they cannot cater to individual demands from all medical institutions. Therefore, pharmaceutical channel providers provide comprehensively-planned services ranging from inventory management, value-added processing, logistics and delivery, customer complaint, and transportation and shipping within Taiwan. Pharmaceutical channel providers are critical in supporting pharmaceutical principals in selling their medicine to various medical institutions.

For the pharmaceutical principals, collaborating with pharmaceutical channel provider can enhance the supply chain's efficiency, thereby allowing them to focus

on the R&D, manufacturing, and marketing of medicine products. Alternatively, by having medical institutions dealing with channel provider and setting them as suppliers, the pharmaceutical supply can be more stabilized and helps medical institutions to save more on costs. This industry structure helps to integrate various channels, and links the resources throughout the supply chain, thereby helping each end of the industry to achieve optimized cost management. The relationship between the upper, middle and lower reaches of pharmaceutical market



C. Products development trends

● Medical device sector

a. Hemodialysis Products

The soaring material prices around the world have led to significant cost increase in imported medical consumables. With the exception of hemodialysis machines and dialyzers, most of the medical consumables can be made in Taiwan without relying on imports. However, medical institutions still favor imported products. Therefore, we have opted for OEM from overseas suppliers for our own brand, and collaborated with locally produced products in sales package in marketing our products to achieve a competitive edge.

b. Surgical consumables and devices

With the global trend towards minimally invasive surgical procedures, aimed at reducing surgical incisions and decreasing patient recovery time,

Medtronic surgical robotic-assisted surgical systems and related products, including the Hugo robotic-assisted surgical system, sutures, auto suture, endoscopic surgical instruments, energy-based devices, radiofrequency ablation therapeutic devices, bipolar electrosurgical devices (Ligasure), to cordless ultrasonic dissection devices (Sonicision)., is expected to contribute to sustained business growth.

Aesthetic medical sector

a. Aesthetic medical devices

According to the analysis report by Medical Insight, a US-based company, the total sales of aesthetic medical products in the Asia-Pacific region exceeded US\$4.4 billion in 2022. The forecast for the next five years predicts an annual growth rate of 9.3% in the Asia-Pacific aesthetics medical market. Compared to other regions, the development of the aesthetics medical market in the Asia-Pacific region is characterized as rapid and robust.

The most popular aesthetic medical treatments in the Asia-Pacific market are dermatological treatments, including facial and body rejuvenation, pigmentations and vein treatments, and skin tightening treatments. Among all treatment options, non-invasive aesthetic medical treatments remain the top choice for consumers.

b. Dermal fillers

As public demand and acceptance for minimally invasive procedures have increased, facial injectables have become the fastest-growing segment within the aesthetic medical industry. According to an analysis report by Medical Insight, the total sales of aesthetic medical products in the Asia-Pacific region exceeded \$4.4 billion in 2022, with facial injectables accounting for over \$2.2 billion of that total. Over the next five years, the facial injectables market in the Asia-Pacific region is projected to grow at an annual rate of 9.2%.

● Pharmaceutical sales promotion and distribution logistics sector

a. Pharmaceutical sales and promotions

With the emphasis on national health education and access to medical information, the public has become more aware of self-medication. The non-prescription drugs market (e.g. comprehensive cold medicine, pain relief, hair growth products, quit smoking, deep scalp treatment, stomach medicine and antacids, skin creams, eye drops etc.) has shown high levels of growth in each year. In the future, as the NHI's budget narrows and the government encourages the public to practice self-medication, the ratio of non-prescription drugs will continue to show significant growth.

b. Pharmaceutical distribution and logistics

To ensure the public's safety and quality in medicine use, the pharmaceutical distribution and logistics industry is highly professional and concentrated. On top of building vast and complex pharmaceutical logistics supply chain system to understand the demands from downstream domestic medical institutions and changes in upstream pharmaceutical suppliers, all distribution and logistics

provider also need to receive permits, including the cGMP, PIC/S GDP, ISO from Ministry of Health and Welfare, international ISO certification, and pass rigorous audits from pharmaceutical principals.

D. Product market competition

● Medical device sector

a. Hemodialysis Products

As the hemodialysis is a mature industry, competition is intense both at home and abroad. The Company has achieved a competitive edge since we have acquired sales channels and adopted diversified agency or distributor strategies. Major products are separately described in the following:

- (a) Dialyzers: the Company is an agent distributor for mostly AsahiKasei and FMC. In addition to promoting our own brand, Fasflo, which is a artificial kidney manufactured by AsahiKasei. We also sell numerous other brands in the market.
- (b) Hemodialysis machine: we focus on Japanese-based Nikkiso brand, and we have also strengthened our market competitiveness by acquiring the FMC brand machine from our partner Fresenius.
- (c) Blood tubing set and A.V. fistula needles: focused on supplying the market and creating market segmentation by outsourcing the own brand Fasflo manufactured by JMS in Japan and Sunder Biomedical in Taiwan.
- (d) Dialysates, powders and normal saline: created own brand Renabio and outsourced (OEM) to a renowned pharmaceutical manufacturer in Taiwan to expand the market, and achieve more effectiveness.
- (e) Erythropoietin (EPO): competition is divided between long-term and short-term EPO, and the Company is presently an agent for Kyowa Kirin long-term product. The comprehensive product line makes it more competitive than the others.

b. Surgical consumables and devices

- (a) Outstanding cooperation with Medtronic has prompted us to scale the market, and Medtronic provides a comprehensive range of surgical products ranging from surgical suture, auto suture, energy-based devices, radiofrequency ablation therapeutic devices, bipolar electrosurgical devices (Ligasure), to cordless ultrasonic dissection devices (Sonicision).
- (b) Blood bags: the company sell Japan's JMS brand and supply blood bags to blood centers throughout Taiwan and biotech companies for storing cord blood, approximately 40% of the market share.
- (c) Wound and ostomy: the company sell Hollister brand and supply wound and ostomy medical products to patients in various hospitals around Taiwan.
- (d) Electric beds and air mattress beds: cooperated with a well-known domestic medical equipment manufacturer to OEM (Original Equipment Manufacturer) manufacture electric beds and air mattress beds to expand the market.

● Aesthetic medical sector

a. Aesthetic medical devices

Taiwan's aesthetic medical laser and light-based equipment industry is mainly focused on importing from overseas, and the source countries are no longer primarily the European and American global leaders in the aesthetic medical industry. In recent years, manufacturers have largely introduced machines manufactured in Korea, targeting the mid-to-low-priced market. The market share of Korean-made aesthetic medical equipment is estimated to have exceeded 50%, leading to a polarization of treatment prices in Taiwan's aesthetic medical market. There is a need to strengthen consumers' awareness of brand, quality, authenticity, and safety in order to maintain Taiwan's high-end aesthetic medical quality.

Adhering to its core philosophy, the Group steadfastly represents the most competitive and safest high-specification aesthetic medical products internationally. Additionally, the Group has also introduced good Korean brand products, providing more diverse options to enhance competitiveness.

b. Dermal fillers

Major players in the global dermal filler industry include Allergan, Galderma, and MerzAesthetics. In Taiwan, the Group sells the hyaluronic acid dermal fillers developed and produced by SciVision Biotech Inc, which include the brands "Hyadermis" and "Animers." Additionally, the Group also sells the hyaluronic acid fillers "Neuramis" from Medytox, a South Korean company. The availability of different brands and formulations of hyaluronic acid fillers provides customers with a diverse range of choices; in recent years, the Taiwanese market has seen the introduction of many low-priced Korean hyaluronic acid products, leading to increased competition based on price. The overall market sales situation is still being closely observed. In addition, since collagen regeneration stimulators (commonly known as "baby face shots" in Taiwan) are more naturalistic anti-aging treatments, they have come to be much preferred by end-users in recent years. Products in this category currently launched in the Taiwanese market include Sculptra , Ellanse and AestheFill (distributed by the Group). Currently, the aesthetic medical dermal filler market is still growing. The Group adopts an integrated marketing strategy for dermal fillers and aesthetic medical devices, thereby expanding the overall market demand and provides more choices for the aesthetic medical market.

● Pharmaceutical sales promotion and distribution and logistics sector

a. Industry competitors

(a)Pharmaceutical sales and promotions

Since there are many different types of medicine, each requiring different sales knowledge and vastly different channels, industry competitors have each sought for different niches. The similarities between different competitors are low, and likelihood of complete substitution is also low. Nevertheless, there

are over 10,000 types of NHI-benefit medicine and over 1,000 industry competitors in Taiwan. Competitors are many with distinct selling points. There is no market monopoly or oligopoly; therefore, the in-depth knowledge and professionalism in a single department has become a key factor to stand out among competition.

(b)Pharmaceutical distribution and logistics

Since the pharmaceutical logistics and warehousing environment and channels experience require extremely high entry barriers, operating an international pharmaceutical management and channel service requires significant capital investments in order to build top-notch information technology facilities and automated equipment, to recruit and train professional personnel, and to continuously provide on-the-job employee training concerning local and foreign laws and quality management. As such, currently, the pharmaceutical logistics channel industry in Taiwan is concentrated in the market. In addition, to respond to demands from different medicine suppliers, diverse service systems and characteristics have been devised by different distributors. Substitution is low, and distribution and logistics companies need to form tight partnerships with pharmaceutical principals to be able to provide quality supply chain services.

b. Potential market entrants

(a)Pharmaceutical sales and promotions

Since the targets of medicine sales are doctors/physicians at hospitals or clinics and pharmacists, the level of professionalism required and the hours of training for its sales reps are much higher than that of general industries. This is because medicine have patents, professionalism, and exclusive channels. Because of long-term, stable professional training program, our employees are highly qualified and cohesive, we have a relatively high competitive edge. In case other companies wish to expand to this industry, besides acquiring distribution/agency from pharmaceutical principals, they will also need to recruit talented and experienced personnel and team. Therefore, this industry is relatively difficult to enter.

(b)Pharmaceutical distribution and logistics

To comply applicable permits, including the cGMP, PIC/S GDP, ISO from Ministry of Health and Welfare, international ISO certification, and pass rigorous audits from pharmaceutical principals, a pharmaceutical distribution and logistics center needs to build adequate warehousing space for medicine storage and to flexibly adjust in line with market sales. This will allow them to make timely deliveries to the patients in medical institutions, clinics, and pharmacies. Furthermore, pharmaceutical distribution and logistics services also include integrations of participation in tendering processes at hospitals, price negotiation, low-temperature control, clinical and experimental medicine management, restricted medicine management, information flow, cash flow, logistics, and intelligence process flows. Therefore, it is difficult for the general provider to cross over to this industry without sufficient related

experiences and economies of scale.

(3) Technology and R&D overview

● **Medical device sector**

Though the Company is not a manufacturer, we separately plan R&D strategies based on products with National Health Insurance (NHI) coverage benefits and those without. Fields and businesses that are covered by NHI will plan and adjust future products based on the conditions and status of National Health Insurance Administration's insurance benefit policy. In terms of the self-pay medical market, we maintain positive interactions with international principals and actively introduce and market the latest medical devices.

● **Aesthetic medical sector**

Though the Group is not a manufacturer, we do have several educators and product specialists who are dedicated to developing product strategies and providing technical guidance. In addition, operational assistants are also available to help clients to increase the use of consumables.

● **Pharmaceutical sales promotion and distribution logistics sector**

The major businesses that the Group is focused on sales promotions of medicine and professional pharmaceutical supply chain management services. We are focused on acquiring more agency to new products from principals and achieving innovations in distribution, logistics and warehousing management services and supply chain delivery services. The Group has set up product and business development departments that focus on new medicine developments from pharmaceutical principals, and actively evaluate and compete for distribution as well as the creation of new businesses.

In terms of pharmaceutical logistics management, on top of sending employees to participate in professional courses organized by the government and associations, we also receive on-site audits from international quality management experts and professional consulting advice from principals for multiple times in a year. We are aligned with international pharmaceutical management standards and maintain world-class quality standards. Moreover, we also continuously reform and enhance the service quality and benefits we provide to the principals and medical institutions through new systems, new equipment and new processes devised by inter-departmental service R&D programs.

(4) Short-term and long-term business plans

● **Medical device sector**

A. Short-term business development

In 2022, the company acquired 49% equity of NephroCare Limited and Cardinal Medical Services Ltd. in the field of hemodialysis, expanding its network in the hemodialysis channels. Additionally, we will actively pursue for agency of medical products required by various medical specialties, aiming to develop a diversified product sales business.

B. Long-term business development

Externally, the Company will integrate medical resources, introduce competitive new products related to medical and healthcare, increase number of strategic partners, continue to expand medical channels, and to expand to the rest of Asia from our base in Taiwan to solidify a long-term, profitable basis. Internally, we will simplify the organizational structure to reduce various administrative and marketing costs and increase operation performance.

● **Aesthetic medical sector**

A. Short-term business development

- a. Multi-category consumable products to meet the comprehensive needs of the aesthetic medical market.

The Group represents and distributes the Korean Medytox brand, with the popular female celebrity Son Ye-jin serving as the brand ambassador. The brand's two flagship products are Neuronox 'Yooree' botulinum toxin injection and Neuramis Volume Lidocaine 'Yoomie' hyaluronic acid subcutaneous filler. Leveraging the advantages of celebrity and high cost-effectiveness, the products have gained increasing market attention and continued sales growth.

At the same time, the Group will also actively promote its existing consumable products, including the Group's flagship product AestheFill 'Aelise' autologous collagen stimulator, granular hyaluronic acid Hyadermis 'Hyadermis', and gel-type hyaluronic acid Animers 'Animeris' dual hyaluronic acid subcutaneous filler. By offering a diverse range of consumable products, the Group can meet the customers' full product line needs, driving the overall growth of the Group's consumable product business.

- b. Promotion of the new generation cryolipolysis device "Cooltech Define"

In the second half of 2023, the Group officially launched the new generation Spanish cryolipolysis device "Cooltech Define". Its unique 360-degree surrounding cooling technology can effectively trigger fat cell apoptosis (death). The "Cooltech Define" comes equipped with nine different sizes of treatment handpieces, catering to the needs of various body parts and treatment angles. Furthermore, it is the only cryolipolysis device on the market that can simultaneously treat 4 body parts, significantly improving treatment efficiency, which aligns with the needs of clinics and consumers. As a result, the sales performance of this device has been steadily growing.

- c. Expansion of the lifestyle and beauty product line

In response to market development trends, the Group has expanded its product line to include lifestyle beauty products, which differ from the "instant effects" of aesthetic medical. Lifestyle beauty products aim to gently nourish and protect consumers' skin. Currently, the Group distributes two lifestyle beauty products: "Hydrogen Water Hydro-Peeling" and "Transparent Water Hydro-Peeling". Through deep pore cleansing, these products revitalize the skin's health and vitality, laying the foundation for subsequent beauty and aesthetic medical treatments. The Group will continue to expand its lifestyle

beauty product line to provide customers with more comprehensive services.

d. Lifestyle beauty brand channels operation

The Group has established a joint venture investment company, CYJ International Taiwan Inc. with the listed Korean biotech company Caregen Co., LTD. (KOSDAQ: 214370). Through e-commerce channels and 32 physical retail outlets, they sell the pioneering "DR CYJ Hair Peptide" hair care product series, and also provide scalp care services, successfully penetrating the hair care market with significant sales growth.

To provide consumers with diverse options in their pursuit of beauty, the Group has subsequently extended its offerings to include facial care, cleansing products, and hair straightening products. Additionally, to expand its beauty and body care services, the Group has introduced the 10th generation French "LPG" beauty device and the advanced facial and scalp care equipment "Hydrogen Water Hydro-Peeling", in order to offer consumers more premium and comprehensive beauty and body care services.

In summary, the Group's short-term goals are focused on expanding sales from product portfolio, and will be dedicated to trending aesthetic medical products with high growth and high margin in order to increase our profit margin. In addition, the Group will stabilize revenues with business development by actively expanding from aesthetic medical and other non-aesthetic medical products. By utilizing our strengths in repairs and maintenance teams, we will also strengthen customer service.

B. Long-term business development

a. Market leader in aesthetic medical products

As a market pioneer, the Group will continue to develop and introduce products that meet the latest and safest aesthetic medical trends to provide a comprehensive range of skin and slimming aesthetic medical products. We will expand our product range and contents to achieve the goal of becoming a leader in aesthetic medical market in Taiwan.

b. Establish a comprehensive aesthetic medical consumables product line

The Group establishes the four major star products in the aesthetics medical industry "Energy-based Aesthetic Devices", "Body Shaping/Skin Tightening", "Cosmetic Neurotoxin" and "Facial Injectables". With stable growth in the fields of "Energy-based Aesthetic Devices", "Body Shaping/Skin Tightening" and "Facial Injectables" in the aesthetics medical sector, the Group is actively expanding its product in the field of "Cosmetic Neurotoxin". This strategic expansion aims to meet the diverse beauty needs of consumers. By providing a wide range of products, the Group aims to cater to the evolving demands of its customers and enhance customer loyalty.

c. One-stop aesthetic treatment provider

The Group is actively developing e-commerce channels. Scalp and skin beauty products are sold through lively and diverse marketing strategies that meet customer needs. In addition, to provide head-to-toe "beauty services" for

customers, the Group will actively integrate resources for beauty treatment services from Excelsior Beauty Clinics and “DR CYJ”, “Beauty At Ease” channels and provide one-stop “beauty” experiences to customers.

In summary, the Group’s long-term development plan is focused on continuing to introduce competitive aesthetic medical consumables and products with new technologies and trends. The Group will develop and expand the channels for hair growth treatment and enhance the overall competitiveness and professional image in the Asian aesthetic medical market.

● **Pharmaceutical sales promotion and distribution logistics sector**

A. Short-term business development

Pharmaceutical sales and promotions

a. Prescription drugs

Reinforce the existing product portfolio related to internal, family, dermatology, and ophthalmology, such as hypertension, anti-infectives, anti-allergic, and gastrointestinal medications.

In 2023, the Group will expand into the fields of psychiatry, obstetrics and gynecology, and urology, establishing dedicated sales teams for medical centers and regional hospitals.

The Group will also expand into the self-pay market for influenza antivirals and sleep disorder treatments.

b. Non-prescription drugs

Refine operation of non- prescription drugs by expanding product lines at existing channels for hair growth products, scalp care, quit smoking, oral care, analgesics, cold medicine, stomach and antacids, dermatological treatment and more.

Pharmaceutical distribution and logistics

a. Reinforce the Group own national cold chain and temperature-regulated delivery fleet. To ensure the quality and safety of temperature-sensitive products, temperature control and inspection will be conducted from purchasing, storage, packaging, tallying, to delivery to the medical institutions.

b. Besides serving the existing pharmaceutical principals and CDC, the Group will also adopt differentiated strategies to segment the market. Needs from various major hospitals will be aligned with the pharmaceutical principals in order to develop more competitive value chain services. The Group will strive to acquire distribution and logistics services from domestic and foreign pharmaceutical principals and clinical medicine companies.

B. Long-term business development

Pharmaceutical sales and promotions

Besides expanding the product lines to become more well-rounded, we will actively seek for strategic partners and plan to horizontally expand into other related specialist fields. Concurrently, by relying on the long-term development

with the Excelsior Group, we will seek agency and investment, and channel sales and promotions of related pharmaceutical products. The Group will introduce international high-quality medicine to local niche markets to achieve special synergistic, competitive strengths.

Pharmaceutical distribution and logistics

- a. Build and expand high-quality, high-efficiency, and high-satisfaction international-scale temperature-controlled logistics center; sign long-term contracts with pharmaceutical principals and develop more partners; connect the medical service systems with major hospitals throughout Taiwan to expand the value chain and to provide even more quality services.
- b. Continue to invest toward developing automated IT and warehousing management system; maintain leading strengths and service standards by providing customized information and effective delivery; and provide even better information and more satisfying logistics services for pharmaceutical and medical device suppliers.
- c. Form strategic cooperation with local transportation companies to build an integrated logistics service with professional division of work and synergies in business. The Group will mutually expand and optimize the efficiency and quality of distribution and logistics services in Taiwan in order to enhance operational performance.

2. Market and Sales Overview

(1) Market analysis

A. Major products and service regions

Unit: NTD\$ thousands

Region \ Year	2022		2023	
	Sales amount	%	Sales amount	%
Domestic Sales	6,943,718	97%	7,890,280	96%
Export Sales	243,110	3%	343,124	4%
Total	7,186,828	100%	8,233,404	100%

B. Market share

● Medical device sector

- a. Below are separate descriptions of the product market shares for sales and marketing of hemodialysis products that the Company sells, which are distributed to hemodialysis centers, hospitals and clinics throughout Taiwan:

Product Category	Product Brands	Market Share
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Dialyzer	Asahikasei, FMC, Nikkiso, Scientillence、BBRAUN	approximatrly 30%
Blood tubing set	FASFLO, Sunder	
A.V. fistula needle	FASFLO, Sunder	
Dialysate	CHI SHENG, E-STRONG	
Transducer Protector	Sunder	
Hemodialysis machine	Nikkiso, FMC	

- b. The major products from the range of surgical consumables that the Company sells on behalf of Medtronic are auto suture and energy-based devices. Currently, nearly all medical institutions with operating rooms in Taiwan are our customers:

Product Category	Product Brands	Market Share
Auto suture and energy-based devices	Medtronic	approximatrly 60%

● Aesthetic medical sector

The Group aims to build a comprehensive aesthetic medical industry chain, providing customers with medical and lifestyle beauty equipment, consumables, equipment maintenance, as well as lifestyle beauty treatments and services. Currently, there are no similar industry data or sales statistics available domestically.

Based on DMT's 2022 revenue of NT\$1.29 billion, and according to the statistics from Medical Insight Inc. that the overall Asia-Pacific aesthetic medical market sales amount to \$4.4 billion, DMT's revenue is estimated to account for approximately 1% of the Asian market.

● Pharmaceutical sales promotion and distribution logistics sector

Currently, we serve customers throughout Taiwan and the outlying islands including Penghu, Kinmen, and Matsu. Our customers include medical centers, regional hospitals, local hospitals, clinics, pharmacies, and hypermarkets. Based on data from IQVIA, in terms of promotions for specialized areas, the Group owns the No. 1 market share in marketing and promotions for specialized divisions such as erectile dysfunction, while our hair growth and quit smoking products have also achieved market leadership positions.

C. Future supply and demand of the market and its potential

● Medical device sector

a. Medical device market

In perspective of supply, major production regions for medical devices worldwide include America, Europe, and East Asia. In terms of country, the United States, Japan, and Germany are the key players in global medical devices

industry. Since the aforementioned three countries have been developing this industry for many years and both scaled their businesses as well as continue to invest in R&D in each year to innovate products to satisfy the latest medical needs, as well as having achieved various product patents and certifications around the world, they can maintain their market leader positions in terms of supply in the precision medical devices market.

As for demand, most of the need for medical devices come from developed countries, and there is a high positive correlation between the medical and healthcare needs and income. As the economy grows, gross domestic product (GDP) increases and social medical insurance becomes more comprehensive, the percentage of medical expense on the national income also increases accordingly. Therefore, developed countries would have the highest need for healthcare.

The Industrial Economics & Knowledge Center (IEK) from the Industrial Technology Research Institute (ITRI) has also indicated in its research report on healthcare industry development that, as we approach an aging society, the need to care for patients with chronic illnesses and related medical expenses will increase year-by-year. The global populations aged 65+ will reach a peak between 2011 to 2029, and this will rapidly change the structure of the population pyramid, leading the percentage of overall medical and healthcare expenditure on the GDP to grow in each year. Thereby leading to substantial needs for medical devices and related healthcare products, the medical device industry is expected to show robust growth in line with aging societies and the gradual awareness for health around the world.

b. Taiwan's hemodialysis market

In terms of supply, according to the Q4 2023 Dialysis Outpatient Dialysis Total Amount Professional Medical Service Quality Report from the National Health Insurance Administration and the Taiwan Society of Nephrology, the total number of hemodialysis medical institutions is 745. The Northern region (including the Eastern region) has the most with 348 facilities, followed by the Southern region (including the outlying islands) with 209, and the Central region with 188. Further breakdown shows 22 medical centers, 68 regional hospitals, 171 district hospitals, and 484 primary clinics. Overall, the hemodialysis medical institutions in Taiwan exhibit a stable development trend.

In terms of demand, Taiwan has a high proportion of the population requiring renal dialysis, and the number continues to increase each year. Additionally, with the aging population trend, it is projected that the renal dialysis population in Taiwan will maintain an annual growth rate of 2-3% in the coming years. Thanks to the implementation of the National Health Insurance system, medical expenses for hemodialysis treatment for end-stage renal failure patients have largely decreased, and such patients can have access to long-term treatment. As the technology and quality of hemodialysis both continue to mature and the patients' survival rates continue to grow accordingly; combined with the understanding and emphasis of the public for

end-stage renal failure and how patients' lives can be extended through hemodialysis technology, the number of patients have also grown in each year. Statistical data from the National Kidney Foundation R.O.C. indicates that, as the fourth quarter of 2023, there are as many as 96,000 hemodialysis patients in Taiwan. The annual growth rate of hemodialysis patients in the past five years has been approximately 2%, showing that the number of hemodialysis patients in Taiwan continues to show steady growth trend.

● Aesthetic medical sector

On the supply side, aesthetic medical equipment and implantable fillers in Taiwan are primarily imported, with Europe, the United States, and Korea being the main source countries.

On the demand side, the aesthetic medical market demand is highly positively correlated with economic income levels. It can be divided into the anti-aging needs of the aging population and the demand for aesthetic contouring treatments.

With the end of the COVID-19 pandemic era, consumers have begun to resume their consumption of aesthetic medical treatments, and the aesthetic medical market is now showing signs of a recovery and growth.

● Pharmaceutical sales promotion and distribution logistics sector

a. Pharmaceutical sales and promotions

(a) Estimates based on data from IQVIA have indicated that, the CAGR of pharmaceutical market in Taiwan can be maintained at steady 3-5%. Moreover, since Taiwan has reached an aging society and citizens' average life expectancy is over 80 years old, medicine use for chronic illnesses will gradually increase, making the pharmaceutical market in Taiwan a steadily growing market.

(b) Since the approval and launch of new medicine from major international pharmaceutical principals are often slow, coupled with patents from numerous best-selling medicine expiring, it has become necessary for many international principals to cut down on HR costs and operating expenses to effectively control costs in dealing with price competitions from generic drugs. Furthermore, as the expenditure of NHI medicine are reduced, many of the international pharmaceutical principals that operate in Taiwan are choosing to outsource their sales and promotions in the future. The possibility of collaborating with specialized channel with high coverage is also increasing accordingly. In other words, having a specialized, long-term operated professional team is the critical factor to achieving specialized treatment fields. Besides creating the maximum value and benefits in the industry, it also makes the Group the most competitive, unique, and difficult to imitate or replace.

b. Pharmaceutical distribution and logistics

(a) Drastic changes in business models of pharmaceutical principals;

increasingly reliant on outsourcing

Since the approval and launch of new medicine from major international pharmaceutical principals are often slow, coupled with patents from numerous best-selling medicine expiring, it has become necessary for many international principals to cut down on costs in dealing with price competitions from generic drugs. In addition, under Taiwan's National Health Insurance system, the National Health Insurance Administration has come to dramatically reduce medicine expenditure every other year, leading major foreign pharmaceutical principals have come to utilize external resources and strengths by outsourcing both pharmaceutical storage and management and delivery to large-scale professional logistics distributors to significantly reduce their own operating costs and to enjoy quality services under a professional division of work system. Having established a trend of outsourcing distribution and logistics management, the multinational pharmaceutical principals can better focus on their core competences. Their reliance on distribution and logistics companies capable of accepting and integrating logistics and distribution services and have mapped out comprehensive, high-coverage channels, will only continue to grow. Providers capable of meeting compliant standards will also become more concentrated.

(b) Sustainable development of the National Health Insurance system

To promote the sustainable development of the NHI system, besides amending relevant benefits system, the National Health Insurance Administration has also reduced the expenditure of NHI medicine and materials/supplies. This has already impacted the revenues of medical institutions, and to reduce operating costs and enhance service quality, more and more hospitals have opted to outsource non-core businesses. Following this trend, hospitals will have even higher demands and form more partnerships with providers capable of integrating the pharmaceutical supply chain.

D. Competitive niches, favorable and unfavorable factors for future development and countermeasures

a. Competitive niche

● **Medical device sector**

Through establishing a comprehensive channel system using healthcare management model and building positive, symbiotic relations with both domestic and foreign medical manufacturers, the Company can solidify its position between the demand side and the supply chain and is in a better position to acquire quality products at lower price. As a whole, the Company has a more competitive niche over the industry competitors.

● **Aesthetic medical sector**

Having built mutual-beneficial relations with both domestic and foreign

aesthetic medical suppliers for many years, the Group has a firm presence in the supply and demand chains. Since we provide many products and services, including “Energy-based Aesthetic Devices”, “Body Shaping/Skin Tightening”, “Cosmetic Neurotoxin” and “Facial Injectables”, we can provide more diverse and competitive products and services to customers.

All engineers in our excellent repair and maintenance team have received equipment repairs and maintenance training from both principals and the Group. In addition, the Group has a complete range of parts and components, and all service calls can be completed within 48 hours. On top of positive reviews from customers regarding our quality and speed of repair/maintenance, we have also gained many accolades from the principals.

Equipped with a marketing and education/training team, most of our training concerns specifications and operation, advertising and promotions. We also organize various education and training courses for beauty consultants and nurses, and collaborate with the principals to instruct doctors to use aesthetic medical devices. In addition, we also cooperate with major medical centers throughout Taiwan to train doctors’ professional skills in laser treatment.

The Group has a dedicated marketing and training team. The main content of their training program includes instruction on the specifications and usage of medical equipment, advertising and marketing guidance, various educational training courses targeted at beauty consultants and nursing staff, collaborative guidance with original equipment manufacturers to train doctors on the professional operation of related medical devices

All in all, the Group’s core abilities lie in leading market trends, enhancing marketing services, providing quick repair/maintenance services, and sparing no effort in operational consultation. We provide continuous service to support customers’ market competitiveness, and have a better competitive edge over our industry competitors.

● Pharmaceutical sales promotion and distribution logistics sector

(a) Strong pharmaceutical sales network

The Group’s pharmaceutical sales network is extensive in both breadth and depth. Our customers include medical institutions of varying hierarchy, clinics, chain drugstores, single-store pharmacies, and hypermarkets (currently, we have nearly 10,000 customers and cover almost 12,000 sites), enabling us to provide strong channel coverage and specialized promotional teams of international service standards for principals.

To maintain competitive strength and quality customer service, all members of the sales team use the latest technological tools (e.g. tablet computers and cloud-based sales management system). Besides comprehensively providing real-time marketing information, the customer relations management (CRM) system also provides real-time updates on professional knowledge including international medical conferences, clinical reports, product information, and new medical knowledge to doctors and pharmacists, thereby enhancing our service speed and efficiency.

(b)High barriers to entry in professional fields

The Group has been deeply involved in the treatment of erectile dysfunction in family medicine and urology for many years. Due to the professional and experienced sales capabilities of the management team, this core expertise is not easy for competitors to copy. Coupled with the reinforcement of peripheral products, the products are more complete and competitive.

(c)The Group's highly integrated medical channel operations help to create synergies

Having years of experience in marketing and sales, our Marketing and Sales team works closely with various departments, including New Product Development, verification and Registration, Customer Service, Tender, Channel Development, Legal Compliance, and IT. We also actively participate in medical conferences in each year to understand the latest pharmaceutical development and seize new trends and opportunities in product development. In addition, by utilizing the Excelsior Group's strong resources in Taiwan's medical market, our expansions into various medical channels in Taiwan have been very competitive.

(d)High customer satisfaction

Having achieved high customer satisfaction over the years, our market shares have often trumped products in the same categories, which helped us to win positive recognition from the pharmaceutical principals. In addition, to give back to the community, we also strove to provide healthcare education to communities as well as continuing education for medical professionals, winning many praises from National Pharmacist Pharmacy.

(e)Service quality meets international standards

Partners of the Group are all renowned major international pharmaceutical principals. Due to their rigorous requirements for pharmaceutical storage and delivery, audits from international quality management experts would be carried out by the pharmaceutical principals in each year. Relevant evaluation on service performance is also conducted. Our service performance and audit results have both satisfied our partners, indicating that besides meeting local service requirements, our service quality are also on a par with international standards.

b.Favorable factors affecting the Group's development prospects

(a) Government actively supporting biotech industry, and medical industry has a favorable prospect

The "Three-Year Spring Plan of the Economy Development Vision 2015," approved by the Executive Yuan in 2006, has listed the biotechnology industry as a "key development manufacturing industry". The "Biotech and New Pharmaceutical Development Act," announced in 2007, encourages private investment in an effort to focus on developing the biotech industry. It is expected to drive economic transformation in the future. Fundamentally

speaking, the government's proactive attitude will help to develop industries related to medical and healthcare.

(b) Increases in GDP, changes in lifestyle, and the aging society

In recent years, the national GDP in Taiwan has continuously increased in line with economic growth. The public is increasingly focused on healthcare, leading to significant increase in the demand for medical devices and products from related healthcare businesses. Statistical data from the Ministry of the Interior, Executive Yuan has indicated that, as of April 2023, 4.15 million of Taiwan's population was aged 65 or more. This new historical record accounts for 17.8% of the total population. It can be anticipated that the increasing severity of the aging population issue in Taiwan will expand the demand for domestic and foreign medical products, leading to even better development opportunities for healthcare related industries.

(c) Sound financial structure helps business expansion

After going through public issuance processes, the Company and Group are now aligned with the capital market and our shares are now either listed on the TWSE or the TPEX. These efforts indicate our operation efforts are obvious, and that our shareholding structure is robust. With sound management and indications of industry value, we can further cultivate the medical business in the future.

(d) Effective resource integration

The Company's management philosophy is to build a comprehensive medical and healthcare holding enterprise. In essence, the Company operates as a system integration channels distributor. Hence, the Group has adopted diverse agency means to acquire distribution rights of quality products through investments, and in line with diverse marketing and management and consulting services provided to medical institutions, we have extended our core business and cultivated the market channels, allowing us to effectively provide comprehensive services to our customers. In the future, we will guide high-quality medical services around the world to enter multinational markets.

(e) Talent employee development, better benefits system, and building strong employee cohesion

On top of continuously building our market competitiveness, we also strive toward developing talent employee. Through diverse training methods including new employee training, professional skills training, management skills training, and team-building, we have developed employees' professional skills, leadership skills, innovative thinking, and management capabilities. Furthermore, to reward employees and to build teamwork, we also regularly organize activities such as annual employee travels and Excelsior Family Day to show teamwork among employees and to foster employee cohesion

c. Unfavorable factors affecting the Group's development prospects

(a) Risk of exchange rate fluctuations

The foreign exchange market experienced dramatic fluctuations in line with global economic changes in 2023. The Company is in an industry with foreign exchange needs, and holds different currencies due to different procurement sources. Therefore, we hold an appropriate portfolio of foreign exchange to seek for the greatest hedging possibility. Relevant countermeasures are as follows:

- i. Purchase forward foreign exchange based on business needs.
- ii. Building consensus with suppliers to mutually share foreign exchange risks; in case the fluctuation in foreign exchange increases, we will renegotiate product prices with suppliers, or to transact with the contracted, fixed exchange rate.
- iii. Adding price differentials due to foreign exchange into the price quotation system to protect the interest.
- iv. The finance department will adjust foreign exchange positions based on fluctuations in foreign exchange.
- v. The hedging of foreign currencies are alternatives to one another, and can be procured using Euros, USD, and JPY, and will adjust our procurement portfolio based on their relations to NTD.

(b) High product concentration and reliance

Currently, the medical market in Taiwan mostly relies on imports, and we sign distribution contracts with overseas suppliers. In case changes to distribution rights occur, the Company's operations will be affected. Countermeasures to which are as follow:

- i. Win over overseas quality suppliers through our sales performance, and to form a buyer's market through our solid channel strengths, so that overseas suppliers will not easily consider changing distributors from a revenue perspective.
- ii. Form cooperation with upstream suppliers to jointly operate and expand the market through profit-sharing.
- iii. Co-host academic courses with foreign manufacturers, conduct clinical research with medical centers, and establish an Asia-Pacific Teaching Center so that manufacturers will be more reliant on the Group and would need to assist us to develop regional markets.

(c) NHI adopts global budget payment system and shrinks profitability from the medical industry

Though financial challenges for the National Health Insurance Administration were somewhat alleviated due to supplementary premium, but the medical institutions are still faced with pressures related to point values for NHI benefits, leading to unstable revenues in each specialization. This practice will impact the medical industries in Taiwan, and relevant countermeasures are listed as follows:

- i. Reduce the ratio of NHI benefit products and introduce self-pay products such as healthcare home appliances and long-term care.
- ii. Practice market segmentation through providing more delicate and

professional self-pay aesthetic medical services, and to expand the market to other overseas Chinese markets.

iii. In response to expected patent expiration of pharmaceutical products, on top of searching for new items to strengthen our product portfolio, by relying on our unique specialization marketing, we can also effectively, vertically integrate the resources from specialized products from upstream pharmaceutical principals with the demand from downstream end-users. This will also help the Group to practice effective cost control.

(2) Important uses of the main products and the production process

- A. Major products in the medical industry include hemodialysis, healthcare home appliances, medical devices, blood bags, wound and ostomy and surgical consumables. Below are descriptions of their important uses:
 - a. Hemodialysis products: a kidney disease patient cannot filter water and unwanted nitrogen, creatinine, and uric acid from the human body. By using the hemodialysis machine and dialyzer to filter blood, the patient can regain short-term physical functions.
 - b. Blood bags: used to store blood.
 - c. Wound and Ostomy: after gastrectomy, patients use ostomy in place of the anus or urethra in excrement.
 - d. Surgical consumables: medical devices and consumables used on patients in surgeries.
- B. Major products from aesthetic medical industry are energy-based devices and consumables, which can convey beauty to the users once operated by professional doctors, so that users can achieve physical and mental well-being.
- C. The main products of the pharmaceutical sales promotion and distribution logistics industry include prescription drugs, over-the-counter medications, and health consumer products. These are promoted along with customer service, bidding, information, cash flow construction, and warehousing logistics services to achieve comprehensive supply chain integration.
- D. The Company and the Group are not manufacturers, and do not have production line processes.

(3) Supply of key material

Neither the company nor the group is a manufacturer, so it is not applicable.

(4) Customers that accounted for more than 10% of the total sales in any of the last two years

A. Major customers' information

Unit: NT\$ thousands

	2022				2023				As of March 31, 2024			
Item	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer
1	Bestchain Healthtaiwan Co., Ltd.	2,064,230	33	Associate	Bestchain Healthtaiwan Co., Ltd.	2,520,789	36	Associate	Bestchain Healthtaiwan Co., Ltd.	594,147	34	Associate
2	Excelsior Renal Service Co., Limited	765,441	12	Associate	Excelsior Renal Service Co., Limited	736,106	10	Associate	Excelsior Renal Service Co., Limited	179,706	10	Associate
	Others	3,400,174	55		Others	3,828,543	54		Others	964,916	56	
	Net Sales	6,229,845	100		Net Sales	7,085,438	100		Net Sales	1,738,769	100	

B. Major suppliers' information

Unit: NT\$ thousands

	2022				2023				As of March 31, 2024			
Item	Name	Amount	Percentage of Net purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Net purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Net purchases (%)	Relationship with Issuer
1	MEDTRONIC (TAIWAN) LTD.	1,778,230	32	None	MEDTRONIC (TAIWAN) LTD.	2,107,529	34	None	MEDTRONIC (TAIWAN) LTD.	618,716	38	None
	Others	3,770,654	68		Others	4,044,872	66		Others	988,877	62	
	Net purchases	5,548,884	100		Net purchases	6,152,401	100		Net purchases	1,607,593	100	

(5) Production volume and value in the last two years: Not applicable.

(6) Sales volume and value in the last two years

Unit: NT\$ thousands

Year Sales Volume and Value Major Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Surgical consumables	2,273,633	1,711,717	-	-	2,580,288	2,189,725	-	-
Dialyzers, blood tubing set and A.V. fistula needles	11,874,250	1,117,855	453,287	23,862	12,194,417	1,237,916	424,538	24,814
Aesthetic medical consumables and spare parts	-	744,235	-	16,044	-	970,431	-	41,765
Erythropoietin (EPO), concentrated solution and powders	3,850,072	741,360	1,185,517	109,210	3,424,174	737,733	1,689,781	166,109
Medicine	3,178,596	767,069	9,958	1,219	3,226,425	825,081	12,740	1,494
lifestyle beauty products and treatment services	-	168,315	-	-	-	246,271	-	-
Blood bags ,wound and ostomy product	653,038	234,458	-	-	620,629	215,974	-	-
Home appliances	41,747	202,742	-	-	35,656	184,858	-	-
Aesthetic medical devices	176	232,907	-	-	161	183,665	-	-
Medical devices	278	61,629	56	13,320	461	97,850	167	48,284
Others	-	961,431	-	79,455	-	1,000,776	-	60,658
Total	21,871,790	6,943,718	1,648,818	243,110	22,082,211	7,890,280	2,217,226	343,124

3. Employees

(1) The following table summarizes the company's workforce as of the printing date of the annual report

Year		2022	2023	As of March 31, 2024
Number of employees	Manager level and above	102	139	145
	Staff level	766	788	794
Total		868	927	939
Average age		35.08	36.26	36.48
Average years of service		7.08	7.59	7.63
Education background	Ph.D	0.12%	0.11%	0.11%
	Master	5.88%	5.07%	5.11%
	Bachelor	71.20%	73.68%	73.27%
	Senior High School	19.70%	16.61%	17.04%
	Below Senior High School	3.11%	4.53%	4.47%

(2) Certification of employees whose jobs are related to the release of the company's financial information

Certified Internal Auditor (CIA) : 1 person.

4. Disbursements for Environmental Protection

Total losses (including damage awards) and fines for environmental pollution during the most recent years and up to the date of publication of the Annual Report, and the measures (including corrective measures) and possible expenditures to be made in the future: None.

Relevant information in response to the EU Restriction of Hazardous Substances (RoHS): Not applicable.

5. Labor Relations

(1) Employees' welfare policies, continuing education, training, retirement system and its implementation, as well as employment negotiations, and employees' rights and interests

A. Company benefits and measures

- Labor insurance: carried out in accordance with regulations from the Labor Standards Act.
- National health insurance (NHI): carried out in accordance with regulations from the National health Insurance Act.
- Group insurance: The Company covers full group insurance, which includes employees' regular life insurance, accident insurance, hospital medical insurance and occupational injury insurance.
- Employee health examination: To ensure the health and safety of our employees,

the Company regularly organizes free health checkup in every year to assist employees to understand the subtle changes in their bodies.

- e. Employee compensations: Pursuant to the Company's Articles of Incorporation, in case profits are made in a year, the Board of Directors will propose no less than 1 percent of the profits as compensations for employees. The compensations will be approved by the Board of Directors meeting and submitted to the Shareholders' Meeting.
 - f. Year-end bonus: To be appropriated based on the Company's operational performance of the year. The bonus will be appropriated before Lunar New Year and calculated based on the period of an employee's employment with the Company. Targets of bonus will be current employees at the time of distribution.
 - g. Employee benefits system and status (using the Company as an example)
 - (a) 1% was appropriated from the Company's total capital when it was founded.
 - (b) 0.075% is appropriated from the Company's total monthly operating revenue.
 - (c) 0.5% is appropriated from the monthly pay of each employee.
 - (d) Benefits are used toward: benefits and subsidies (marriage, childbirth, employee's birthday, funeral/disease subsidies, and emergency relief and more), activities (employee travels, birthday parties, club activities, and arts and cultural activities etc.), other benefits such as Dragon Boat Festival, Mid-Autumn Festival, and year-end party and more.
- B. Continuous education and training
- a. New recruits
 - (a) The HR Office will walk the new recruits through work rules, provide a company overview, and introduce them to the office environment and acquaint them with coworkers on their first day at the Company.
 - (b) New employee training courses are regularly held by the HR Office, and the courses include: an introduction to the Company's organization and departments/responsibilities, various internal management procedures, Employee Welfare Committee, IT system, network environment, and NOTES system.
 - b. On-the-job training: annual training budget is prepared for all employees, and on-the-job training is coordinated by the HR Office on a quarterly basis.
 - c. Professional training: 1 or 2 sessions of professional training for Company products are provided by product supplier in each year.
 - d. The Group organizes "teaching by experience" internal training via the HR Office on a monthly basis. In addition, the Group also provides additional continuous studies courses to employees based on business needs

C. Retirement system and measures

Retirement system and measures: pursuant to regulations from the Labor Standards Act, 2% is appropriated from the total wage of employees applicable for the pension scheme on a monthly basis, and deposited at dedicated accounts at CTC pursuant to legal regulations. Starting from July 1, 2005, retirement system is implemented in compliance with applicable regulations from the Labor Pension

Act.

D. Employment negotiations

We have always persisted in a mission to care for our employees. We adopt bilateral communications for policy advocacy, employee opinion and employee coaching, and we also regularly organize employment meeting as a channel of bilateral communications. This helps the Company to achieve mutual cooperation, quality improvements, employee competency enhancements, employment conditions improvements, as well as to protect employees' rights and interests, enhance employees' benefits, to look after their daily lives, and to assist the government to implement policies.

E. Measures for protecting employees' rights

On top of establishing the legally stipulated Employee Welfare Committee and Supervisory Committee of Labor Retirement Reserve to coordinate employee benefits and the planning, appropriations, safekeeping, usage, and related legal standards related to pension reserve as well as to serve as channels of communication with the Company, all measures to protect and implement employees' rights and benefits are carried out pursuant to legal standards.

F. Employee code of conduct or ethics

The Company has formulated Employee Work Rules and Information Technology Security Policy as the basis for compliance during employees' day-to-day work and conduct. Employees shall abide by the following Ethical Corporate Management Best Practice Principles:

- a. When engaging in commercial activities, employees shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, facilitation fees, or otherwise offer or accept improper benefits to or from customers, agents, contractors, suppliers, public servants, or other stakeholders. However, this is not limited to actions that comply with local regulations.
- b. When making or offering donations and sponsorship, employees shall comply with relevant laws and regulations and internal operational procedures and shall not surreptitiously engage in bribery.
- c. When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, employees shall comply with the Political Donations Act and the Company's own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- d. Employees shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

G. Protective measures of employees' work environment and employee safety, and implementations

To fulfill corporate social responsibility and to protect the safety of our employees, and seeking the provision of a safe, healthy, and comfortable work

environment as our goal, the Company is fully committed to advocating for occupational safety and health policy to foster a positive awareness in our employees and to maintain their physical and mental health.

The following relevant measures have been implemented:

- a. Strengthen occupational training to reduce potential workplace hazards and decrease occurrences of occupational hazards.
 - b. File labor insurance, national health insurance, and group insurance for employees and to establish an Employee Welfare Committee. Organize employee health checkup in every year
 - c. Conducts fire safety campaigns twice a year to implement various disaster prevention and contingency responses.
 - d. Impose strict access control to ensure the personal safety of employee.
 - e. According to § 22 of the Occupational Safety and Health Law, employers provide working workers with the most basic health checkup protection. Since 2023, the company has entrusted the nursing personnel of Xin Tai General Hospital to provide on-site services, such as post-health checkup report evaluation interview, Health consultations and lectures, etc., are for physicians to visit at least twice a year for 2 hours each time, and for nursing personnel at least twice a month for 2 hours each time.
- (2) Losses arising from labor disputes in the most recent year up to the publication date of this Annual Report and disclosure of potential current and future losses and countermeasures therefrom: None.

6. Cyber Security Management

(1).Cyber security policies framework

In 2022, the company established an Cyber Security Management Section. In accordance with the current information security management regulations and guidelines for listed companies, the Company has proceeded to comprehensively strengthen the formulation of the company's information security policies and organizational planning. A complete set of information security-related policies has been developed and will be promulgated and implemented in 2023. During this period, the Company will regularly promote information security awareness and continue to train employees to enhance their knowledge and strengthen their sense of responsibility regarding information security. This is to maintain the secure and stable operation of the Company's mission-critical business information systems.

(2).Specific cyber security management

All employee, outsourced supplier and information systems operators are required to adhere to the guidelines for executing computer processing cycles, and cyber security management measures include:

- (a).Account and Password Management Procedures, and Access Control Management
- (b).System Development and Maintenance Management Procedures
- (c).Information System Access and Authorization Regulations
- (d).Network Security Management Procedures
- (e).Operation Continuity Management Procedures
- (f).System recovery plan
- (g).Information Security and Personal Data Incident Management Procedures
- (h).Physical and Environmental Security Management Procedures
- (i).Cyber security policies
- (j).Outsourced Supplier Management Regulations
- (k)Information Operations Outsourcing Management Procedures
- (l)External Information System Usage Management System

Cyber Security Management Section periodically publishes and promotes cyber security messages to enhance the awareness of cyber security risks among employees. Regular cyber security audits are conducted semi-annually among employees, accompanied by education and training on basic cyber security measures and awareness. The company's host servers and other terminal devices are equipped with antivirus software, and the deployment of antivirus codes and policies is centrally managed by dedicated server administrators. In 2023, The company actively evaluated EDR and MDR for real-time security monitoring and protection to strengthen and effectively reduce the risk of operation interruption. In addition, the company has established a backup environment for core business information systems, including daily tape backups and a backup system located in the Kaohsiung office, which operates in sync 24/7. This setup prevents operational disruptions in case of any issues with the core information systems. The company places great importance on data security. Data is backed up daily through network-attached storage (NAS) servers and also backed up on tape drives and weekly backup tapes are stored in secure off-site safes. The tapes are stored offsite on a weekly basis, with rotational backups performed in batches. Regular

offsite backups of data from different regions are conducted weekly to prevent any unknown forms of cyber security risks and ensure the integrity and security of important data. The company conducts offsite backup recovery drills for core information systems every six months and offsite system restoration drills every two years to ensure the normal operation of the backup and recovery information system environment.

(3).Notification of cyber security incident

In recent years, up until the printing of the annual report, the company has consistently strengthened internal and external cyber security awareness. We have progressively developed an incident reporting and response mechanism for cyber security incidents to ensure proper response, control, and handling of such events. Thanks to the efforts of all employees, we have had no significant cyber security incidents or any financial and operational losses caused by security incidents in 2023.

7. Important Contracts

All important contracts that could affect shareholder rights as of the date of printing of the annual report, including supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and others.

(1) The Company

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	AA Company	2024/01/01~2024/12/31	Hemodialysis machine	None
Procurement and agency / distribution contract	AB Company	2020/04/01~2025/03/31	Licensed distribution of dialyzers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	AC Company	2022/10/01~2024/09/30	Agency for long-lasting Erythropoietin (EPO)	Restricted to sales in channels from hemodialysis clinics (with exception of package sales in hospitals)
Procurement and agency / distribution contract	AD Company	2022/10/01~2024/09/30	Cinacalcet	Restricted to sales in channels from hemodialysis clinics (with exception of package sales in hospitals)
Procurement and agency / distribution contract	AE Company	2024/01/01~2026/12/31	Hemodialysis blood tubing set and A.V. fistula needles	Restricted to sales in Taiwan
Procurement and agency / distribution contract	AF Company	2024/01/01~2026/12/31	Blood bags	Exclusive distribution in Taiwan
Procurement and agency / distribution contract	AG Company	2023/05/03~2024/04/26	Surgical consumables	None
Procurement and agency / distribution contract	AH Company	2023/01/01~2025/12/31	Licensed distribution of dialyzers	Restricted to hospitals/ clinics
Procurement and agency / distribution contract	AI Company	2024/01/01~2024/12/31	Dialyzers, hemodialysis machine and consumables	Distribution channel limited to hemodialysis centers within joint venture companies
Agency / Distribution contract	AJ Company	2023/01/01~2027/12/31	Hemodialysis blood tubing set	Exclusive sales in Taiwan
Commissioned manufacturing Contract	AK Company	2015/01/01~2024/12/31	Production of hemodialysis concentrated solution	Including warehousing and logistics
Supply Agreements	AL Company	2024/01/01~2024/12/31	Blood bag distribution contract	None
Supply Agreements	AM Company	2021/07/01~2024/12/31	Long-lasting Erythropoietin (EPO)	None
Supply Agreements	AN Company	2023/08/01~2026/07/31	Hemodialysis consumables and devices	
Supply Agreements	AO Company	2022/12/28~2025/10/31	Hemodialysis consumables and devices	
Supply Agreements	AP Company	2024/01/01~2024/12/31	Dialyzers, hemodialysis machine and consumables	Distribution channel limited to hemodialysis centers within joint venture companies
Package contract	AQ Company	2020/12/01~2025/11/30	Hemodialysis consumables and devices	None

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Package contract	AR Company	2019/03/01~2025/02/28	Hemodialysis consumables and devices	None
Package contract	AS Company	2023/11/01~2029/10/31	Hemodialysis consumables and devices	None
Package contract	AT Company	2022/04/11~2027/04/10	Hemodialysis consumables and devices	None
Package contract	AU Company	2022/12/28~2028/01/31	Hemodialysis consumables and devices	None
Lease contract	AV Company	2023/01/01~2027/12/31	Lease for hemodialysis devices	None
Joint venture agreement	AW Company	2022/04	The company nominates two directors and general manager	None
Purchase and sale agreement	AX Company	2023/01	Sale of real estate in Taichung	None

(2) DMT

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	BA Company	June 19, 2018; contract shall continue in effect unless breach of contract or the contract has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BB Company	March 27, 2020; contract shall continue in effect until it has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BC Company	2023/01/01~2025/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BD Company	January 4, 2007; contract shall continue in effect unless breach of contract or the contract has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BE Company	2016/12/12~2026/12/11	Skin care products	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BF Company	2017/04/10~2024/03/31 (In negotiation)	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BG Company	2018/01/03~2026/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BH Company	March 1, 2018; contract shall continue in effect unless breach of contract or the contract has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BI Company	2023/05/08~2025/12/31	Aesthetic medical devices	Restricted to sales in Taiwan

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	BJ Company	2020/08/01~2025/07/24	Dermal fillers	Restricted to sales in Philippines
Procurement and agency / distribution contract	BK Company	2022/04/15~2025/04/14	Skin care products	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BL Company	2022/07/01~2026/06/30	Aesthetic medical devices, skin care products and distribution of dermal fillers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BM Company	2022/06/01~2028/05/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BN Company	2019/09/16~2024/09/15	Dermal fillers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BO Company	2021/06/01~2027/05/11	Pharmaceutical products and dermal fillers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	SciVision Biotech Inc.	2022/01/01~2024/12/31	Dermal fillers	Restricted to sales in Taiwan

(3) Arich

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Distribution and Logistis agreement	CA Company	2023/04~2024/12	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CB Company	2023/07~2024/12	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CC Company	2023/04~2024/12	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CD Company	2024/01~2024/12	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CE Company	2021/07~2024/06	Distribution and logistics services of medical equipment and consumables	Restricted to sales in Taiwan
Distribution and Logistis agreement	CF Company	2021/08~2026/07	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CG Company	2022/05~2027/04	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CH Company	2023/01~2024/12	Distribution and logistics services of medical consumables	Restricted to sales in Taiwan
Sales and Promotion agreement	CI Company	2024/01~2024/12	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CJ Company	2024/01~2025/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Sales and Promotion agreement	CK Company	2023/04~2025/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CL Company	2024/01~2024/12	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CM Company	2023/04~2026/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CN Company	2023/09~2026/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Lease and commissioned services contract	Sankyu-Jvan An International Logistics Co.,Ltd.	2024/01~2024/06	Warehousing lease at logistics center and commissioned logistics services	None
Lease contract	Excelsior Asset Management Co., Ltd.	2021/01~2030/12	Lease of the Zhonghe Office	None

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed balance sheet – IFRS

A. Condensed consolidated balance sheet

Unit: NT\$ thousands

Year Item		Financial Information for The Last Five Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		8,614,685	8,501,800	9,307,543	9,528,417	10,691,830	10,836,381
Property, plant and equipment		560,863	534,339	636,488	760,310	772,612	797,823
Intangible assets		31,967	32,653	33,004	31,622	45,151	45,004
Other assets		4,557,469	4,935,840	5,127,965	6,162,157	6,570,332	6,735,488
Total assets		13,764,984	14,004,632	15,105,000	16,482,506	18,079,925	18,414,696
Current liabilities	Before distribution	4,829,102	4,019,932	4,955,029	5,752,045	6,678,757	7,425,759
	After distribution	5,294,894	4,513,953	5,449,050	6,292,998	7,270,101 (Note 2)	7,425,759 (Note 2)
Non-current liabilities		303,970	404,996	404,259	433,152	488,209	515,881
Total liabilities	Before distribution	5,133,072	4,424,928	5,359,288	6,185,197	7,166,966	7,941,640
	After distribution	5,598,864	4,918,949	5,853,309	6,726,150	7,758,310 (Note 2)	7,941,640 (Note 2)
Equity attributable to owners of parent		6,946,341	7,590,897	7,738,389	8,200,432	8,613,009	8,348,429
Share capital		1,281,490	1,411,490	1,411,490	1,482,064	1,556,167	1,556,167
Capital surplus		2,816,807	3,276,107	3,276,107	3,276,440	3,287,576	3,287,576
Retained earnings	Before distribution	2,904,393	3,017,380	3,192,892	3,344,438	3,502,602	3,094,960
	After distribution	2,438,601	2,523,359	2,698,871	2,803,485	2,911,258 (Note 2)	3,094,960 (Note 2)
Other equity		(56,349)	(114,080)	(142,100)	97,490	266,664	409,726
Treasury stock		-	-	-	-	-	-
Non-controlling interests		1,685,571	1,988,807	2,007,323	2,096,877	2,299,950	2,124,627
Total equity	Before distribution	8,631,912	9,579,704	9,745,712	10,297,309	10,912,959	10,473,056
	After distribution	8,166,120	9,085,683	9,251,691	9,756,356	10,321,615 (Note 2)	10,473,056 (Note 2)

Note 1: The financial statements of the last five fiscal years have been audited by CPA, but the financial statements of 2024 Q1 have been reviewed by CPA.

Note 2: The cash dividend of per share is proposed to be distributed NT\$3.80 by the Board of Directors on March 8, 2024. The stock dividend of per share is proposed to be distributed NT\$0.50, it will take

effect after the resolution of the 2024 Annual Shareholders' General meeting is passed.

B. Condensed parent company-only balance sheet

Unit: NT\$ thousands

Year Item		Financial Information for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		2,319,603	2,057,785	2,299,359	2,503,350	2,568,408
Property, plant and equipment		180,050	177,053	183,703	188,257	191,218
Intangible assets		697	1,203	3,755	2,434	4,447
Other assets		5,944,251	6,333,372	6,585,453	6,959,435	7,470,064
Total assets		8,444,601	8,569,413	9,072,270	9,653,476	10,234,137
Current liabilities	Before distribution	1,381,462	833,551	1,148,531	1,229,027	1,389,967
	After distribution	1,847,254	1,327,572	1,642,552	1,769,980	1,981,311 (Note 2)
Non-current liabilities		116,798	144,965	185,350	224,017	231,161
Total liabilities	Before distribution	1,498,260	978,516	1,333,881	1,453,044	1,621,128
	After distribution	1,964,052	1,472,537	1,827,902	1,993,997	2,212,472 (Note 2)
Share capital		1,281,490	1,411,490	1,411,490	1,482,064	1,556,167
Capital surplus		2,816,807	3,276,107	3,276,107	3,276,440	3,287,576
Retained earnings	Before distribution	2,904,393	3,017,380	3,192,892	3,344,438	3,502,602
	After distribution	2,438,601	2,523,359	2,698,871	2,803,485	2,911,258 (Note 2)
Other equity		(56,349)	(114,080)	(142,100)	97,490	266,664
Treasury stock		-	-	-	-	-
Total equity	Before distribution	6,946,341	7,590,897	7,738,389	8,200,432	8,613,009
	After distribution	6,480,549	7,096,876	7,244,368	7,659,479	8,021,665 (Note 2)

Note 1: The financial statements for 2019-2023 have been audited by CPA.

Note 2: The cash dividend of per share is proposed to be distributed NT\$3.80 by the Board of Directors on March 8, 2024. The stock dividend of per share is proposed to be distributed NT\$0.50, it will take effect after the resolution of the 2024 Annual Shareholders' General meeting is passed.

(2) Condensed statement of comprehensive income - IFRS

A. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousands

Item \ Year	Financial Information for The Last Five Years					As of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	6,457,362	6,675,494	6,573,152	7,186,828	8,233,404	2,042,037
Gross profit	1,236,055	1,306,574	1,372,619	1,513,112	1,675,568	411,941
Net operating income	464,039	529,070	595,026	606,612	702,880	165,517
Non-operating income and expenses	282,786	300,313	278,710	357,088	441,200	108,418
Profit before tax	746,825	829,383	873,736	963,700	1,144,080	273,935
Profit from continuing operations	622,274	669,086	722,289	785,301	922,850	226,472
Loss from discontinuing operations	—	—	—	—	—	—
Profit	622,274	669,086	722,289	785,301	922,850	226,472
Other comprehensive income, net	23,915	(28,296)	(35,162)	364,266	319,075	104,574
Total comprehensive income	646,189	640,790	687,127	1,149,567	1,241,925	331,046
Profit attributable to owners of parent	514,755	571,670	607,149	667,453	746,605	185,177
Profit attributable to non-controlling interests	107,519	97,416	115,140	117,848	176,245	41,295
Comprehensive income attributable to owners of parent	523,062	513,296	578,655	956,638	944,765	328,239
Comprehensive income attributable to non-controlling interests	123,127	127,494	108,472	192,929	297,160	2,807
Basic earnings per share	3.30	3.67	3.90	4.29	4.80	1.19

Note : The financial statements of the last five fiscal years have been audited by CPA, but the financial statements of 2024 Q1 have been reviewed by CPA.

B. Condensed parent company-only statement of comprehensive income

Unit: NT\$ thousands

Item \ Year	Financial Information for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	3,964,690	4,199,740	4,373,194	4,654,419	5,246,870
Gross profit	631,739	685,656	719,410	785,948	762,162
Net operating income	263,303	319,114	344,234	377,167	340,502
Non-operating income and expenses	335,459	353,895	371,835	409,616	533,505
Profit before tax	598,762	673,009	716,069	786,783	874,007
Profit from continuing operations	514,755	571,670	607,149	667,453	746,605
Loss from discontinuing operations	—	—	—	—	—
Profit	514,755	571,670	607,149	667,453	746,605
Other comprehensive income, net	8,307	(58,374)	(28,494)	289,185	198,160
Total comprehensive income	523,062	513,296	578,655	956,638	944,765
Basic earnings per share	3.30	3.67	3.90	4.29	4.80

Note : The financial statements for 2019-2023 have been audited by CPA.

(3) Auditors' opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
2023	KPMG	Wu Tsao-Jen and Chen Jun-Guang	Unqualified opinion with other matter paragraph
2022	KPMG	Wu Tsao-Jen and Chen Jun-Guang	Unqualified opinion with other matter paragraph
2021	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2020	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2019	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph

2. Five-Year Financial Analysis

(1) Financial analysis - IFRS

A. Financial analysis on consolidated financial statements

Year		2019	2020	2021	2022	2023	As of March 31, 2024
Item							
Financial structure(%)	Debt ratio	37.3	31.6	35.5	37.5	39.6	43.1
	Ratio of long-term capital to property, plant and equipment	1,593.2	1,868.6	1,594.7	1,411.3	1,475.7	1,377.4
Solvency (%)	Current ratio	178.4	211.5	187.8	165.7	160.1	145.9
	Quick ratio	158.7	186.4	166.4	143.6	138.1	124.6
	Times interest earned	32.4	78.0	100.7	93.2	67.5	55.0
Operating performance	Accounts receivable turnover (times)	4.1	4.4	4.3	4.3	4.5	4.4
	Average collection period	89.7	82.4	85.1	84.7	81.5	83.9
	Inventory turnover (times)	5.6	6.3	5.9	5.5	5.4	5.0
	Accounts payables turnover (times)	5.0	5.5	5.7	5.8	6.6	6.2
	Average days in sales	65.2	57.9	61.9	66.7	67.1	72.4
	Property, plant and equipment turnover (times)	15.2	12.1	11.2	10.3	10.7	10.4
	Total assets turnover (times)	0.5	0.5	0.5	0.5	0.5	0.4
Profitability	Return on total assets (%)	4.6	4.9	5.0	5.0	5.4	5.1
	Return on equity (%)	7.3	7.3	7.5	7.8	8.7	8.5
	Pre-tax income to paid-in capital (%)	58.3	58.8	61.9	65.0	73.5	70.4
	Net margin (%)	9.6	10.0	11.0	10.9	11.2	11.1
	Earnings per share (NT\$)	3.30	3.67	3.90	4.29	4.80	1.19
Cash flows	Cash flow ratio (%)	24.7	21.6	19.1	11.1	1.6	38.6
	Cash flow adequacy ratio (%)	67.9	67.7	72.6	74.8	67.6	103.0
	Cash reinvestment ratio (%)	7.7	3.0	3.4	0.5	(4.4)	24.6
Leverage	Operating leverage	2.7	2.5	2.3	2.5	2.4	2.5
	Financial leverage	1.1	1.0	1.0	1.0	1.0	1.0
Analysis of deviation for the last two years over 20%:							
1. Times interest earned decreased mainly due to the increase in borrowings in 2023 and the rise in interest rates resulting in increased interest expenses.							
2. Cash flow ratio and Cash reinvestment ratio decreased mainly due to the decrease in net cash flow from operating activities in 2023.							

B. Financial analysis on parent company-only financial statements

Year		2019	2020	2021	2022	2023
Item						
Financial structure(%)	Debt ratio	17.7	11.4	14.7	15.1	15.8
	Ratio of long-term capital to property, plant and equipment	3,858.0	4,287.4	4,212.4	4,356.0	4,504.3
Solvency (%)	Current ratio	167.9	246.9	200.2	203.7	184.8
	Quick ratio	127.9	175.9	145.3	141.1	129.2
	Times interest earned	110.6	1202.8	1,252.9	566.2	269.8
Operating performance	Accounts receivable turnover (times)	4.0	4.1	4.0	3.9	4.0
	Average collection period	92.2	88.6	91.3	93.1	90.6
	Inventory turnover (times)	5.8	6.3	6.1	5.7	5.9
	Accounts payables turnover (times)	4.6	5.2	5.4	5.0	5.7
	Average days in sales	62.6	58.0	60.0	64.4	61.7
	Property, plant and equipment turnover (times)	21.7	23.5	24.2	25.0	27.7
	Total assets turnover (times)	0.5	0.5	0.5	0.5	0.5
Profitability	Return on total assets (%)	6.2	6.7	6.9	7.1	7.5
	Return on equity (%)	7.5	7.9	7.9	8.4	8.9
	Pre-tax income to paid-in capital (%)	46.7	47.7	50.7	53.1	56.2
	Net margin (%)	13.0	13.6	13.9	14.3	14.2
	Earnings per share (NT\$)	3.30	3.67	3.90	4.29	4.80
Cash flows	Cash flow ratio (%)	17.2	15.6	24.2	16.6	5.7
	Cash flow adequacy ratio (%)	39.8	33.7	30.0	34.8	21
	Cash reinvestment ratio (%)	(2.1)	(4.3)	(2.7)	(3.4)	(5.2)
Leverage	Operating leverage	2.4	2.1	2.1	2.1	2.2
	Financial leverage	1.0	1.0	1.0	1.0	1.0
Analysis of deviation for the last two years over 20%:						
1. Times interest earned decreased mainly due to the increase in borrowings in 2023 and the rise in interest rates resulting in increased interest expenses						
2. Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased mainly due to the decrease in net cash flow from operating activities in 2023.						

Formula:**a. Financial structure**

- (a) Debt ratio = total liabilities / total assets
- (b) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment

b. Solvency

- (a) Current ratio = current assets / current liabilities
- (b) Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities
- (c) Times interest earned = net income before income tax and interest expenses / current interest expenses

c. Operating performance

- (a) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = net sales / average trade receivables (including accounts receivable and notes receivable from operation) balance
- (b) Average collection period = 365 / accounts receivable turnover
- (c) Inventory turnover = cost of goods sold / average inventory
- (d) Accounts payables (including accounts payable and notes payable from operation) turnover = cost of goods sold / average trade payables (including accounts payable and notes payable from operation) balance
- (e) Average days in sales = 365 / inventory turnover
- (f) Property, plant and equipment turnover = net sales / average net property, plant and equipment
- (g) Total assets turnover = net sales / average total assets

d. Profitability

- (a) Return on total assets = (net income + interest expenses × (1-effective tax rate)) / average total assets
- (b) Return on equity = net income / average total equity
- (c) Pre-tax income to paid-in capital = Pre-tax net income / Paid-in capital.
- (d) Net margin = net income / net sales
- (e) Earnings per share = (profit attributable to owners of parents – preferred stock dividend) / weighted average number of shares outstanding

e. Cash flows

- (a) Cash flow ratio = net cash flows from operating activities / current liabilities
- (b) Cash flow adequacy ratio = five-year sum of net cash flows from operating activities / five-year sum of (capital expenditures + inventory additions + cash dividends)
- (c) Cash reinvestment ratio = (net cash flows from operating activities – cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital)

f. Leverage

- (a) Operating leverage = (net operating revenue – variable operating costs and expenses) / net operating income
- (b) Financial leverage = net operating income / (net operating income – interest expenses)

3. Audit Committee's Review Report

Excelsior Medical Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for earning distribution. The CPA firm of KPMG has audit Excelsior Medical Co., Ltd. Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and earning distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Excelsior Medical Co., Ltd.. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

For your adoption.

To

The 2024 Annual Shareholders' Meeting

Excelsior Medical Co., Ltd.

Chairman of the Audit Committee: Chang Wu-I

March 8, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of Excelsior Medical Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements," endorsed by the Financial Supervisory Commission. In Addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Excelsior Medical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Excelsior Medical Co., Ltd.

Chairman: Fu Hui-Tung

Date: March 8, 2024

Independent Auditors’ Report

To the Board of Directors of Excelsior Medical Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Excelsior Medical Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matter that should be disclosed in this report is as follows:

1. Impairment Assessment on Receivables

Please refer to Note (4)(g) for accounting policies of account receivable allowance provision.

Description of key audit matter:

The management of the Group performed its assessment based on the default risk of accounts receivable and the rate of expected loss. Because the assessment of impairment loss of receivables involves critical accounting estimates, which are subject to the judgment of the management, the assessment of the impairment loss of receivables is deemed to be a key audit matter.

How the matter was addressed in our audit:

Our main audit procedures in response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables and whether the methodology was adopted consistently, testing the reasonableness of the information used by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Group's disclosure for impairment of receivables.

Other Matter

We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the report of other auditors. As of December 31, 2023 and 2022, the total assets of these subsidiaries were NT\$422,526 thousand and NT\$329,131 thousand, constituting both 2% of consolidated total assets, respectively. The total operating revenues of these subsidiaries for the year ended December 31, 2023 and 2022 were NT\$302,404 thousand and NT\$252,360 thousand, constituting both 4% of consolidated total operating revenues, respectively. We also did not audit the financial statements of certain associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the carrying amounts of these investments were NT\$1,409,515 thousand and NT\$1,340,727 thousand, constituting both 8% of consolidated total assets, respectively. The share of comprehensive income of associates and joint ventures accounted for using the equity method for the years ended December 31, 2023 and 2022, amounted to NT\$156,501 thousand and NT\$101,011 thousand, were constituting 13% and 9% of consolidated total comprehensive income, respectively.

Excelsior Medical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with an Other Matter paragraph.

Responsibilities of Management and Those Charged with Governance for 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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor’ s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’ s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’ s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’ s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’ s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Tsao-Jen and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Notes (6)(a))	\$ 2,614,786	14	2,506,995	15	2100	Short-term borrowings (Note (6)(n))	\$ 1,134,887	6	535,134	3
1136	Current financial assets at amortized cost (Note (6)(c))	768,167	4	704,439	4	2130	Current contract liabilities	559,166	3	484,941	3
1151	Notes receivable (Notes (6)(d), (7) and (8))	305,120	2	302,331	2	2150	Notes payable	1,797	-	403	-
1152	Other notes receivable (Notes (6)(d), (7) and (8))	317,692	2	317,598	2	2170	Accounts payable (Note (7))	972,929	5	999,989	6
1170	Accounts receivable (Notes (6)(d) and (7))	1,656,216	9	1,411,527	9	2200	Other payables (Notes (6)(o) and (7))	3,464,888	19	3,215,075	20
1200	Other receivables (Notes (6)(d) and (7))	3,535,650	20	2,997,715	18	2230	Current tax liabilities	143,368	1	98,437	1
130X	Inventories (Note (6)(e))	1,247,430	7	1,161,088	7	2280	Current lease liabilities (Notes (6)(r) and (7))	69,966	-	90,864	-
1476	Other current financial assets (Note (8))	23,115	-	17,179	-	2399	Other current liabilities, others (Notes (6)(p), (q) and (7))	331,756	3	327,202	2
1479	Other current assets, others	223,654	1	109,545	1			6,678,757	37	5,752,045	35
		10,691,830	59	9,528,417	58						
Non-current assets:						2570	Deferred tax liabilities (Note (6)(u))	235,072	1	233,803	1
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	716,307	4	686,438	4	2580	Non-current lease liabilities (Notes (6)(r) and (7))	236,829	1	182,052	1
1550	Investments accounted for using equity method (Note (6)(f))	3,980,044	22	3,670,101	22	2640	Net defined benefit liability (Note (6)(t))	8,880	-	9,378	-
1600	Property, plant and equipment (Notes (6)(j) and (8))	772,612	4	760,310	5	2650	Credit balance of investments accounted for using equity method (Note (6)(f))	581	-	526	-
1755	Right-of-use assets (Note (6)(k))	298,694	2	267,461	2	2670	Other non-current liabilities, others (Note (6)(p))	6,847	-	7,393	-
1760	Investment property, net (Notes (6)(l) and (8))	1,101,802	6	1,109,012	7			488,209	2	433,152	2
1780	Intangible assets (Note (6)(m))	45,151	-	31,622	-		Total liabilities	7,166,966	39	6,185,197	37
1840	Deferred tax assets (Note (6)(u))	136,998	1	158,747	1						
1930	Long-term notes and accounts receivable (Note (6)(d))	57,929	-	31,962	-		Equity attributable to owners of parent (Note (6)(v)):				
1975	Net defined benefit asset (Note (6)(t))	29,333	-	24,375	-	3100	Share capital	1,556,167	9	1,482,064	9
1980	Other non-current financial assets (Note (8))	220,905	2	179,369	1	3200	Capital surplus	3,287,576	18	3,276,440	20
1990	Other non-current assets, others	28,320	-	34,692	-	3300	Retained earnings	3,502,602	20	3,344,438	20
		7,388,095	41	6,954,089	42	3400	Other equity	266,664	1	97,490	1
							Total equity attributable to owners of parent	8,613,009	48	8,200,432	50
						36XX	Non-controlling interests (Notes (6)(i) and (v))	2,299,950	13	2,096,877	13
							Total equity	10,912,959	61	10,297,309	63
TOTAL ASSETS		\$ 18,079,925	100	16,482,506	100	TOTAL LIABILITIES AND EQUITY		\$ 18,079,925	100	16,482,506	100

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		For the Years Ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(x) and (7))	\$ 8,233,404	100	7,186,828	100
5000	Operating costs (Notes (6)(e) and (7))	6,563,688	80	5,672,791	79
	Gross profit from operations	1,669,716	20	1,514,037	21
5910	Less: Unrealized profit from sales	89,431	1	118,433	2
5920	Add: Realized profit from sales	95,283	1	117,508	2
		1,675,568	20	1,513,112	21
	Operating expenses:				
6100	Selling expenses (Note (7))	622,683	8	585,199	8
6200	Administrative expenses (Note (7))	350,904	4	308,085	4
6450	Expected credit loss (Note (6)(d))	(899)	-	13,216	-
		972,688	12	906,500	12
		702,880	8	606,612	9
	Net operating income				
	Non-operating income and expenses:				
7100	Interest income (Note (6)(z))	65,300	1	24,903	-
7010	Other income (Notes (6)(z) and (7))	19,215	-	25,325	-
7020	Other gains and losses (Notes (6)(z) and (7))	31,580	-	27,069	-
7050	Finance costs (Notes (6)(z) and (7))	(17,197)	-	(10,449)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(f))	342,302	4	290,240	4
		441,200	5	357,088	4
7900	Profit before tax	1,144,080	13	963,700	13
7950	Less: Tax expense (Note (6)(u))	221,230	2	178,399	2
	Profit	922,850	11	785,301	11
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	316	-	15,892	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	138,200	2	109,455	2
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	164,592	2	83,770	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,007)	-	18,573	-
	Total items that will not be reclassified subsequently to profit and loss	305,115	4	190,544	3
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	61,302	1	370,824	5
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(44,317)	(1)	(154,738)	(2)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	3,025	-	42,364	1
	Total items that will be reclassified subsequently to profit and loss	13,960	-	173,722	2
	Other comprehensive income, net	319,075	4	364,266	5
8500	Total comprehensive income	\$ 1,241,925	15	1,149,567	16
	Profit attributable to:				
8610	Owners of parent	\$ 746,605	9	667,453	9
8620	Non-controlling interests	176,245	2	117,848	2
		\$ 922,850	11	785,301	11
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 944,765	11	956,638	13
8720	Non-controlling interests	297,160	4	192,929	3
		\$ 1,241,925	15	1,149,567	16
	Earnings per share (Note (6)(w))				
9750	Basic earnings per share (NT dollars)	\$ 4.80		4.29	
9850	Diluted earnings per share (NT dollars)	\$ 4.78		4.27	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent					Total other equity interest				
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2022	\$ 1,411,490	3,276,107	836,393	114,080	2,242,419	(260,442)	118,342	7,738,389	2,007,323	9,745,712
Profit for the year	-	-	-	-	667,453	-	-	667,453	117,848	785,301
Other comprehensive income (loss) for the year	-	-	-	-	12,989	156,285	119,911	289,185	75,081	364,266
Total comprehensive income (loss) for the year	-	-	-	-	680,442	156,285	119,911	956,638	192,929	1,149,567
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	66,953	-	(66,953)	-	-	-	-	-
Special reserve appropriated	-	-	-	28,020	(28,020)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)	-	(494,021)
Stock dividends of ordinary share	70,574	-	-	-	(70,574)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	341	-	-	(1,228)	-	-	(887)	-	(887)
Changes in ownership interests in subsidiaries	-	(8)	-	-	321	-	-	313	-	313
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(103,375)	(103,375)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,606	-	(36,606)	-	-	-
Total increase (decrease) in equity	70,574	333	66,953	28,020	(623,869)	-	(36,606)	(494,595)	(103,375)	(597,970)
Balance as of December 31, 2022	1,482,064	3,276,440	903,346	142,100	2,298,992	(104,157)	201,647	8,200,432	2,096,877	10,297,309
Profit for the year	-	-	-	-	746,605	-	-	746,605	176,245	922,850
Other comprehensive income (loss) for the year	-	-	-	-	(90)	(18,044)	216,294	198,160	120,915	319,075
Total comprehensive income (loss) for the year	-	-	-	-	746,515	(18,044)	216,294	944,765	297,160	1,241,925
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	71,614	-	(71,614)	-	-	-	-	-
Special reserve appropriated	-	-	-	(142,100)	142,100	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(540,953)	-	-	(540,953)	-	(540,953)
Stock dividends of ordinary share	74,103	-	-	-	(74,103)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(798)	-	-	(2,353)	-	-	(3,151)	-	(3,151)
Changes in ownership interests in subsidiaries	-	11,934	-	-	(18)	-	-	11,916	-	11,916
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(94,087)	(94,087)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,076	-	(29,076)	-	-	-
Balance as of December 31, 2023	\$ 1,556,167	3,287,576	974,960	-	2,527,642	(122,201)	388,865	8,613,009	2,299,950	10,912,959

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,144,080	963,700
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	261,723	218,774
Amortization expense	3,953	3,664
Expected credit (gain) loss	(899)	13,216
Net loss on financial assets or liabilities at fair value through profit or loss	685	1,759
Interest expense	17,197	10,449
Interest income	(65,300)	(24,903)
Dividend income	(13,552)	(20,082)
Share of profit of associates and joint ventures accounted for using equity method	(342,302)	(290,240)
Gain on disposal of property, plan and equipment	(20,415)	(214)
Gain on disposal of other assets	-	(40)
Loss on disposal of control of subsidiaries	-	43
Impairment loss on non-financial assets	-	2,180
Unrealized profit from sales	89,431	118,433
Realized profit from sales	(95,283)	(117,508)
Others	(13)	(2,068)
Total adjustments to reconcile profit	(164,775)	(86,537)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(2,743)	(45,389)
Accounts receivable	(241,440)	(62,832)
Other receivables and notes	(542,241)	(436,495)
Inventories	(139,988)	(312,958)
Net defined benefit asset	(4,958)	(893)
Other current assets	(129,636)	29,791
Other operating assets	(25,967)	(14,693)
Total changes in operating assets	(1,086,973)	(843,469)
Changes in operating liabilities:		
Contract liabilities	74,225	105,717
Notes payable	1,394	5
Accounts payable	(27,924)	52,857
Other payables	248,708	493,741
Other current liabilities	4,504	36,913
Net defined benefit liability	(1,253)	1,334
Other operating liabilities	(750)	1,113
Total changes in operating liabilities	298,904	691,680
Total changes in operating assets and liabilities	(788,069)	(151,789)
Total adjustments	(952,844)	(238,326)
Cash inflow generated from operations	191,236	725,374
Interest received	67,470	21,063
Income taxes paid	(151,605)	(109,311)
Net cash flows from operating activities	107,101	637,126

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2023	2022
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	108,434	130,914
Acquisition of financial assets at amortized cost	(658,219)	(441,456)
Proceeds from disposal of financial assets at amortized cost	592,088	409,267
Proceeds from disposal of financial assets at fair value through profit or loss	(685)	-
Acquisition of investments accounted for using equity method	-	(839,876)
Net cash flow from acquisition of subsidiaries	(3,860)	-
Net cash flow from disposal of subsidiaries	-	2,755
Acquisition of property, plant and equipment	(126,371)	(171,596)
Proceeds from disposal of property, plant and equipment	36,461	2,603
Increase in refundable deposits	(41,394)	(11,016)
Decrease in refundable deposits	-	57,344
Acquisition of intangible assets	(16,266)	(909)
Proceeds from disposal of intangible assets	-	58
Acquisition of investment properties	-	(99,177)
Proceeds from disposal of investment property	-	2,525
(Increase) Decrease in other financial assets	(6,818)	1,031
Decrease in other non-current assets	5,939	4,775
Dividends received	216,436	262,753
Net cash flows (used in) from investing activities	105,745	(690,005)
Cash flows from financing activities:		
Increase in short-term borrowings	599,753	55,168
Increase in guarantee deposits received	56	972
Payment of lease liabilities	(97,702)	(82,581)
Cash dividends paid	(540,953)	(494,021)
Acquisition of ownership interests in subsidiaries	-	(11,294)
Disposal of ownership interests in subsidiaries (without losing control)	47,736	-
Interest paid	(17,900)	(10,066)
Change in non-controlling interests	(95,502)	(92,067)
Net cash flows used in financing activities	(104,512)	(633,889)
Effect of exchange rate changes on cash and cash equivalents	(543)	121,499
Net increase (decrease) in cash and cash equivalents	107,791	(565,269)
Cash and cash equivalents at beginning of period	2,506,995	3,072,264
Cash and cash equivalents at end of period	\$ 2,614,786	2,506,995

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Company History

Excelsior Medical Co., Ltd. (the Company) was incorporated on March 15, 1988 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan, R.O.C.. The Company and its subsidiaries (the Group) engaged primarily in the sale of medical supplies and equipment, medicines and home medical devices.

The Company's shares were traded on the Taipei Exchange (formerly the GreTai Securities Market) from June 8, 2001 to December 30, 2007 and have been traded on the Taiwan Stock Exchange since December 31, 2007.

(2) Financial Statements Authorization Date and Authorization Process

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to the IFRSs endorsed by FSC).

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the balance sheet:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

2. List of subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2023.12.31	2022.12.31	
The Company	Dynamic Medical Technologies Inc. (“Dynamic”)	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	38.51%	38.50%	Note 1 、 4
”	Excelsior Healthcare Co., Limited (Excelsior Healthcare)	Investment business	100.00%	100.00%	
”	Arich Enterprise Co., Ltd. (Arich)	Sale of medicines, and logistics service	40.00%	40.00%	Note 1
”	Excelsior Asset Management Co., Ltd. (“Excelsior Asset”)	Sales of medical equipment, precision instrument and real estate	100.00%	100.00%	
The Company and Excelsior Healthcare	Excelsior Medical (HK) Co., Limited (“Hong Kong Excelsior”)	Investment business	100.00%	100.00%	
Dynamic	Dynamic Medical Technologies (Hong Kong) Ltd. (“Hong Kong Dynamic”)	Sale of cosmetic health care products	100.00%	100.00%	
”	CYJ International Taiwan Inc. (CYJ Taiwan)	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	60.00%	10.00%	Note 2 、 5

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2023.12.31	2022.12.31	
The Company and Dynamic	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	94.91%	94.91%	
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sale and maintenance of medical equipment	100.00%	100.00%	
Excelsior Beauty	CYJ International Taiwan Inc. (CYJ Taiwan)	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	- %	80.00%	Note 5 、 6
Arich Enterprise Co., Ltd.	Arich Best Chain Co., Ltd.	Logistics business	100.00%	- %	Note 3
Excelsior Healthcare	EG Healthcare, Inc.	Sale and lease of medical equipment, and medical management consultancy service	99.99%	99.99%	
"	Excelsior Investment (Malaysia) Co., Ltd	Investment business	100.00%	100.00%	
Hong Kong Excelsior	SinoExcelsior Investment Inc. ("SinoExcelsior Investment")	Sale of medical equipment, and medical management consultancy service	100.00%	100.00%	
Excelsior Investment (Malaysia) Co., Ltd.	Renal Laboratories Sdn. Bhd.	Manufacture of medical equipment	81.90%	70.00%	Note 7
"	Medi-Chem Systems Sdn. Bhd.	Sale of medical equipment	70.00%	70.00%	
Medi-Chem Systems Sdn. Bhd.	Renal Management Sdn. Bhd.	Lease business	100.00%	100.00%	

Note 1: Although the Company holds less than 50% of the shares of Dynamic and Arich, these companies' other equity shares are highly separated. Therefore, the Company still maintains control over Dynamic and Arich, and these companies are included in the consolidated financial statements.

Note 2: Dynamic Medical Technologies Inc. acquired 10% equity of CYJ International Taiwan Inc. from CYJ INTERNATIONAL COMPANY LIMITED, the associate, on November, 2022.

Note 3: Arich Enterprise Co., Ltd. acquired 100% equity of Arich Best Chain Co., Ltd. on April 6, 2023, and it is included in the consolidated financial statements from that date.

Note 4: The Company bought the fractional shares of Dynamic in September, 2023, acquiring 0.01% equity in Dynamic.

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
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- Note 5: Dynamic Medical Technologies Inc. acquired 50% equity in CYJ International Taiwan Inc. from Excelsior Beauty Co. Ltd. in November 2023, the shareholding ratio after the acquisition is 60%. Therefore, the acquisition did not result in the loss of control over CYJ International Taiwan Inc. The above transaction was an organizational restructuring under common control, and the relevant transfer adopted the book value method.
- Note 6: In addition to note 5, the Company disposed 30% of the equity in CYJ International Taiwan Inc., in December 2023, and the counterparties include the Company's related parties.
- Note 7: Excelsior Investment (Malaysia) Co., Ltd. increase its capital in Renal Laboratories Sdn. Bhd. by cash and not in proportion to its shareholding on December 15, 2023. After the capital increase, Excelsior Investment (Malaysia) Co., Ltd. held a total of 81.9% of the equity in Renal Laboratories Sdn. Bhd.

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

(d) Foreign Currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of Current and Non-Current Assets and Liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

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12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower' s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group' s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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3. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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(j) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, Plant, and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalization of borrowing cost) less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5 years~55 years
2) Medical equipment	2 years~8 years
3) Other equipment	2 years~10 years
4) Leasehold improvements	2 years~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of storage room, machinery and parking space that have a lease of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of 'other income'.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible Assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------------|-----------------|
| 1) Computer software | 1 years~3 years |
| 2) Other intangible assets | 2 years~5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation for the sales of goods components under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Services

The Group provides maintenance and warranty services. Revenue from providing services is recognized in the accounting period in which the services are rendered. Under the IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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(q) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(r) Employee Benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

4. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

5. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(s) Earnings per Share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note (6)(d).

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	\$ 2,041,123	1,981,834
Time deposits	573,663	525,161
Cash and cash equivalents in consolidated statement of cash flows	\$ 2,614,786	2,506,995

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The Group interest risk and sensibility analysis of the financial assets and liabilities was disclosed in Note (6)(ab).

(b) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ -	71,716
Foreign listed shares	121,737	135,785
Domestic unlisted shares	141,832	134,044
Foreign unlisted shares	452,738	344,893
Total	<u>\$ 716,307</u>	<u>686,438</u>

1. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long term for strategic purposes.

The Group has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2023 and 2022. The shares sold had a fair value of \$108,434 thousand and \$132,823 thousand, respectively. The Group realized a gain of \$29,076 thousand and a loss of \$36,606 thousand, respectively, which was included in other comprehensive income (equity attributable to owners of parent), and thereafter, was transferred to retained earnings from other equity.

2. For credit risk and market risk, please refer to Note (6)(ab).

3. As of December 31, 2023 and 2022, the aforesaid financial assets were not pledged as collateral.

(c) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original maturity of more than 3 months	<u>\$ 768,167</u>	<u>704,439</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments have been classified as financial assets measured at amortized cost.

The market interest rates of the time deposits with original maturity of more than 3 months were 1.16%~5.42% and 0.76%~4.90% per annum as of December 31, 2023 and 2022, respectively.

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(d) Notes receivable, accounts receivable, lease payment receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 306,213	304,201
Other notes receivable	317,692	317,598
Accounts receivable	1,697,200	1,476,175
Receivable installments	2,265	22
Trade receivables - fair value through other comprehensive income	3,946	5,357
Lease payment receivable	74,322	37,612
Other receivables	3,543,882	3,014,742
Less: Loss allowance	(66,679)	(85,342)
Allowance for sales returns	(6,143)	(9,072)
Unrealized interests income	(91)	(160)
	<u><u>\$ 5,872,607</u></u>	<u><u>5,061,133</u></u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

Arich Enterprise Co., Ltd. (“Arich”) engages in medical logistics services, providing inventory management services, logistics services, customer service and domestic transportation planning services. Arich recognizes the medical logistics service revenue at a percentage of the net profit on its sale of medicines. The inventories for medical logistics services do not belong to Arich. The receivables from customers and the payables to medical companies are classified as other notes receivable, other trade receivables, other notes payable, and other trade payables.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 5,754,584	0.31%	(17,629)
1 to 90 days past due	130,177	3.58%	(4,662)
91 to 180 days past due	17,387	13.35%	(2,322)
181 to 365 days past due	3,914	22.64%	(886)
More than 365 days past due	41,902	98.28%	(41,180)
	<u><u>\$ 5,947,964</u></u>		<u><u>(66,679)</u></u>

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,975,580	0.39%	(19,411)
1 to 90 days past due	83,118	12.35%	(10,263)
91 to 180 days past due	8,304	31.77%	(2,638)
181 to 365 days past due	4,512	41.80%	(1,886)
More than 365 days past due	58,635	87.22%	(51,144)
	\$ 5,130,149		(85,342)

The Group's lease payment receivables were as follows:

	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
December 31, 2023			
Less than one year	\$ 21,415	(3,983)	17,432
Between one and five years	62,709	(5,819)	56,890
	\$ 84,124	(9,802)	74,322
December 31, 2022			
Less than one year	\$ 10,581	(2,079)	8,502
Between one and five years	32,482	(3,372)	29,110
	\$ 43,063	(5,451)	37,612

The Group entered into finance lease arrangements for certain vehicles and equipment. All leases were denominated in New Taiwan dollars. The average term of finance leases entered into was 5 years.

The lease payment receivables as of December 31, 2023 and 2022 were neither past due nor impaired.

The movement in the allowance for notes and trade receivable was as follows:

	For the Years Ended December 31,	
	2023	2022
Balance as of January 1	\$ 85,342	75,475
Impairment losses recognized	14,905	16,058
Impairment losses reversed	(15,804)	(2,842)
Amounts written off	(18,363)	(4,527)
Effect of movements in exchange rate	485	1,178
Generation from merger	114	-
Balance as of December 31	\$ 66,679	85,342

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As of December 31, 2023 and 2022, the receivables from installment sales were \$6,211 thousand and \$5,379 thousand, respectively, and the related unrealized interest income were \$91 thousand and \$160 thousand, respectively.

The Group signed the accounts receivable factoring agreements without recourse with financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Hotai Finance Co., Ltd.	\$ 3,500	-	3,500	-	4.27%	None

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 1,204,706	1,090,606
Inventory in-transit	42,724	70,482
Total	<u>\$ 1,247,430</u>	<u>1,161,088</u>

The details of cost of goods sold were as follows :

	For the Years Ended December 31, 2023	2022
Cost of goods sold	\$ 5,773,139	5,002,306
Losses (reversal) on inventory valuation and obsolescence	(8,463)	4,461
Loss on inventory scrapped	-	17,598
Labor cost	248,905	220,808
Repair and maintenance costs	127,349	80,118
Others operating costs	422,758	347,500
Total	<u>\$ 6,563,688</u>	<u>5,672,791</u>

Inventory valuation and obsolescence due to write-down of inventory to net realizable value or slow-moving inventory were recognized as cost of operations for the year ended December 31, 2022. The factor leading to the net realizable value of inventories is lower than the cost vanished, so that the reversal gain of inventories is recognized due to the increase in net realizable value for the year ended December 31, 2023.

As of December 31, 2023 and 2022, none of the combined company's inventories had been provided with pledge guarantees.

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(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associates	<u>\$ 3,979,463</u>	<u>3,669,575</u>

1. Associates

The Group acquired 49% equity of NephroCare Limited and Cardinal Medical Services Ltd. for paying \$643,777 thousands and \$127,326 thousands, respectively, on April 29, 2022; therefore, the Group have significant influence over these aforesaid companies.

Associates which are material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
Asia Best Healthcare	Long-term care and rehabilitation services	Cayman Islands	48.47%	49.38%
Asia Best Life Care Co., Ltd.	Long-term care and rehabilitation services	Taiwan	49.38%	Note

Note: Asia Best Healthcare Co., Limited with shares in its subsidiaries Asia Best Life Care Co., Ltd. was organizational reorganization on July 3, 2023. After the organizational reorganization, the company hold 49.38% equity of Asia Best Life Care Co., Ltd..

1) Asia Best Healthcare:

	December 31, 2023	December 31, 2022
Current assets	\$ 869,569	733,639
Non-current assets	2,100,370	4,173,337
Current liabilities	(134,394)	(151,462)
Non-Current liabilities	(1,575,735)	(1,754,375)
Net assets	<u>\$ 1,259,810</u>	<u>3,001,139</u>
Net assets attributable to the Group	<u>\$ 597,534</u>	<u>1,522,852</u>

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	For the Years Ended December 31,	
	2023	2022
Operating revenue	<u><u>\$ 88,735</u></u>	<u><u>176,750</u></u>
Profit	\$ 105,229	191,612
Other comprehensive income	(22,767)	(206,547)
Total comprehensive income	<u><u>\$ 82,462</u></u>	<u><u>(14,935)</u></u>
Dividends received	<u><u>\$ 16,502</u></u>	<u><u>30,223</u></u>

2) Asia Best Life Care Co., Ltd.:

	December 31,
	2023
Current assets	\$ 620,150
Non-current assets	1,713,493
Current liabilities	(112,827)
Non-Current liabilities	(393,994)
Net assets	<u><u>\$ 1,826,822</u></u>
Net assets attributable to the Group	<u><u>\$ 958,815</u></u>

	For the
	Years Ended
	December 31,
	2023
Operating revenue	<u><u>\$ 611,281</u></u>
Profit	\$ 85,405
Other comprehensive income	(62,183)
Total comprehensive income	<u><u>\$ 23,222</u></u>
Dividends received	<u><u>\$ 25,390</u></u>

The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	December 31,	December 31,
	2023	2022
Carrying amount of individually insignificant associates' equity	<u><u>\$ 2,423,114</u></u>	<u><u>2,146,723</u></u>

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	For the Years Ended December 31,	
	2023	2022
Attributable to the Group		
Profit	\$ 269,654	195,622
Other comprehensive income	104,234	27,157
	-	-
Total comprehensive income	\$ 373,888	222,779

None of the combined company's investments using the equity method is provided as a pledge.

(g) Acquisition of subsidiary

1. Acquisition of a subsidiary – Arich Best Chain Co., Ltd.

The Company obtained control of the company by acquiring 100% of the shares of Arich Best Chain Co., Ltd. on April 6, 2023.

The main categories of consideration transferred, assets acquired and liabilities assumed on the acquisition date and the amount of goodwill recognized are as follows:

- 1) The following table summarizes the acquisition date fair value of major class of consideration transferred:

Cash	\$ 31,080
------	------------------

2) Acquisition of identifiable asset and liabilities assumed.

The date of acquisition of identifiable asset and liabilities assumed is as follows:

Cash and cash equivalents	\$ 27,220
Accounts receivable	2,930
Other current assets	745
Property, plant and equipment	899
Other non current assets	532
Accounts payable	(864)
Other payables	(983)
Other current liabilities	(198)
The fair value of identifiable net assets	\$ 30,281

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 31,080
Less: fair value of identifiable net assets	(30,281)
Goodwill	\$ 799

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(h) Loss of control over subsidiaries

The Group sold to Bestchain Healthtaiwan Co., Ltd. its entire 99.67% equity to Bestsmile Co., Ltd. at the amount of \$6,634 thousand and loss of control over it on July 20, 2022. The loss on disposal of \$43 thousand was recognized as other gains and losses.

The details of assets and liabilities of aforesaid subsidiaries were as follows:

Cash and cash equivalents	\$ 3,879
Other non-current financial assets	770
Other current assets	2,230
Other payables	(180)
Former subsidiaries carrying amount of net assets	<u><u>\$ 6,699</u></u>

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
		December 31, 2023	December 31, 2022
Dynamic	Taiwan	61.49%	61.50%
Arich	Taiwan	60.00%	60.00%

The summarized financial information below represents amounts before intragroup eliminations were as follows:

1. Collective financial information of Dynamic and its subsidiaries:

	December 31, 2023	December 31, 2022
Current assets	\$ 2,092,959	1,735,980
Non-current assets	984,062	945,191
Current liabilities	(1,079,530)	(875,919)
Non-Current liabilities	(293,560)	(251,251)
Net assets	<u><u>\$ 1,703,931</u></u>	<u><u>1,554,001</u></u>
Non-controlling interests	<u><u>\$ 904,945</u></u>	<u><u>857,564</u></u>

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	For the Years Ended December 31,	
	2023	2022
Operating revenue	<u>\$ 1,593,502</u>	<u>1,291,692</u>
Net income	\$ 237,762	139,861
Other comprehensive loss	<u>34,075</u>	<u>77,477</u>
Total comprehensive income	<u>\$ 271,837</u>	<u>217,338</u>
Profit, attributable to non-controlling interests	<u>\$ 133,447</u>	<u>83,319</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 157,558</u>	<u>35,917</u>
Net cash flows from operating activities	\$ 360,946	276,929
Net cash flows from investing activities	(28,690)	(251,283)
Net cash flows from financing activities	(85,398)	(186,862)
Effect of exchange rate changes on cash and cash equivalents	<u>(1,046)</u>	<u>26,971</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 245,812</u>	<u>(134,245)</u>
Dividends paid to non-controlling interests	<u>\$ 58,546</u>	<u>69,695</u>

2. Collective financial information of Arich:

	December 31, 2023	December 31, 2022
Current assets	\$ 4,978,887	4,414,792
Non-current assets	644,117	528,313
Current liabilities	(3,569,524)	(3,027,668)
Non-Current liabilities	<u>(31,034)</u>	<u>(33,592)</u>
Net assets	<u>\$ 2,022,446</u>	<u>1,881,845</u>
Non-controlling interests	<u>\$ 1,239,600</u>	<u>1,129,084</u>

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	For the Years Ended December 31,	
	2023	2022
Operating revenue	<u>\$ 1,140,078</u>	<u>1,123,971</u>
Net income	\$ 76,532	62,617
Other comprehensive loss	112,542	38,527
Total comprehensive income	<u>\$ 189,074</u>	<u>101,144</u>
Profit, attributable to non-controlling interests	<u>\$ 45,919</u>	<u>37,570</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 113,445</u>	<u>60,686</u>
Net cash flows from operating activities	\$ (274,449)	139,226
Net cash flows from investing activities	(68,536)	48,759
Net cash flows from financing activities	206,399	(77,512)
Net increase (decrease) in cash and cash equivalents	<u>\$ (136,586)</u>	<u>110,473</u>
Dividends paid to non-controlling interests	<u>\$ 29,084</u>	<u>22,372</u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Medical equipment	Miscellaneous equipment	Leased Improvement	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:							
Balance as of January 1, 2023	\$ 144,184	258,157	504,455	410,581	1,771	31,576	1,350,724
Acquisition through business combination	-	-	-	9,739	-	-	9,739
Additions	-	1,596	16,761	35,012	1,172	71,830	126,371
Disposal and obsolescence	(3,421)	(26,899)	(32,287)	(16,834)	-	-	(79,441)
Transfer from inventories	-	-	44,681	18,919	-	-	63,600
Transfer to inventories	-	-	(27,646)	(285)	-	(4,644)	(32,575)
Reclassification and others	-	-	19,834	49,155	7,714	(74,215)	2,488
Effect of movements in exchange rates	(2,941)	(6,282)	(1,345)	(2,266)	-	-	(12,834)
Balance as of December 31, 2023	<u>\$ 137,822</u>	<u>226,572</u>	<u>524,453</u>	<u>504,021</u>	<u>10,657</u>	<u>24,547</u>	<u>1,428,072</u>
Balance as of January 1, 2022	\$ 140,671	250,725	484,947	326,186	-	5,051	1,207,580
Additions	-	934	31,556	56,180	-	82,926	171,596
Disposal and obsolescence	-	-	(56,729)	(45,530)	-	-	(102,259)
Transfer from inventories	-	-	49,832	26,782	-	-	76,614
Transfer to inventories	-	-	(18,236)	(13,211)	-	-	(31,447)
Reclassification and others	-	(1,771)	8,811	57,605	1,771	(56,401)	10,015
Effect of movements in exchange rates	3,513	8,269	4,274	2,569	-	-	18,625
Balance as of December 31, 2022	<u>\$ 144,184</u>	<u>258,157</u>	<u>504,455</u>	<u>410,581</u>	<u>1,771</u>	<u>31,576</u>	<u>1,350,724</u>

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	Land	Buildings	Medical equipment	Miscellaneous equipment	Leased Improvement	Equipment to be inspected and construction in progress	Total
Depreciation and impairment losses:							
Balance as of January 1, 2023	\$ 4,000	82,678	264,209	239,168	359	-	590,414
Acquisition through business combination	-	-	-	8,840	-	-	8,840
Depreciation for the period	-	4,291	75,770	73,083	943	-	154,087
Disposal and obsolescence	-	(14,342)	(32,257)	(16,796)	-	-	(63,395)
Transfer to inventories	-	-	(22,809)	(285)	-	-	(23,094)
Reclassification and others	-	-	(4,878)	(1,418)	-	-	(6,296)
Effect of movements in exchange rates	-	(1,675)	(1,257)	(2,164)	-	-	(5,096)
Balance as of December 31, 2023	<u>\$ 4,000</u>	<u>70,952</u>	<u>278,778</u>	<u>300,428</u>	<u>1,302</u>	<u>-</u>	<u>655,460</u>
Balance as of January 1, 2022	\$ 4,000	76,192	251,462	239,438	-	-	571,092
Depreciation for the period	-	4,732	74,363	46,927	247	-	126,269
Impairment loss recognized	-	-	-	2,180	-	-	2,180
Disposal and obsolescence	-	-	(55,177)	(44,693)	-	-	(99,870)
Transfer to inventories	-	-	(9,946)	(7,000)	-	-	(16,946)
Reclassification and others	-	(112)	-	-	112	-	-
Effect of movements in exchange rates	-	1,866	3,507	2,316	-	-	7,689
Balance as of December 31, 2022	<u>\$ 4,000</u>	<u>82,678</u>	<u>264,209</u>	<u>239,168</u>	<u>359</u>	<u>-</u>	<u>590,414</u>
Carrying amount:							
Balance as of December 31, 2023	<u>\$ 133,822</u>	<u>155,620</u>	<u>245,675</u>	<u>203,593</u>	<u>9,355</u>	<u>24,547</u>	<u>772,612</u>
Balance as of January 1, 2022	<u>\$ 136,671</u>	<u>174,533</u>	<u>233,485</u>	<u>86,748</u>	<u>-</u>	<u>5,051</u>	<u>636,488</u>
Balance as of December 31, 2022	<u>\$ 140,184</u>	<u>175,479</u>	<u>240,246</u>	<u>171,413</u>	<u>1,412</u>	<u>31,576</u>	<u>760,310</u>

As of December 31, 2023 and 2022 the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to note(8).

(k) Right-of-use assets

The Group leases many assets including buildings, machinery and other equipment. Information about leases for which the Group as a lessee was presented below:

	Buildings	Machinery and equipment	Total
Cost:			
Balance as of January 1, 2023	\$ 390,768	2,145	392,913
Additions	127,827	5,873	133,700
Write-off	(50,609)	(2,145)	(52,754)
Effect of movements in exchange rates	397	-	397
Balance as of December 31, 2023	<u>\$ 468,383</u>	<u>5,873</u>	<u>474,256</u>

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	Buildings	Machinery and equipment	Total
Balance as of January 1, 2022	\$ 468,859	324	469,183
Additions	173,560	2,145	175,705
Write-off	(252,478)	(324)	(252,802)
Reclassification	160	-	160
Effect of movements in exchange rates	667	-	667
Balance as of December 31, 2022	<u>\$ 390,768</u>	<u>2,145</u>	<u>392,913</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2023	\$ 124,916	536	125,452
Depreciation for the year	98,832	1,594	100,426
Write-off	(49,855)	(625)	(50,480)
Effect of movements in exchange rates	164	-	164
Balance as of December 31, 2023	<u>\$ 174,057</u>	<u>1,505</u>	<u>175,562</u>
Balance as of January 1, 2022	\$ 191,231	279	191,510
Depreciation for the year	85,182	581	85,763
Write-off	(152,060)	(324)	(152,384)
Reclassification	160	-	160
Effect of movements in exchange rates	403	-	403
Balance as of December 31, 2022	<u>\$ 124,916</u>	<u>536</u>	<u>125,452</u>
Carrying amount:			
Balance as of December 31, 2023	<u>\$ 294,326</u>	<u>4,368</u>	<u>298,694</u>
Balance as of January 1, 2022	<u>\$ 277,628</u>	<u>45</u>	<u>277,673</u>
Balance as of December 31, 2022	<u>\$ 265,852</u>	<u>1,609</u>	<u>267,461</u>

The Group added and modified parts of the lease contracts, resulting in an increase in right-of-use assets of \$133,700 thousand and \$175,705 thousand for the years ended December 31, 2023 and 2022, respectively.

The Group terminated and modified parts of the lease contracts, resulting in a decrease in right-of-use assets of \$2,274 thousand and \$100,418 thousand for the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, the Group leases storage room, machinery and parking space under operating lease, please refer to Note (6)(s).

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(I) Investment property

Investment properties are the assets hold by the Group. The period of rental investment properties that cannot be terminated originally is 15 years.

	Owned property		Total
	Land	Buildings	
Cost or deemed cost:			
Balance as of January 1, 2023	\$ 920,080	215,947	1,136,027
Balance as of December 31, 2023	<u>\$ 920,080</u>	<u>215,947</u>	<u>1,136,027</u>
Balance as of January 1, 2022	\$ 843,750	195,625	1,039,375
Addition	76,330	22,847	99,177
Reclassification	-	(2,525)	(2,525)
Balance as of December 31, 2022	<u>\$ 920,080</u>	<u>215,947</u>	<u>1,136,027</u>
Depreciation and impairment losses:			
Balance as of January 1, 2023	\$ -	27,015	27,015
Depreciation for the year	-	7,210	7,210
Balance as of December 31, 2023	<u>\$ -</u>	<u>34,225</u>	<u>34,225</u>
Balance as of January 1, 2022	\$ -	20,273	20,273
Depreciation for the year	-	6,742	6,742
Balance as of December 31, 2022	<u>\$ -</u>	<u>27,015</u>	<u>27,015</u>
Balance as of December 31, 2023	<u>\$ 920,080</u>	<u>181,722</u>	<u>1,101,802</u>
Balance as of January 1, 2022	<u>\$ 843,750</u>	<u>175,352</u>	<u>1,019,102</u>
Balance as of December 31, 2022	<u>\$ 920,080</u>	<u>188,932</u>	<u>1,109,012</u>
Fair Value:			
Balance as of December 31, 2023			<u>\$ 1,288,199</u>
Balance as of December 31, 2022			<u>\$ 1,206,380</u>

The fair value of investment properties was based on a valuation by a qualified independent appraiser. Fair value was measured using comparison approach, income approach and cost approach.

As of December 31, 2023 and 2022, the investment property of the Group had been pledged as collateral for bank borrowings, please refer to Note (8).

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(m) Intangible assets

The costs, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

	<u>Goodwill</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 56,278	12,907	21,442	90,627
Additions	-	6,028	10,238	16,266
Acquisition through business combinations	799	675	-	1,474
Disposals	-	(713)	-	(713)
Effect of movements in exchange rates	(773)	30	-	(743)
Balance as of December 31, 2023	<u><u>\$ 56,304</u></u>	<u><u>18,927</u></u>	<u><u>31,680</u></u>	<u><u>106,911</u></u>
Balance as of January 1, 2022	\$ 55,543	13,703	80,703	149,949
Additions	-	909	-	909
Disposals	-	(1,735)	(59,261)	(60,996)
Effect of movements in exchange rates	735	30	-	765
Balance as of December 31, 2022	<u><u>\$ 56,278</u></u>	<u><u>12,907</u></u>	<u><u>21,442</u></u>	<u><u>90,627</u></u>
Amortization and impairment loss:				
Balance as of January 1, 2023	\$ 28,523	11,040	19,442	59,005
Amortization	-	2,040	1,197	3,237
Disposals	-	(713)	-	(713)
Acquisition through business combinations	-	675	-	675
Effect of movements in exchange rates	(464)	20	-	(444)
Balance as of December 31, 2023	<u><u>\$ 28,059</u></u>	<u><u>13,062</u></u>	<u><u>20,639</u></u>	<u><u>61,760</u></u>
Balance as of January 1, 2022	\$ 28,156	10,855	77,934	116,945
Amortization	-	1,838	769	2,607
Disposals	-	(1,677)	(59,261)	(60,938)
Effect of movements in exchange rates	367	24	-	391
Balance as of December 31, 2022	<u><u>\$ 28,523</u></u>	<u><u>11,040</u></u>	<u><u>19,442</u></u>	<u><u>59,005</u></u>
Book value:				
Balance as of December 31, 2023	<u><u>\$ 28,245</u></u>	<u><u>5,865</u></u>	<u><u>11,041</u></u>	<u><u>45,151</u></u>
Balance as of January 1, 2022	<u><u>\$ 27,387</u></u>	<u><u>2,848</u></u>	<u><u>2,769</u></u>	<u><u>33,004</u></u>
Balance as of December 31, 2022	<u><u>\$ 27,755</u></u>	<u><u>1,867</u></u>	<u><u>2,000</u></u>	<u><u>31,622</u></u>

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1. Amortization

The amortization of intangible assets is included in the following statement of comprehensive income items:

	For the Years Ended December 31,	
	2023	2022
Operating costs	\$ 1,732	1,450
Operating expenses	1,505	1,157
Total	<u>\$ 3,237</u>	<u>2,607</u>

(n) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	\$ 535,000	300,000
Unsecured bank loans	599,887	235,134
Total	<u>\$ 1,134,887</u>	<u>535,134</u>
Unused short-term credit lines	<u>\$ 3,547,394</u>	<u>1,650,993</u>
Range of interest rates	<u>1.74%~7.00%</u>	<u>1.60%~6.00%</u>

Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(ab).

(o) Other payables

	December 31, 2023	December 31, 2022
Logistics services payable	\$ 2,961,439	2,738,923
Others	503,449	476,152
	<u>\$ 3,464,888</u>	<u>3,215,075</u>

(p) Refund liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	<u>\$ 2,535</u>	<u>24,016</u>

For the medicine selling contract, the Group reduces its revenue by the amount of sales discounts and expected returns, and records it as refund liabilities.

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(q) Provisions

	December 31, 2023	December 31, 2022
Warranties	<u>\$ 14,922</u>	<u>13,886</u>
		Warranties
Balance as of January 1, 2023		\$ 13,886
Additions		14,166
Provisions reversed or used		<u>(13,130)</u>
Balance as of December 31, 2023		<u>\$ 14,922</u>
Balance as of January 1, 2022		\$ 11,022
Additions		15,149
Provisions reversed or used		<u>(12,285)</u>
Balance as of December 31, 2022		<u>\$ 13,886</u>
Warranties		

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

(r) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 69,966</u>	<u>90,864</u>
Non-current	<u>\$ 236,829</u>	<u>182,052</u>

For the maturities analysis, please refer to Note (6)(ab).

The Group added and modified parts of the lease contract, resulting in an increase in lease liabilities of \$133,700 thousand and \$175,408 thousand for the years ended December 31, 2023 and 2022, respectively.

The Group terminated and modified parts of the contract, resulting in a decrease in lease liabilities of \$2,114 thousand and \$101,791 thousand for the years ended December 31, 2023 and 2022, respectively.

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The amounts recognized in profit or loss were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest on lease liabilities	<u>\$ 2,877</u>	<u>2,754</u>
Income from sub-leasing right-of-use assets	<u>\$ 21,199</u>	<u>69</u>
Expenses relating to short-term leases	<u>\$ 11,151</u>	<u>9,900</u>
COVID-19-related rent concessions	<u>\$ -</u>	<u>398</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Years Ended December 31,	
	2023	2022
Total cash outflow for leases	<u>\$ 111,730</u>	<u>95,235</u>

1. Buildings leases

As of December 31, 2023, the Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group sub-leases some of its right-of-use assets under operating leases; please refer to Note (6)(s).

2. Other leases

The Group leases machinery and other equipment, with lease terms of 2 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases storage room, machinery and parking space with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Operating leases

Operating leases relate to leases and subleases of housing and leases of equipments with lease terms between 1 to 10 years. The leasees does not have bargain purchase options to acquire the leased housing and equipments at the expiration of the lease periods.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Within 1 year	<u>\$ 44,309</u>	<u>26,180</u>
1 to 5 years	<u>63,640</u>	<u>44,363</u>
More than 5 years	<u>9,654</u>	<u>14,482</u>
	<u>\$ 117,603</u>	<u>85,025</u>

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(t) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 95,315	95,148
Fair value of plan assets	(115,768)	(110,145)
Net defined benefit liabilities (assets)	<u>\$ (20,453)</u>	<u>(14,997)</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$115,768 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	For the Years Ended December 31, 2023	2022
Defined benefit obligations as of January 1	\$ 95,148	101,452
Prior service costs and profit or loss of settle	-	(1,109)
Current service costs and interest	3,636	4,249
Remeasurements on the net defined benefit obligation		
— Actuarial gains and losses arising from experience adjustments	(237)	(2,846)
— Actuarial gains and losses arising from changes in financial assumptions	733	(5,411)
Exchange differences on foreign plans	4	15
Benefit paid	(3,969)	(1,202)
Defined benefit obligations as of December 31	<u>\$ 95,315</u>	<u>95,148</u>

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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the Years Ended December 31,	
	2023	2022
Fair value of plan assets as of January 1	\$ 110,145	100,999
Prior service costs	-	(110)
Interest income	1,553	763
Remeasurement on the net defined benefit obligation		
— Return on plan assets (excluding current interest)	812	7,635
Contribution paid by the employer	3,257	2,062
Exchange differences on foreign plans	1	(2)
Benefits paid	-	(1,202)
Fair value of plan assets as of December 31	\$ 115,768	110,145

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the Years Ended December 31,	
	2023	2022
Current service costs	\$ 2,307	3,488
Net interest of net liabilities for defined benefit obligations	(224)	(2)
	\$ 2,083	3,486
Operating costs and expenses	\$ 2,083	3,486

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.300%-6.120%	1.400%~7.220%
Future salary increasing rate	2.125%-3.750%	2.125%~3.750%

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The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$1,289 thousand.

The weighted average lifetime of the defined benefits plans is 8~12 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligations	
	Increased 0.25% and EG Healthcare Increased 1.00%	Decreased 0.25% and EG Healthcare Decreased 1.00%
December 31, 2023		
Discount rate	\$ (1,873)	1,929
Future salary increasing rate	1,852	(1,807)
December 31, 2022		
Discount rate	\$ (1,933)	2,009
Future salary increasing rate	1,923	(1,897)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$28,071 thousand and \$24,334 thousand for the years ended December 31, 2023 and 2022, respectively.

The foreign Company's pension costs under the local laws were \$2,691 thousand and \$2,303 thousand for the years ended December 31, 2023 and 2022, respectively.

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(u) Income taxes

1. Income tax expense

The components of income tax in the years 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 202,253	142,200
Adjustment for prior periods	(3,461)	2,877
	<u>198,792</u>	<u>145,077</u>
Deferred tax expense		
Origination and reversal of temporary differences	22,055	38,627
Adjustment for prior periods	82	(5,344)
Change in unrecognized deductible temporary differences	301	39
	<u>22,438</u>	<u>33,322</u>
Income tax expense from continuing operations	<u>\$ 221,230</u>	<u>178,399</u>

No income tax was recognized directly in equity for 2023; and the amount of income tax recognized directly in equity for 2022 was as follows:

	For the Years Ended December 31,	
	2023	2022
Gain on disposal of foreign listed shares	<u>\$ -</u>	<u>6,272</u>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (803)	(2,996)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	2,810	(15,577)
	<u>\$ 2,007</u>	<u>(18,573)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ (3,025)</u>	<u>(42,364)</u>

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Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Profit before income tax	\$ 1,144,080	963,700
Income tax using the Group's domestic tax rate	\$ 274,679	210,195
Permanent differences	(59,385)	(37,045)
Tax-exempt income	(822)	(669)
Unrecognized deductible temporary differences	9,264	2,508
Unrecognized unused loss carryforwards	(9,160)	3,400
Adjustments for prior periods-current tax expense	(3,461)	2,877
Adjustments for prior periods-deferred tax expense	82	(5,334)
Other	858	1,244
Undistributed earnings additional tax	9,175	1,223
Income tax expense	\$ 221,230	178,399

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31,	December 31,
	2023	2022
Tax effect of deductible temporary differences	\$ 17,405	9,352
Tax losses	57,191	72,177
	\$ 74,596	81,529

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forwards	Others	Total
Deferred tax assets:						
Balance as of January 1, 2023	\$ 11,164	26,246	3,891	16,792	100,654	158,747
Recognized in profit or loss	6,083	(1,653)	(2,242)	(14,920)	(5,358)	(18,090)
Recognized in other comprehensive income	-	-	-	-	(4,098)	(4,098)
Acquisition through business combination	-	-	-	-	249	249
Effect of movements in exchange rates	-	2	-	-	188	190
Balance as of December 31, 2023	\$ 17,247	24,595	1,649	1,872	91,635	136,998

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	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forw ards	Others	Total
Balance as of January 1, 2022	\$ 10,327	23,567	5,539	32,493	130,487	202,413
Recognized in profit or loss	837	2,617	(1,648)	(15,701)	12,014	(1,881)
Recognized in other comprehensive income	-	-	-	-	(41,542)	(41,542)
Effect of movements in exchange rates	-	62	-	-	(305)	(243)
Balance as of December 31, 2022	<u>\$ 11,164</u>	<u>26,246</u>	<u>3,891</u>	<u>16,792</u>	<u>100,654</u>	<u>158,747</u>
Deferred tax liabilities:						
Balance as of January 1, 2023	\$ -	-	208,530	-	25,274	233,804
Recognized in profit or loss	-	-	4,424	-	(76)	4,348
Recognized in other comprehensive income	-	-	-	-	(3,080)	(3,080)
Balance as of December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>212,954</u>	<u>-</u>	<u>22,118</u>	<u>235,072</u>
Balance as of January 1, 2022	\$ -	-	172,417	-	4,278	176,695
Recognized in profit or loss	-	-	36,113	-	(4,672)	31,441
Recognized in other comprehensive income	-	-	-	-	19,395	19,395
Recognized directly in equity	-	-	-	-	6,272	6,272
Balance as of December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>208,530</u>	<u>-</u>	<u>25,273</u>	<u>233,803</u>

3.As of December 31, 2023, the Group' s unused prior-years loss carryforwards and the expiry years of the loss carryforwards were as follows:

Year of loss	Unused tax loss	Year of expiry
2018	\$ 36,191	2025
2019	162,788	2024~2029
2020	14,136	2025~2030
2022	20,214	2029~2032
2023	385	2030~2033
	<u>\$ 233,714</u>	

4.Assessment of tax

The Company' s income tax returns for the years through 2021 were assessed by the Tax Administration.

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(v) Capital and other equity

1.Share capital

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	<u>\$ 200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>155,617</u>	<u>148,206</u>
Shares issued	<u>\$ 1,556,167</u>	<u>1,482,064</u>

The Company issued 7,410 and 7,057 thousand common shares amounting to \$74,103 and \$70,574 thousand, with the date of capital increase set on September 3, 2023 and September 5, 2022, based on the resolution decided during the shareholder' s meeting held on June 21, 2023 and June 21, 2022, and the approval of the Financial Supervisory Commission, R.O.C. on July 25, 2023 and August 4, 2022. All relevant statutory registration procedures had been completed as of the reporting date.

A total of 10,000 thousand shares of the Company' s authorized shares are reserved for the issuance of employee share options, convertible bonds with warrants and preferred shares with warrants.

2.Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,822,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	250,872	238,938
Changes in equity of associates and joint ventures accounted for using equity method	-	798
Others	43,860	43,860
	<u>\$ 3,287,576</u>	<u>3,276,440</u>

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3. Retained earnings

The Company's article of incorporation stipulates that Company's profit after tax should first be used to offset the prior years' deficits, including adjustment of unappropriated retained earnings. Of the remaining balance, 10% is to be appropriated as legal reserve, then the special surplus reserve shall be distributed or reversed according to the Laws acts and regulations approved by the Competent authority. The remainder, together with any undistributed retained earnings, including amount of adjusted retained earnings, shall be distributed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of dividends, bonus, legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

The Company's Articles also stipulate a dividend policy which is as follows: According to the present and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the benefit of shareholders, the Company should distribute dividends and bonuses to shareholders at no less than 20% of the remaining profit (which is the current net profit less losses of previous years, less the adjustment to retained earnings, and less the appropriation of earnings to the legal reserve). Dividends could be distributed in cash or shares, where cash dividends should not be less than 20% of the total dividends distributed.

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 16, 2023 and March 11, 2022, respectively. The amounts of stock dividends on the 2022 and 2021 earnings distribution had been approved during the shareholders' meeting on June 21, 2023 and June 21, 2022, respectively, as follows:

	2022		2021	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.65	540,953\$	3.50	494,021
Share	0.50	74,103	0.50	70,574
Total		\$ 615,056		564,595

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The amount of cash dividends on the appropriations of earnings for 2023, and the amount of shares dividends of appropriation of earnings for 2023, had been approved and proposed, respectively during the Board meeting on March 8, 2024, as follows:

	2023	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 3.80	591,344
Share	0.50	77,808
Total		669,152

4. Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ (104,157)	201,647	97,490
Exchange differences on translation of foreign financial statement	26,273	-	26,273
Exchange differences on associates accounted for using equity method	(44,317)	-	(44,317)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	34,432	34,432
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	181,862	181,862
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(29,076)	(29,076)
Balance as of December 31, 2023	\$ (122,201)	388,865	266,664
Balance as of January 1, 2022	\$ (260,442)	118,342	(142,100)
Exchange differences on translation of foreign financial statement	311,023	-	311,023
Exchange differences on associates accounted for using equity method	(154,738)	-	(154,738)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	38,806	38,806
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	81,105	81,105
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(36,606)	(36,606)
Balance as of December 31, 2022	\$ (104,157)	201,647	97,490

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5. Non-controlling interests after tax

	For the Years Ended December 31,	
	2023	2022
Balance, beginning of year	\$ 2,096,877	2,007,323
Shares attributed to non-controlling interests		
Net income	176,245	117,848
Exchange differences on translation of foreign financial statements	32,004	17,438
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	89,090	55,072
Gains or losses on remeasurements of defined benefit plans	(179)	2,571
Proceeds from capital reduction of subsidiaries returned to non-controlling interests	(7,872)	-
Cash dividends of subsidiaries distributed to non-controlling interests	(87,630)	(92,067)
Changes in ownership interests in subsidiaries	1,471	-
Acquired the non-controlling interests from the acquisition of subsidiaries	-	(11,286)
Loss on non-controlling interests from the disposal of subsidiaries	(56)	(22)
Balance, end of year	<u><u>\$ 2,299,950</u></u>	<u><u>2,096,877</u></u>

(w) Earnings per share

For the years ended December 31, 2023 and 2022, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 746,605</u></u>	<u><u>667,453</u></u>
Weighted average number of ordinary shares (basic)(retroactive adjustments)	<u><u>155,617</u></u>	<u><u>155,617</u></u>

2. Diluted earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 746,605</u></u>	<u><u>667,453</u></u>
Weighted average number of ordinary shares (basic)(retroactive adjustments)	155,617	155,617
Effect of employee stock compensation	645	752
Weighted average number of ordinary shares (diluted)(retroactive adjustments)	<u><u>156,262</u></u>	<u><u>156,369</u></u>

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(x) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31,	
	2023	2022
Primary geographical markets:		
Taiwan	\$ 7,890,280	6,943,718
Hong Kong	41,765	16,044
Philippines	186,497	135,453
Malaysia	61,337	51,417
Indonesia	53,525	40,196
	\$ 8,233,404	7,186,828
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 4,780,195	4,196,269
Medicines	826,972	767,924
Aesthetic medical equipment and Supplies	1,200,910	993,186
Household appliances	184,858	202,742
Other	92,503	69,724
Repair and maintenance revenue	532,305	437,491
Other operating revenue	615,661	519,492
	\$ 8,233,404	7,186,828

2. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables	\$ 5,939,286	5,146,475	4,567,791
Less: allowance for impairment	(66,679)	(85,342)	(75,475)
Total	\$ 5,872,607	5,061,133	4,492,316
Contract liabilities	\$ 559,166	484,941	379,224

For details on trade receivables and allowance for impairment, please refer to note (6)(d).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$270,440 thousand and \$239,822 thousand, respectively.

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(y) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The amount of compensation for employees may be paid by shares or cash, and the recipients may include the employees of the Company's affiliated companies. The amount of remuneration to directors may only be paid in cash. Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

For the years ended December 31, 2023 and 2022, the Company estimated its employee compensation amounting to \$47,244 thousand and \$45,529 thousand, and directors' remuneration amounting to \$23,622 thousand and \$21,264 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

(z) Non-operating income and expenses

1. Interest Income

The details of other income were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 61,171	21,901
Interest income from lease payment receivable	3,915	2,238
Other interest income	214	764
	\$ 65,300	24,903

2. Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2023	2022
Dividend income	\$ 13,552	20,083
Other income	5,663	5,242
	\$ 19,215	25,325

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3. Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest expenses		
Bank borrowings	\$ 14,319	5,927
Others	2,878	4,522
	\$ 17,197	10,449

4. Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2023	2022
(Losses) gains on disposal of property, plant, and equipment	\$ 20,415	157
Foreign exchange (losses) gains	(1,620)	7,778
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(685)	(1,759)
Others	13,470	20,893
	\$ 31,580	27,069

(aa) Reclassification adjustments of components of other comprehensive income

The details of reclassification of other comprehensive income were as follows:

	For the Years Ended December 31,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 167,276	146,061
Net changes of fair value reclassified to retained earnings	(29,076)	(36,606)
Net gains or losses recognized in other comprehensive income	\$ 138,200	109,455

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(ab) Financial instruments

1. Credit risks

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risks of receivables, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2023 and 2022, 45% and 43%, respectively, of notes receivable and accounts receivable were two customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
<u>December 31, 2023</u>								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 1,134,887	1,134,887	344,537	690,350	-	100,000	-	-
Payables	4,439,614	4,439,614	788,870	3,514,634	61,337	74,763	-	10
Lease liabilities	306,795	306,795	6,270	11,605	17,568	34,523	59,252	177,577
Deposits received	4,185	4,185	-	-	-	-	-	4,185
	\$ 5,885,481	5,885,481	1,139,677	4,216,589	78,905	209,286	59,252	181,772
<u>December 31, 2022</u>								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 535,134	535,134	9,784	525,350	-	-	-	-
Payables	4,215,467	4,215,467	813,153	3,269,839	73,513	58,952	-	10
Lease liabilities	272,916	272,916	7,808	15,386	23,161	44,509	49,866	132,186
Deposits received	4,129	4,129	-	-	-	-	-	4,129
	\$ 5,027,646	5,027,646	830,745	3,810,575	96,674	103,461	49,866	136,325

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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3. Market risks

1) Currency risks

The Group's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

			December 31, 2023	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.705	USD	\$ 6,884	211,370
TWD	0.217	JPY	165,137	35,868
TWD	33.980	EUR	732	24,877
HKD	7.815	USD	9,221	283,126
<u>Non-Monetary items</u>				
TWD	0.024	KRW	4,743,750	113,423
USD	0.033	TWD	743,644	743,644
USD	0.141	CNY	31,469	136,245
USD	0.128	HKD	290,295	1,140,927
USD	0.209	MYR	47,801	306,461
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.217	JPY	337,035	73,204
TWD	30.705	USD	958	29,414

			December 31, 2022	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.710	USD	\$ 6,748	207,241
TWD	0.232	JPY	218,030	50,670
TWD	32.720	EUR	660	21,591
HKD	7.798	USD	8,907	273,521

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			December 31, 2022	
<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Non-Monetary items</u>				
TWD	0.025	KRW	4,729,950	116,215
USD	0.033	TWD	112,176	112,176
USD	0.144	CNY	31,132	137,195
USD	0.128	HKD	281,381	1,107,804
USD	0.218	MYR	29,002	194,254
USD	0.018	PHP	139,537	75,847
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.232	JPY	386,569	89,839
TWD	30.710	USD	1,750	53,741
TWD	32.720	EUR	1,894	61,972
PHP	56.421	USD	667	20,484

Since the Group has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains or losses amounted to losses of \$1,620 thousand and gains of \$7,778 thousand, respectively.

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2023 and 2022 would have increased or decreased the net profit after tax by \$3,480 thousand and \$2,670 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

The Group's financial assets and financial liabilities with interest rate exposure risk were noted in the liquidity risk section.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

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If the interest rate increases or decreases by 1%, assuming that all other variables remain constant, the Group's profit will decrease or increase by \$12,360 thousand and \$10,966 thousand for the years ended December 31, 2023 and 2022, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Group.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$7,163 thousand and \$6,864 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through other comprehensive income.

4. Fair value information

1) The categories and fair values of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

December 31, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Foreign listed shares	\$ 121,737	121,737	-	-	121,737
Domestic unlisted shares	141,832	-	-	141,832	141,832
Foreign unlisted shares	452,738	-	-	452,738	452,738
Sub-total	716,307	121,737	-	594,570	716,307
Financial assets at amortized cost					
Cash and cash equivalents	2,614,786	-	-	-	-
Time deposits with original maturity of more than 3 months	768,167	-	-	-	-
Receivables	5,872,607	-	-	-	-
Guarantee deposit paid	183,405	-	-	-	-
Other financial assets	60,615	-	-	-	-
Sub-total	9,499,580	-	-	-	-
Total	\$ 10,215,887	121,737	-	594,570	716,307

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December 31, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,134,887	-	-	-	-
Payables	4,439,614	-	-	-	-
Deposits received	4,185	-	-	-	-
Lease liabilities	306,795	-	-	-	-
Total	<u>\$ 5,885,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed shares	\$ 71,716	71,716	-	-	71,716
Foreign listed shares	135,785	135,785	-	-	135,785
Domestic unlisted shares	134,044	-	-	134,044	134,044
Foreign unlisted shares	344,893	-	-	344,893	344,893
Sub-total	686,438	207,501	-	478,937	686,438
Financial assets at amortized cost					
Cash and cash equivalents	2,506,995	-	-	-	-
Time deposits with original maturity of more than 3 months	704,439	-	-	-	-
Receivables	5,061,133	-	-	-	-
Guarantee deposit paid	141,869	-	-	-	-
Other financial assets	54,679	-	-	-	-
Sub-total	8,469,115	-	-	-	-
Total	<u>\$ 9,155,553</u>	<u>207,501</u>	<u>-</u>	<u>478,937</u>	<u>686,438</u>

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		December 31, 2022				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial liabilities at amortized cost						
Short-term borrowings	\$	535,134	-	-	-	-
Payables		4,215,467	-	-	-	-
Deposits received		4,129	-	-	-	-
Lease liabilities		272,916	-	-	-	-
Total	\$	5,027,646	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimated fair values.

3) Valuation techniques for financial instruments measured at fair value

The Group considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock.

For the Group's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Equity instrument that has no quoted price: The method of comparable Listed Company approach is used to estimate the fair value. The main assumption for the method is to determine the fair value by using the transaction price paid for an identical or a similar instrument of an investee.

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B. Derivative financial instruments

Derivative financial instruments are measured by using the common valuation models such as discounted cash flow model and Black-Scholes model.

4) Changes in level 3 of the fair value

	Fair value through other comprehensive income <u>unquoted equity instruments</u>
Balance as of January 1, 2023	\$ 478,937
Total gains and losses recognized	
In other comprehensive income	115,543
Reclassification and effect of movements in exchange rates	<u>90</u>
Balance as of December 31, 2023	<u>\$ 594,570</u>
Balance as of January 1, 2022	\$ 458,779
Total gains and losses recognized	
In other comprehensive income	32,961
Disposal	(13,684)
Reclassification and effect of movements in exchange rates	<u>881</u>
Balance as of December 31, 2022	<u>\$ 478,937</u>

For the years ended December 31, 2023 and 2022, total gains and losses included in “other gains and losses”, and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 115,543	40,345

5) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets at fair value through other comprehensive income—equity investments without active market”.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments investments without an active market	Comparable Listed Companies Method	EV/Revenue Value Multiple (2.10~2.38 and 3.13 on December 31, 2023 and 2022) • P/B Value Multiple (1.83~3.23 and 0.98~3.54 on December 31, 2023 and 2022) • P/E Value Multiple (24.95 on December 31, 2023) • Discount due to Lack of Market liquidity (13.37%~30.00% and 16.40%~30.00% on December 31, 2023 and 2022)	• The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

			Impact on Fair Value Change on Other Comprehensive income or loss	
	Input	Variation	Favorable Change	Unfavorable Change
December 31, 2023				
Financial assets at fair value through other comprehensive income			\$	
Equity instruments without an active market	Value Multiple	5%	18,167	(18,167)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	35,557	(35,557)
			<u>\$ 53,724</u>	<u>(53,724)</u>

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			Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2022				
Financial assets at fair value through other comprehensive income			\$	
Equity instruments without an active market	Value Multiple	5%	14,388	(14,388)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	32,901	(32,901)
			<u><u>\$ 47,289</u></u>	<u><u>(47,289)</u></u>

(ac) Financial risk management

1. Overview

The Group has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group' s risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Group-Wide risk management policy and related systems and reports regularly to the Board of Directors.

The Group' s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and changes in operation of the Group. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group' s Board of Directors oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group' s Board of Directors is assisted in its oversight role by internal audit. The internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

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3. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of 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 reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2023.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and shareholder's meeting with the supervision of the internal audit department. Information concerning all market risks of the Group was as follows:

1) Currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

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3) Other price risk

The Group was exposed to price risk through its investments in listed securities. The Group has appointed a special team to monitor and evaluate the price risk.

(ad) Capital Management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(ae) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2023 and 2022, were as follows:

1. For acquisitions of right-of-use assets by leasing, please refer to note 6(k).

Reconciliation of liabilities arising from financing activities were as follows:

	Non-cash changes					December 31, 2023
	January 1, 2023	Cash flows	Acquisition	Foreign exchange movement	Others	
Short-term and long-term borrowings	\$ 535,134	599,753	-	-	-	1,134,887
Lease liabilities	272,916	(97,702)	133,700	203	(2,322)	306,795
Total liabilities from financing activities	<u>\$ 808,050</u>	<u>502,051</u>	<u>133,700</u>	<u>203</u>	<u>(2,322)</u>	<u>1,441,682</u>

	Non-cash changes					December 31, 2022
	January 1, 2022	Cash flows	Acquisition	Foreign exchange movement	Others	
Short-term and long-term borrowings	\$ 479,966	55,168	-	-	-	535,134
Lease liabilities	282,026	(82,581)	175,408	252	(102,189)	272,916
Total liabilities from financing activities	<u>\$ 761,992</u>	<u>(27,413)</u>	<u>175,408</u>	<u>252</u>	<u>(102,189)</u>	<u>808,050</u>

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(7) Related Party Transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Excelsior Investment Co., Ltd.	Entities with significant influence over the Group
Excelsior Group Holdings Co., Ltd.	"
Jiate Excelsior Co., Ltd. (Jiate)	Associate (Note 1)
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	Associate
Visionfront Corporation	Associate (Note 4)
Excelsior Renal Service Co., Limited (ERS)	Associate
Asia Best Healthcare Co., Limited (ABH)	"
Medifly Co., Ltd.	"
Asia Best Life Care Co., Ltd. (Former name: Asia Best Life Care Technology Co., Ltd.)	"
Excelsior Long Term Care Corporation Entity	Associate
Medytox Taiwan Inc.	"
Touce Biotech Co., Ltd.	Associate (Note 2)
Arich Best Chain Co., Ltd.(Arich Best Chain)	Subsidiary (Note 3)
Bestsmile Co., Ltd.	Associate(Subsidiary before July 20, 2022)
SciVision Biotech Inc.	Other related parties(Other related parties before June, 2023)
Excelsior Health Foundation	Other related parties
Caregen Co., Ltd.	Other related parties(Other related parties before November, 2022)
Exceed Healthcare Co., Ltd.	Associate
Anxin Nice Care Co., Ltd.	"
NephroCare Limited	Associate after April 29, 2022
Cardinal Medical Services Ltd.	"

Note 1: The dissolution of Jiate Excelsior Co., Ltd. had been approved during the shareholders' meeting held on October 24, 2022.

Note 2: The Group acquired 35% equity of Touce Biotech Co., Ltd..

Note 3: Other related parties until April 2023, the Group acquired 100% equity in Arich Best Chain Co., Ltd. ,in April 2023.

Note 4: Visionfront Corporation and Bestchain were merged and dissolved with January 30, 2023, as the merger dissolution date.

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(b) Significant transactions with related parties

1. Operating revenue

1) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associate — Bestchain	\$ 2,520,789	2,064,230
Associate — ERS	736,106	765,441
Associate — Others	242,545	107,063
Other related parties	33	8
	<u>\$ 3,499,473</u>	<u>2,936,742</u>

The aforementioned transactions, except the sales to Bestchain and ERS that were priced on a cost-plus basis, were conducted on normal commercial terms.

2) Repair and maintenance revenue

The amounts of significant repair and maintenance revenue by the Group to related parties were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associate — ERS	\$ 96,001	93,880
Associate — Bestchain	2,130	1,146
Associate — Others	1,466	-
	<u>\$ 99,597</u>	<u>95,026</u>

3) Other operating revenue-rental revenue

The amounts of significant other operating revenue-rental revenue by the Group to related parties were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Entities with significant influence over the Group	\$ 72	72
Associate — ABH	16,797	14,799
Associate — ERS	4,573	4,661
Associate — Others	2,196	1,565
Other related parties	57	16
	<u>\$ 23,695</u>	<u>21,113</u>

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4) Other operating revenue-service revenue

The amounts of significant other operating revenue-service revenue by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Associate	\$ 14,987	18,285
Other related parties	286	286
	\$ 15,273	18,571

2. Purchases from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Associate	\$ 214,100	57,947
Other related parties	22,100	84,380
	\$ 236,200	142,327

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3. Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	December 31, 2023	December 31, 2022
Notes receivable	Associate	\$ 434	11
Other notes receivable	Associate	237	980
Accounts receivable	Associate—Bestchain	762,025	594,028
Accounts receivable	Associate—ERS	153,784	156,865
Accounts receivable	Associate—Others	41,301	40,632
Accounts receivable	Other related parties	8	2
Other receivables	Associate	9,146	2,358
		\$ 966,935	794,876

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4. Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	December 31, 2023	December 31, 2022
Accounts payable	Associate	\$ 8,820	3,043
Accounts payable	Other related parties	-	8,500
Other payables	Associate	14,006	14,208
		\$ 22,826	25,751

5. Prepayments

Prepayments to related parties were as follows:

	December 31, 2023	December 31, 2022
Associate	\$ 24,324	16,657

6. Property transactions**1) Purchases of property, plant and equipment**

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	For the Years Ended December 31, 2023
Associate — Asia Best Life Care Co., Ltd.	\$ 2,495

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	For the Years Ended December 31,			
	2023		2022	
Category of related party	Disposal price	Gains (losses) from disposal	Disposal price	Gains (losses) from disposal
Associates	\$ 35	-	-	-

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3) Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

Relationship	Account	For the Years Ended December 31,					
		2023			2022		
		Number of shares	Purpose	Acquisition price	Number of shares	Purpose	Acquisition price
Associate—Bestchain	Investments accounted for using equity method	1,512,341	Ordinary shares of Bestsmile	\$ 24,213	-	-	-
Associate—Bestchain	Investments accounted for using equity method	3,000,000	Ordinary shares of Arich Best Chain	31,080	-	-	-
Associate—ABH	Investments accounted for using equity method	84,633,340	Ordinary shares of Asia Best Life Care	936,177	-	-	-
				<u>\$ 991,470</u>			<u>-</u>

Note: Arich Enterprise Co., Ltd. purchased 3,000 thousand ordinary shares of Arich Best Chain Co., Ltd., at a total price of \$31,080 thousand, from the Group's associates on April 6, 2023.

4) Disposals of financial assets

The disposals of financial assets to related parties are summarized as follows:

Relationship	Account	For the Years Ended December 31,							
		2023				2022			
		Number of shares	Purpose	Disposal price	Gain (loss) on disposal	Number of shares	Purpose	Disposal price	Gain (loss) on disposal
Associate—Bestchain	Investments accounted for using equity method	2,434,870	Ordinary shares of Visionfront Corporation	\$ 24,213	2,836	1,194,526	Ordinary shares of Bestsmile Co., Ltd.	6,634	(43)
Associate—Bestchain	Investments accounted for using equity method	1,224,004	Ordinary shares of CYJ International	15,912	-	-	-	-	-
Associate—ABH	Investments accounted for using equity method	209,308	Ordinary shares of ABH	936,177	-	-	-	-	-
Entities with significant influence over the Group—Xuan Hui	Investments accounted for using equity method	979,203	Ordinary shares of CYJ International	12,730	-	-	-	-	-
Entities with significant influence over the Group—Excelsior Group Holdings Co., Ltd.	Investments accounted for using equity method	1,468,805	“	19,094	-	-	-	-	-
				<u>\$ 1,008,126</u>	<u>2,836</u>	-		<u>6,634</u>	<u>(43)</u>

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Note1: Bestchain Healthtaiwan Co., Ltd. absorbed and merged with Visionfront Corporation. After the merger, Visionfront Corporation was the extinguished company, and Bestchain Healthtaiwan Co., Ltd. was the surviving company. Therefore, the number of shares of Visionfront Corporation held by the Company was exchanged for shares of Bestchain Healthtaiwan Co., Ltd. on January 30, 2023.

Note2: Asia Best Healthcare Co., Ltd. took July 3, 2023, as the base date for the organizational restructuring, and the shares of its subsidiary, Asia Best Life Care Co., Ltd., were used as the consideration for the organizational restructuring, and after the organizational restructuring, Excelsior Medical (HK) Co. held 49.38% of the equity in Asia Best Life Care Co., Ltd.. In addition, on November 8, 2023, the Company purchased 49.38% of the equity in Asia Best Life Care Co. from Excelsior Medical (HK) Co., and the relevant procedures have been completed.

7. Guarantee

As of December 31, 2023 and 2022, the Group provided associates guarantees for loans. The credit limit of the guarantees were \$700,600 thousand and \$600,000 thousand, respectively, and the amount utilized were \$150,000 thousand and \$0, respectively.

8. Others

	For the Years Ended December 31,	
	2023	2022
<u>Associates and Other related parties</u>		
Other revenue	\$ 2,189	2,308
Cost of goods sold	(4,711)	(3,925)
Repair and maintenance costs	(4,428)	(3,174)
Fright and warehousing expense	(45,637)	(41,797)
Rent expense	(2,495)	(2,572)
Other expense	(26,294)	(30,041)
	\$ (81,376)	(79,201)

The aforementioned rentals collected or paid quarterly or monthly were based on prevailing market rates.

As of December 31, 2023 and 2022, the Group had received collections in advance from associates for \$327 thousand and \$165 thousand, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2023	2022
Short-term employee benefits	\$ 88,723	77,492
Post-employment benefit	1,527	1,698
	\$ 90,250	79,190

(8) Pledged Assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Current deposits and time deposits	Bank loans, bank guarantee and credit card document receiving service guarantee	\$ 60,941	53,863
Notes receivable and other notes receivable	Guarantee of short-term loan or strengthening credit	190,717	194,349
Refundable deposits(Recognized in other non current financial assets)	Guarantees for sales performance, deposits and lease deposits, etc.	183,405	141,869
Property, plant and equipment	Bank loans	87,295	92,969
Investment property	"	990,178	995,066
		\$ 1,512,536	1,478,116

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

- 1.As of December 31, 2023 and 2022, the unused letters of credit were \$103,442 thousand and \$81,151 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee and purchase bid of hospital were \$621,308 thousand and \$350,275 thousand, respectively.
- 2.In April 2022, the Company entered into a supply agreement with the Hong Kong-based company. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually.

(10) Losses due to Major Disasters : None.**(11) Subsequent Events : None.**

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(12) Other

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	By function	For the Years Ended December 31, 2023			For the Years Ended December 31, 2022		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		265,597	479,235	744,832	221,159	418,569	639,728
Labor and health insurance		23,742	36,599	60,341	19,438	32,517	51,955
Pension		12,055	20,790	32,845	10,650	19,473	30,123
Others		11,613	19,371	30,984	11,769	15,805	27,574
Depreciation		210,467	51,256	261,723	166,747	52,027	218,774
Amortization		1,732	2,221	3,953	1,525	2,139	3,664

(13) Other disclosures

- (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

- Fund financing to other parties: None.
- Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement/ guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowance (Note 7)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,722,602	9,970	-	-	-	- %	8,613,009	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,722,602	990,000	990,000	75,350	-	11.49%	8,613,009	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,722,602	116,280	58,430	15,526	-	0.68%	8,613,009	Y	N	N
0	"	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,722,602	157,100	76,763	8,975	-	0.89%	8,613,009	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,722,602	31,420	15,352	-	-	0.18%	8,613,009	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	736,106	-	-	-	-	- %	8,613,009	N	N	N
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	2,519,118	700,000	700,000	150,000	-	8.13%	8,613,009	N	N	N

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No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance (Note 7)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
1	Dynamic Medical Technologies Inc.	CYJ International Taiwan Inc. (Note 5)	2	307,202	100,000	100,000	100,000	-	6.51%	768,006	Y	N	N
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 6)	3	52,110	100	-	-	-	- %	130,274	N	Y	N
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 7)	1	145,613	-	-	-	-	- %	1,011,223	N	N	N
4	Arich Best Chain Co., Ltd.	Arich Enterprise Co., Ltd. (Note 8)	3	9,085	-	-	-	-	- %	15,142	N	Y	N

Note 1: the description of number column:

1. 0 is issuer.

2. Investees are listed by name and numbered starting with 1.

Note 2: Relationship with the Company

1. The companies with which it has business relations.

2. Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.

3. The parent company which directly or indirectly holds more than 50% of its voting rights.

4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.

5. Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

7. Companies in the same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3: For guarantee and endorsement to those companies with business contact, the maximum amount cannot exceed the trading amount between two parties for the current year.

Note 4: The total amount of guarantee and endorsement cannot exceed 20% of the Company's net asset value from the most recent audited or reviewed report.

Note 5: For guarantee and endorsement from Arich to the Company with business contact, the maximum amount cannot exceed the trading amount between two parties for the most recent 24 months.

Note 6: The total amount of guarantee and endorsement cannot exceed 20% of Dynamic's net asset value from the most recent audited or reviewed report.

Note 7: The total amount of guarantee and endorsement cannot exceed 20% of Excelsior Beauty Co., Ltd.'s net asset value from the most recent audited or reviewed report.

Note 8: The total amount of guarantee and endorsement cannot exceed 30% of Arich Best's net asset value from the most recent audited or reviewed report.

Note 9: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent audited or review report:

Dynamic, Excelsior Beauty, Arich and Arich Best Chain cannot exceed 50% of their net asset value from the most recent audited or reviewed report.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	<u>Stock</u>								
	3-D Matrix, Ltd.	-	Fair value through other comprehensive income	273,400	8,314	0.35%	8,314	0.66%	
	Gie Cheng Co., Ltd.	-	"	3,795,000	31,536	17.25%	31,536	17.25%	
	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	46,007	7.15%	46,007	7.15%	
	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	50,287	3.80%	50,287	3.80%	
Excelsior Healthcare Co. Limited	<u>Stock</u>								
	Linkon International Golf & Country Club	-	"	1	10,850	0.10%	10,850	0.10%	
	Chai Tai Bo Ai Investment Limited	-	"	10,000	3,493	8.00%	3,493	8.00%	
	EG Healthcare, Inc.	-	"	1	778	-	778	-	
	Dynamic Medical Technologies Inc.	-	"	172,500	113,423	0.32%	113,423	0.32%	

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
Dynamic Medical Technologies (Hong Kong) Ltd.	<u>Stock Warrant</u> Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	-	-	-	
Excelsior Beauty Co., Ltd.	<u>Stock</u> Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	3,152	19.00%	3,152	19.00%	
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	448,467	17.65%	448,467	17.65%	Note

Note : Act as limited company, no outstanding share.

4. Accumulated buying/selling of the same marketable securities for which the amount reaches \$300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
The Company	Asia Best Life Care Co., Ltd.	Investments accounted for using equity method	Excelsior Medical Co., Limited (Hong Kong)	Subsidiary	-	-	-	-	-	-	-	-	-	-
Excelsior Medical Co., Limited (Hong Kong)	Asia Best Life Care Co., Ltd.	Investments accounted for using equity method	Asia Best Healthcare Co., Limited	Associates	-	-	-	-	-	-	-	-	-	-

Note 1: Investments in marketable securities accounted for using the equity method, according to regulations, these two columns must be filled out, while the rest can be left blank.

5. Acquisition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital : None.
6. Disposition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/ notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(736,106)	(14.03)%	Net 30-60 days	-		153,784	11.07%	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(2,519,118)	(48.01)%	Net 30-90 days	-		760,995	54.77%	Note 1
"	NephroCare Limited	"	"	(151,935)	(2.90)%	Net 45 days	-		21,375	1.54%	Note 1

Note 1: The unit price of cost of goods sold for the Company is based on cost-plus pricing approach by product that is lower than average; because, the expense of goods sold for related parties is lower than average price as well.

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8. Accounts receivable from related parties for which the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	153,784	4.74	-	-	145,438	-
"	Bestchain Healthtaiwan Co., Ltd.	"	760,995	3.31	-	-	236,411	-

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2023			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	The Company	EG Healthcare, Inc.	1	Sales	51,236	Usual terms and conditions	0.62%
"	"	"	1	Account Receivable	19,452	The same as the term for other general trading partners	0.11%
1	Dynamic Medical Technologies Inc.	Excelsior Beauty Co., Ltd.	3	Sales	25,308	Base on cost-plus pricing	0.31%
"	"	CYJ International Taiwan Inc.	3	Sales	70,912	Base on cost-plus pricing	0.86%
"	"	"	3	Account Receivable	29,475	The same as the term for other general trading partners	0.16%

Note 1: The numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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(b) Information on investees:

For the year ended December 31, 2023, the following is the information of investees (excluding investees in Mainland china):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	299,024	277,647	50,674,854	44.71%	960,081	44.71%	250,911	112,095	Associates (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	380,856	29,829,742	40.00%	806,878	40.00%	76,532	30,584	Subsidiary (Notes 2 、 11)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,312	180,300	12,706,690	38.51%	604,099	38.51%	210,319	80,854	Subsidiary (Note 11)
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	898,782	1,244,687	28,695,856	100.00%	1,711,453	100.00%	129,948	129,948	Subsidiary (Note 11)
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	-	44,069	-	- %	-	44.47%	13	6	Associates (Note 6)
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97%	28,865	23.97%	907	217	Associates
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	963,137	1,588,746	33,807,013	64.36%	1,260,968	64.36%	146,050	93,998	Subsidiary (Note 11)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	28,543	91,984	5,190,662	41.02%	107,280	41.02%	56,884	23,386	Sub-subsiadiy (Note 7 、 10 、 11)
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	83,916,300	100.00%	658,613	100.00%	17,703	17,703	Subsidiary (Note 11)
"	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66%	93,203	28.66%	35,621	10,209	Associates
"	Asia Best Life Care Co., Ltd.	New Taipei City	Long-term care business	953,836	-	84,633,340	49.38%	958,815	49.38%	85,405	4,979	Associates (Note 9)
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	9,427,489	99.99%	74,509	99.99%	(2,691)	-	Sub-subsiadiy (Note 11)
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00%	396,063	49.00%	151,387	-	Associates

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
Excelsior Healthcare Co., Limited	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	516,071	862,529	18,724,062	35.64%	698,274	35.64%	146,050	-	Subsidiary (Note 11)
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	343,026	222,547	11,171,271	100.00%	289,024	100.00%	(7,882)	-	Sub-subsidiary (Note 11)
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale of cosmetic health-care products	382,278	382,278	79,021,783	100.00%	305,977	100.00%	11,491	-	Sub-subsidiary (Note 11)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	55,395	138,745	6,819,523	53.89%	124,508	53.89%	56,884	-	Sub-subsidiary (Note 1 + 7 + 11)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00%	(581)	40.00%	814	-	Associates
"	TOUCE BIOTECH Co., Ltd	Taipei City	Sale of cosmetic health-care products	45,000	45,000	420,000	35.00%	44,914	35.00%	5,309	-	Associates (Note 4)
"	CYJ International Taiwan Inc.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	90,633	11,073	7,344,008	60.00%	74,688	60.00%	10,479	-	Sub-subsidiary (Note 5 + 11)
Dynamic Medical Technologies (Hong Kong) Ltd.	CYJ International Co., Ltd.	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00%	10,657	50.00%	(136)	-	Associates
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	-	97,920	-	- %	-	80.00%	10,479	-	Sub-subsidiary (Note 10 + 11)
Arich Enterprise Co., Ltd.	Arich Best Chain Co., Ltd.	New Taipei City	Logistics business	31,080	-	3,000,000	100.00%	30,642	100.00%	(801)	-	Sub-subsidiary (Note 8 + 11)
Excelsior Medical (HK) Co., Limited	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	458,902	1,395,079	129,492	48.47%	597,534	49.38%	105,229	-	Associates
"	Cardinal Medical Services Ltd.	British Virgin Islands	Sale of medical equipment, and medical management consultancy service	106,121	106,121	9,800	49.00%	124,661	49.00%	39,673	-	Associates
"	NephroCare Limited	Hong Kong	Sale of medical equipment, and medical management consultancy service	688,755	688,755	151,801,588	49.00%	766,723	49.00%	107,051	-	Associates
"	Asia Best Life Care Co., Ltd.	Taiwan	Long-term care business	-	-	-	- %	-	49.38%	85,405	-	Associates (Note 9)
Excelsior Investment (Malaysia) Co., Ltd	Renal Laboratories Sdn. Bhd.	Malaysia	Manufacture of medical equipment	288,387	169,502	32,523,586	81.90%	248,539	81.90%	(9,353)	-	Sub-subsidiary (Note 11)
"	Medi-Chem Systems Sdn. Bhd.	Malaysia	Sale of medical equipment	44,052	44,052	350,000	70.00%	34,945	70.00%	(384)	-	Sub-subsidiary (Note 11)

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
Medi-Chem Systems Sdn. Bhd.	Renal Management Sdn. Bhd.	Malaysia	Lease business	1,315	1,315	200,000	100.00%	8,014	100.00%	99	-	Sub-subsidiary (Note 11)

Note 1: Including the adjustment made from the unrealized gain/loss with subsidiaries and associates.

Note 2: Including the amortization listed by the book value of net identified assets.

Note 3: According to the regulations, the Company are required to disclose the share of income/loss of investees.

Note 4: Dynamic Medical Technologies Inc. acquired 35% equity of Touce Biotech Co., Ltd. on October 2022.

Note 5: Dynamic Medical Technologies Inc. acquired 10% equity of CYJ International Taiwan Inc. from CYJ INTERNATIONAL COMPANY LIMITED, the associate, in November 2022.

Note 6: Bestchain Healthtaiwan Co., Ltd. absorbed and merged with Visionfront Corporation. After the merger, Visionfront Corporation was the extinguished company, and Bestchain Healthtaiwan Co., Ltd. was the surviving company. Therefore, the number of shares of Visionfront Corporation held by the Company was exchanged for shares of Bestchain Healthtaiwan Co., Ltd. on January 30, 2023.

Note 7: Excelsior Beauty Co., Ltd., has completed the registration of changes in capital reduction in May 2023, and is therefore included in the consolidated financial statements from that date.

Note 8: Arich Enterprise Co., Ltd. acquired 100% equity of the company on April 6, 2023.

Note 9: On July 3, 2023, Asia Best Healthcare Co., Ltd. used the shares of its subsidiary Asia Best Life Care Co., Ltd. as the consideration for the organizational restructuring, after the organizational restructuring the Company held 49.38% of the equity in Asia Best Life Care Co., Ltd. . In addition, on November 8, 2023 , the Company purchased all the equity in Asia Best Life Care Co. from Excelsior Medical (HK) Co. , and the relevant procedures have been completed.

Note 10: Excelsior Beauty Co., Ltd., disposed of 30% equity in CYJ International Taiwan Inc. in December 2023.

Note 11: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of investment as of January 1, 2023	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow							
Excelsior Healthcare (Shanghai) Corporation (Note 3)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale and maintenance of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(45,690)	7.80%	7.80%	-	3,493	-
SinoExcelsior Investment Inc. (Note 5)	Sale of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	1,480	100.00%	100.00%	1,480	136,132	-
Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,057)	100.00%	100.00%	(1,057)	8,956	-
Beijing Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	131,005	17.65%	17.65%	-	448,467	83,293

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2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
The Company	1,087,625	1,289,640	5,167,805
Dynamic Medical Technologies Inc.	153,998	153,998	921,607
Arich Enterprise Co., Ltd.	66,603	66,603	1,213,467

Note 1: Investments in Mainland China are differentiated by the following four methods:

- (1) Direct investment in Mainland China with remittance through a third region.
- (2) Indirect investment in Mainland China through an existing investee company in a third region.
- (3) Other methods (i.e. entrusted Investment)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
 - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
 - 3) Others

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2023, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 4: The disposal of Shanghai Lintech Medicare Co. was completed in December 2015. As of December 31, 2021, the original investment amount of \$29,213 thousand from Taiwan has not been repatriated yet.

Note 5: The current investment outflow is not included the direct investment amount of \$207,380 thousand through the third region.

Note 6: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2023, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 7: (1)The upper limit on investment of the Company and Dynamic is the 60% of net value.

(2)The upper limit on investment of Arich is the higher of \$80,000 thousand or 60% of net value.

Note 8: All amounts listed are disclosed in NTD.

3. Significant transactions :

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information of significant transactions" .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Excelsior Investment Co., Ltd.		17,390,232	11.17%
Excelsior Group Holdings Co., Ltd.		16,455,934	10.56%
Bestchain Healthtaiwan Co., Ltd.		15,286,432	9.82%

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(14) Segment Information

(a) General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of company. Specifically, the Group's reportable segments were as follows:

1. Excelsior segment - the Company.
2. Dynamic segment - Dynamic, Hong Kong Dynamic, Excelsior Beauty, Guangzhou Dynamic, and CYJ International Taiwan Inc..
3. Arich segment - Arich.
4. Other segment - Bestsmile, Excelsior Healthcare, EG Healthcare, Excelsior Investment (Malaysia), RENAL LABORATORIES SDN. BHD., MEDI-CHEM SYSTEMS SDN. BHD., RENAL MANAGEMENT SDN. BHD., Excelsior Asset, Hong Kong Excelsior and SinoExcelsior Investment.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note (4) "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group's operating segment information and reconciliation are as follows:

For the Years Ended December 31, 2023	Excelsior segment	Dynamic segment	Arich segment	Others	Adjustment and Elimination	Total
Revenue						
Revenue from external customers	\$ 5,160,939	1,582,242	1,140,046	350,177	-	8,233,404
Inter-segment revenue	85,931	11,260	32	43,991	(141,214)	-
Interest revenue	3,748	25,893	4,181	32,299	(821)	65,300
Total	\$ 5,250,618	1,619,395	1,144,259	426,467	(142,035)	8,298,704
Interest expense	\$ 3,252	2,447	3,964	8,023	(489)	17,197
Depreciation and amortization	34,482	148,959	49,564	42,645	(9,974)	265,676
Reportable segment profit (loss)	\$ 874,007	297,305	95,498	253,846	(376,576)	1,144,080

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For the Years Ended December 31, 2022	Excelsior segment	Dynamic segment	Arich segment	Others	Adjustment and Elimination	Total
Revenue						
Revenue from external customers	\$ 4,610,222	1,288,327	1,017,974	270,305	-	7,186,828
Inter-segment revenue	44,197	3,365	49	35,200	(82,811)	-
Interest revenue	2,296	10,251	1,764	11,500	(908)	24,903
Total	\$ 4,656,715	1,301,943	1,019,787	317,005	(83,719)	7,211,731
Interest expense	\$ 1,392	1,325	3,383	4,902	(553)	10,449
Depreciation and amortization	31,371	115,406	42,747	42,888	(9,974)	222,438
Reportable segment profit (loss)	\$ 786,783	178,162	79,498	200,903	(281,646)	963,700

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Name of products and services	For the Years Ended December 31,	
	2023	2022
Product revenue		
Medical equipment and supplies	\$ 4,780,195	4,196,269
Medicines	826,972	767,924
Aesthetic medical equipment and supplies	1,200,910	993,186
Household appliances	184,858	202,742
Others	92,503	69,724
Repair and maintenance revenue	532,305	437,491
Rental revenue	55,699	52,690
Other operating revenue	559,962	466,802
Total	\$ 8,233,404	7,186,828

(d) Geographical information

By region	For the Years Ended December 31,	
	2023	2022
Revenue from external customers:		
Taiwan	\$ 7,890,280	6,943,718
Hong Kong	41,765	16,044
Philippines	186,497	135,453
Malaysia	61,337	51,417
Indonesia	53,525	40,196
Total	\$ 8,233,404	7,186,828

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<u>By region</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Non-current assets:		
Taiwan	\$ 2,003,677	1,946,674
Hong Kong	306	1,536
China	18	25
Philippines	24,999	32,733
Malaysia	206,179	210,727
British Virgin Islands	11,400	11,402
Total	<u><u>\$ 2,246,579</u></u>	<u><u>2,203,097</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets, and other assets, but do not include financial instruments, deferred tax assets, pension assets, and rights from insurance contracts.

(e) Revenue from main customers

	<u>For the Years Ended December 31,</u> <u>2023</u>	<u>2022</u>
Bestchain	\$ 2,524,805	2,071,694
Excelsior Renal Service	844,604	871,674
	<u><u>\$ 3,369,409</u></u>	<u><u>2,943,368</u></u>

Independent Auditors’ Report

To the Board of Directors of Excelsior Medical Co., Ltd.:

Opinion

We have audited the financial statements of Excelsior Medical Co., Ltd.(“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matter that should be disclosed in this report is as follows:

1. Impairment Assessment on Receivables

Please refer to Note (4)(f) for accounting policies of account receivable allowance provision.

Description of key audit matter:

The management of the Company performed its assessment based on the default risk of accounts receivable and the rate of expected loss. Because the assessment of impairment loss of receivables involves critical accounting estimates, which are subject to the judgment of the management, the assessment of the impairment loss of receivables is deemed to be a key audit matter.

How the matter was addressed in our audit:

Our main audit procedures in response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables and whether the methodology was adopted consistently, testing the reasonableness of the information used by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Company's disclosure for impairment of receivables.

Other Matter

We did not audit the financial statements of certain subsidiaries, associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the report of other auditors. The investments in such entities accounted for using the equity method were NT\$122,068 thousand and NT\$120,747 thousand, constituting 1% and 1% of the total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$10,426 thousand and NT\$11,942 thousand, constituting 1% and 2% of total profit before tax for the years then ended, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor' s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Tsao-Jen and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

EXCELSIOR MEDICAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 405,752	4	503,318	5	2100	Short-term borrowings (Note (6)(i))	\$ 300,000	3	150,000	2
1151	Notes receivable (Note (6)(c))	78,653	1	81,338	1	2150	Notes payable (Note (6)(v))	1,205	-	398	-
1170	Accounts receivable (Note (6)(c))	330,482	3	315,297	3	2170	Accounts payable (Notes (v) and (7))	770,129	8	803,892	8
1180	Accounts receivable due from related parties (Notes (6)(c) and (7))	980,411	10	813,294	9	2200	Other payables (Notes (6)(v) and (7))	210,868	2	193,039	2
1200	Other receivables (Note (7))	66	-	20,431	-	2230	Current tax liabilities	78,425	1	52,271	1
130X	Inventories (Note (6)(d))	761,911	7	751,106	8	2280	Current lease liabilities (Notes (6)(k) and (u))	3,775	-	3,009	-
1470	Other current assets, others	11,133	-	18,566	-	2399	Other current liabilities, others (Notes (6)(j) and (7))	25,565	-	26,418	-
		2,568,408	25	2,503,350	26			1,389,967	14	1,229,027	13
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	146,994	2	152,754	2	2570	Deferred tax liabilities (Note (6)(n))	219,175	2	216,957	2
1550	Investments accounted for using equity method, net (Note (6)(e))	7,190,255	70	6,679,403	69	2580	Non-current lease liabilities (Notes (6)(k) and (u))	11,820	-	6,894	-
1600	Property, plant and equipment (Note (6)(f))	191,218	2	188,257	2	2670	Other non-current liabilities, others	166	-	166	-
1755	Right-of-use assets (Note (6)(g))	15,237	-	9,712	-			231,161	2	224,017	2
1780	Intangible assets (Note (6)(h))	4,447	-	2,434	-		Total liabilities	1,621,128	16	1,453,044	15
1840	Deferred tax assets (Note (6)(n))	63,245	1	65,416	1						
1975	Net defined benefit asset (Note (6)(m))	25,551	-	20,680	-	Equity attributable to owners of parent (Note (6)(o)):					
1980	Other non-current financial assets	16,261	-	14,668	-	3100	Share capital	1,556,167	15	1,482,064	15
1990	Other non-current assets, others	12,521	-	16,802	-	3200	Capital surplus	3,287,576	32	3,276,440	34
		7,665,729	75	7,150,126	74	3300	Retained earnings	3,502,602	34	3,344,438	35
						3400	Other equity	266,664	3	97,490	1
							Total equity	8,613,009	84	8,200,432	85
TOTAL ASSETS		\$ 10,234,137	100	9,653,476	100	TOTAL LIABILITIES AND EQUITY		\$ 10,234,137	100	9,653,476	100

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		For the Years Ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Total operating revenue (Notes (q) and (7))	\$ 5,246,870	100	4,654,419	100
5000	Total operating costs (Note (6)(d))	4,490,560	86	3,867,546	83
	Gross profit from operations	756,310	14	786,873	17
5910	Less: Unrealized profit from sales	89,431	2	118,433	3
5920	Add: Realized profit from sales	95,283	2	117,508	3
		762,162	14	785,948	17
	Operating expenses:				
6100	Selling expenses	231,104	4	229,586	5
6200	Administrative expenses	194,543	4	176,195	4
6450	Expected credit loss (gain) (Note (6)(c))	(3,987)	-	3,000	-
		421,660	8	408,781	9
	Net operating income	340,502	6	377,167	8
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	3,748	-	2,296	-
7010	Other income (Notes (6)(s) and (7))	3,118	-	4,760	-
7020	Other gains and losses (Notes (6)(s) and (7))	25,912	-	20,010	-
7050	Finance costs (Note (6)(s))	(3,252)	-	(1,392)	-
7060	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(e))	503,979	10	383,942	8
		533,505	10	409,616	8
7900	Profit before tax	874,007	16	786,783	16
7950	Less: Tax expense (Note (6)(n))	127,402	2	119,330	2
	Profit	746,605	14	667,453	14
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	(Losses) gains on remeasurements of defined benefit plans	(254)	-	10,841	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(3,943)	-	6,716	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	218,083	4	121,169	3
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,318)	-	5,826	-
	Total items that will not be reclassified subsequently to profit and loss	216,204	4	132,900	3
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	(14,445)	-	185,051	4
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(348)	-	8,244	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	3,251	-	37,010	1
	Total items that will be reclassified subsequently to profit and loss	(18,044)	-	156,285	3
	Other comprehensive income, net	198,160	4	289,185	6
8500	Total comprehensive income for the year	\$ 944,765	18	956,638	20
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (NT dollars)	\$ 4.80		4.29	
9850	Diluted earnings per share (NT dollars)	\$ 4.78		4.27	

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Share capital		Retained earnings			Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2022	\$ 1,411,490	3,276,107	836,393	114,080	2,242,419	(260,442)	118,342	7,738,389
Profit for the year	-	-	-	-	667,453	-	-	667,453
Other comprehensive income (loss) for the year	-	-	-	-	12,989	156,285	119,911	289,185
Total comprehensive income (loss) for the year	-	-	-	-	680,442	156,285	119,911	956,638
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	66,953	-	(66,953)	-	-	-
Special reserve appropriated	-	-	-	28,020	(28,020)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)
Stock dividends of ordinary share	70,574	-	-	-	(70,574)	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	341	-	-	(1,228)	-	-	(887)
Changes in ownership interests in subsidiaries	-	(8)	-	-	321	-	-	313
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,606	-	(36,606)	-
Balance as of December 31, 2022	1,482,064	3,276,440	903,346	142,100	2,298,992	(104,157)	201,647	8,200,432
Profit for the year	-	-	-	-	746,605	-	-	746,605
Other comprehensive income (loss) for the year	-	-	-	-	(90)	(18,044)	216,294	198,160
Total comprehensive income (loss) for the year	-	-	-	-	746,515	(18,044)	216,294	944,765
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	71,614	-	(71,614)	-	-	-
Special reserve appropriated	-	-	-	(142,100)	142,100	-	-	-
Cash dividends of ordinary share	-	-	-	-	(540,953)	-	-	(540,953)
Stock dividends of ordinary share	74,103	-	-	-	(74,103)	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(798)	-	-	(2,353)	-	-	(3,151)
Changes in ownership interests in subsidiaries	-	11,934	-	-	(18)	-	-	11,916
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,076	-	(29,076)	-
Balance as of December 31, 2023	\$ 1,556,167	3,287,576	974,960	-	2,527,642	(122,201)	388,865	8,613,009

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 874,007	786,783
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	32,363	28,993
Amortization expense	2,119	2,379
Expected credit (gain) loss	(3,987)	3,000
Net loss on financial assets or liabilities at fair value through profit or loss	685	1,759
Interest expense	3,252	1,392
Interest income	(3,748)	(2,296)
Dividend income	(3,118)	(4,760)
Share of profit of associates and joint ventures accounted for using equity method	(503,979)	(383,942)
Gain on disposal of property, plan and equipment	(20,382)	-
Loss on disposal of investments accounted for using equity method	-	4
Impairment loss on property, plant and equipment	-	2,180
Unrealized profit from sales	89,431	118,433
Realized profit from sales	(95,283)	(117,508)
Others	-	(155)
Total adjustments to reconcile profit	(502,647)	(350,521)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	2,685	(12,846)
Accounts receivable	(11,198)	10,012
Increase in accounts receivable due from related parties	(167,117)	(50,996)
Other receivables and notes	20,301	1,190
Inventories	(29,728)	(168,608)
Net defined benefit asset	(5,125)	(869)
Other current assets	7,433	(378)
Total changes in operating assets	(182,749)	(222,495)
Changes in operating liabilities:		
Notes payable	807	-
Accounts payable	(33,763)	68,899
Other payables	17,965	5,198
Other current liabilities	(853)	(778)
Total changes in operating liabilities	(15,844)	73,319
Total changes in operating assets and liabilities	(198,593)	(149,176)
Total adjustments	(701,240)	(499,697)
Cash inflow generated from operations	172,767	287,086
Interest received	3,812	2,171
Income taxes paid	(97,792)	(85,156)
Net cash flows from operating activities	78,787	204,101

EXCELSIOR MEDICAL CO., LTD.**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	For the Years Ended December 31,	
	2023	2022
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,818	130,914
Acquisition of financial assets at fair value through profit or loss	(685)	(2,432)
Acquisition of investments accounted for using equity method	(968,207)	(10,000)
Proceeds from disposal of investments accounted for using equity method	-	6,634
Proceeds from capital reduction of investments accounted for using equity method	1,034,955	-
Acquisition of property, plant and equipment	(20,249)	(2,335)
Proceeds from disposal of property, plant and equipment	36,371	22
Increase in refundable deposits	(1,593)	(4,329)
Acquisition of intangible assets	(3,417)	-
Increase in other non-current assets	(5,220)	(3,026)
Dividends received	147,403	173,878
Net cash flows (used in) from investing activities	221,176	289,326
Cash flows from financing activities:		
Increase in short-term borrowings	150,000	-
Payment of lease liabilities	(3,188)	(2,855)
Cash dividends paid	(540,953)	(494,021)
Interest paid	(3,388)	(1,210)
Net cash flows used in financing activities	(397,529)	(498,086)
Net decrease in cash and cash equivalents	(97,566)	(4,659)
Cash and cash equivalents at beginning of period	503,318	507,977
Cash and cash equivalents at end of period	\$ 405,752	503,318

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Company History

Excelsior Medical Co., Ltd. (the Company) was incorporated on March 15, 1988 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan, R.O.C.. The Company engaged primarily in the sale of medical supplies and equipment, medicines and home medical devices.

The Company's shares were traded on the Taipei Exchange (formerly the GreTai Securities Market) from June 8, 2001 to December 30, 2007 and have been traded on the Taiwan Stock Exchange since December 31, 2007.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations).

- (b) Basis of preparation

1. Basis of measurement

The financial statements have been prepared on historical cost basis except for the following material items in the balance sheet:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

The functional currency of each Company operation is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(c) Foreign Currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(d) Classification of Current and Non-Current Assets and Liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- 1.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- 2.It is held primarily for the purpose of trading;
- 3.It is expected to be realized within twelve months after the reporting period; or
- 4.The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- 1.It is expected to be settled in the normal operating cycle;
- 2.It is held primarily for the purpose of trading;
- 3.It is due to be settled within twelve months after the reporting period; or
- 4.The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise SPPI on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after six months.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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(h) Investment in Associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds their controlling interest are accounted for using equity method in the parent-company-only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent-company-only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in the ownership of the subsidiaries are recognized as equity transaction.

(j) Property, Plant, and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalization of borrowing cost) less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5 years~55 years
2) Medical equipment	2 years~8 years
3) Other equipment	3 years~7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of storage room, machinery and parking space that have a lease of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of 'other income'.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible Assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------------|-----------------|
| 1) Computer software | 3 years |
| 2) Other intangible assets | 2 years~5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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The Company's obligation for the sales of goods components under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Services

The Company provides maintenance and warranty services. Revenue from providing services is recognized in the accounting period in which the services are rendered. Under the IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(p) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- 1.the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 2.the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Employee Benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

4. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

5. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Earnings per Share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating Segments

Please refer to the consolidated financial report of Excelsior Medical Co., Ltd. for the years ended December 31, 2023 and 2022 for the operating segments information.

(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In preparing these financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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Accounting policies which influence material judgment and has significant impact on prices recognized in parent-company-only financial statements is as follows:

- (a) To identify whether the Company has actual control to investee, please refer to the consolidated financial statements for the year ended December 31, 2023

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note (6)(c).

(6) Explanation of Significant Accounts

- (a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	\$ 405,752	503,318
Cash and cash equivalents in statement of cash flows	<u><u>\$ 405,752</u></u>	<u><u>503,318</u></u>

The Company interest risk and sensibility analysis of the financial assets and liabilities was disclosed in Note (6)(u).

- (b) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ -	1,763
Foreign listed shares	8,314	19,570
Domestic unlisted shares	138,680	131,421
Total	<u><u>\$ 146,994</u></u>	<u><u>152,754</u></u>

1. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term for strategic purposes.

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The Company has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2023 and 2022. The shares sold had a fair value of \$1,818 thousand and \$132,823 thousand, respectively. The Company realized a gain of \$967 thousand and a gain of \$36,606 thousand, respectively, which was included in other comprehensive income, and thereafter, was transferred to retained earnings from other equity.

2. For credit risk and market risk, please refer to Note (6)(u).

3. As of December 31, 2023 and 2022, the aforesaid financial assets were not pledged as collateral.

(c) Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 78,653	81,338
Accounts receivable	1,327,933	1,149,618
Other receivables	66	20,431
Less: Loss allowance	(17,040)	(21,027)
	<u>\$ 1,389,612</u>	<u>1,230,360</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions (after deducting relevant refund liabilities) were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 1,401,003	0.88%	(12,370)
1 to 90 days past due	2,049	53.83%	(1,103)
91 to 180 days past due	83	60.24%	(50)
181 to 365 days past due	-	-	-
More than 365 days past due	3,517	100%	(3,517)
	<u>\$ 1,406,652</u>		<u>(17,040)</u>

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,242,996	1.02%	(12,692)
1 to 90 days past due	4,855	98.85%	(4,799)
91 to 180 days past due	19	100%	(19)
181 to 365 days past due	-	-	-
More than 365 days past due	3,517	100%	(3,517)
	<u>\$ 1,251,387</u>		<u>(21,027)</u>

The movement in the allowance for notes and trade receivable was as follows:

	For the Years Ended December 31,	
	2023	2022
Balance as of January 1	\$ 21,027	18,037
Impairment losses recognized	-	3,000
Impairment losses reversed	(3,987)	-
Amounts written off	-	(10)
Balance as of December 31	<u>\$ 17,040</u>	<u>21,027</u>

(d) Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 719,187	712,072
Inventory in-transit	42,724	39,034
Total	<u>\$ 761,911</u>	<u>751,106</u>

The details of cost of goods sold were as follows :

	For the Years Ended December 31,	
	2023	2022
Cost of goods sold	\$ 4,405,018	3,783,753
Reversal of inventory valuation and obsolescence	(6,630)	(486)
Repair and maintenance costs	87,251	81,041
Others operating costs	4,921	3,238
Total	<u>\$ 4,490,560</u>	<u>3,867,546</u>

The factor leading to the net realizable value of inventories is lower than the cost vanished, so that the reversal gain of inventories is recognized due to the increase in net realizable value for the year ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

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(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 5,149,291	5,804,749
Associates	2,040,964	874,654
Total	<u>\$ 7,190,255</u>	<u>6,679,403</u>

1.Subsidiary

Please refer to the consolidated financial statements for the year ended of December 31, 2023.

2.Associates

The Company's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 2,040,964</u>	<u>874,654</u>

	For the Years Ended December 31, 2023	2022
Attributable to the Company		
Profit	\$ 122,527	109,154
Other comprehensive income	164,666	81,558
Total comprehensive income	<u>\$ 287,193</u>	<u>190,712</u>

(f) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Medical equipment	Leased Improvement	Miscellaneous equipment	Total
Cost or deemed cost:						
Balance as of January 1, 2023	\$ 75,758	97,085	133,034	1,771	15,616	323,264
Additions	-	1,596	5,157	1,172	12,324	20,249
Disposal and obsolescence	(3,421)	(26,899)	(10,440)	-	(1,767)	(42,527)
Transfer from inventories	-	-	18,923	-	-	18,923
Transfer to inventories	-	-	(9,620)	-	-	(9,620)
Reclassification and others	-	-	1,072	7,714	-	8,786
Balance as of December 31, 2023	<u>\$ 72,337</u>	<u>71,782</u>	<u>138,126</u>	<u>10,657</u>	<u>26,173</u>	<u>319,075</u>

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	Land	Buildings	Medical equipment	Leased improvement	Miscellaneous equipment	Total
Balance as of January 1, 2022	\$ 75,758	97,922	106,504	-	14,785	294,969
Additions	-	934	116	-	1,286	2,336
Disposal and obsolescence	-	-	(754)	-	(1,766)	(2,520)
Transfer from inventories	-	-	29,091	-	1,311	30,402
Transfer to inventories	-	-	(1,923)	-	-	(1,923)
Reclassification and others	-	(1,771)	-	1,771	-	-
Balance as of December 31, 2022	<u>\$ 75,758</u>	<u>97,085</u>	<u>133,034</u>	<u>1,771</u>	<u>15,616</u>	<u>323,264</u>
Depreciation and impairment losses:						
Balance as of January 1, 2023	\$ 4,000	45,136	74,233	359	11,279	135,007
Depreciation for the period	-	1,462	23,711	942	2,893	29,008
Disposal and obsolescence	-	(14,342)	(10,440)	-	(1,756)	(26,538)
Transfer to inventories	-	-	(9,620)	-	-	(9,620)
Balance as of December 31, 2023	<u>\$ 4,000</u>	<u>32,256</u>	<u>77,884</u>	<u>1,301</u>	<u>12,416</u>	<u>127,857</u>
Balance as of January 1, 2022	\$ 4,000	43,300	55,703	-	8,263	111,266
Depreciation for the period	-	1,948	21,207	247	2,580	25,982
Impairment loss recognized	-	-	-	-	2,180	2,180
Disposal and obsolescence	-	-	(754)	-	(1,744)	(2,498)
Transfer to inventories	-	-	(1,923)	-	-	(1,923)
Reclassification and others	-	(112)	-	112	-	-
Balance as of December 31, 2022	<u>\$ 4,000</u>	<u>45,136</u>	<u>74,233</u>	<u>359</u>	<u>11,279</u>	<u>135,007</u>
Carrying amount:						
Balance as of December 31, 2023	<u>\$ 68,337</u>	<u>39,526</u>	<u>60,242</u>	<u>9,356</u>	<u>13,757</u>	<u>191,218</u>
Balance as of January 1, 2022	<u>\$ 71,758</u>	<u>54,622</u>	<u>50,801</u>	<u>-</u>	<u>6,522</u>	<u>183,703</u>
Balance as of December 31, 2022	<u>\$ 71,758</u>	<u>51,949</u>	<u>58,801</u>	<u>1,412</u>	<u>4,337</u>	<u>188,257</u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Company were not pledged as collateral for its loans.

(g) Right-of-use assets

The Company leases many assets including buildings and other equipment. Information about leases for which the Company is a lessee was presented below:

	Buildings
Cost:	
Balance as of January 1, 2023	\$ 14,615
Additions	8,880
Balance as of December 31, 2023	<u>\$ 23,495</u>
Balance as of January 1, 2022	\$ 15,468
Additions	895
Write-off	(1,748)
Balance as of December 31, 2022	<u>\$ 14,615</u>

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	Buildings
Accumulated depreciation and impairment losses:	
Balance as of January 1, 2023	\$ 4,903
Additions	3,355
Balance as of December 31, 2023	<u><u>\$ 8,258</u></u>
Balance as of January 1, 2022	\$ 3,573
Additions	3,011
Write-off	(1,681)
Balance as of December 31, 2022	<u><u>\$ 4,903</u></u>
Carrying amount:	
Balance as of December 31, 2023	<u><u>\$ 15,237</u></u>
Balance as of January 1, 2022	<u><u>\$ 11,895</u></u>
Balance as of December 31, 2022	<u><u>\$ 9,712</u></u>

The Company added and modified parts of the lease contracts, resulting in an increase in right-of-use assets of \$8,880 thousand and \$828 thousand to be recognized for the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, the Company leases storage room and parking space under operating lease, please refer to Note (6)(l).

(h) Intangible assets

The costs, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Software	Other intangible assets	Total
Cost:			
Balance as of January 1, 2023	\$ 2,278	21,442	23,720
Additions	3,417	-	3,417
Disposals	(189)	-	(189)
Balance as of December 31, 2023	<u><u>\$ 5,506</u></u>	<u><u>21,442</u></u>	<u><u>26,948</u></u>
Balance as of January 1, 2022	\$ 2,278	21,442	23,720
Balance as of December 31, 2022	<u><u>\$ 2,278</u></u>	<u><u>21,442</u></u>	<u><u>23,720</u></u>
Amortization and impairment loss:			
Balance as of January 1, 2023	\$ 1,844	19,442	21,286
Amortization for the period	804	600	1,404
Disposal	(189)	-	(189)
Balance as of December 31, 2023	<u><u>\$ 2,459</u></u>	<u><u>20,042</u></u>	<u><u>22,501</u></u>

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	Software	Other intangible assets	Total
Balance as of January 1, 2022	\$ 1,123	18,842	19,965
Amortization for the period	721	600	1,321
Balance as of December 31, 2022	<u>\$ 1,844</u>	<u>19,442</u>	<u>21,286</u>
Book value:			
Balance as of December 31, 2023	<u>\$ 3,047</u>	<u>1,400</u>	<u>4,447</u>
Balance as of January 1, 2022	<u>\$ 1,155</u>	<u>2,600</u>	<u>3,755</u>
Balance as of December 31, 2022	<u>\$ 434</u>	<u>2,000</u>	<u>2,434</u>

1. Amortization

The amortization of intangible assets is included in the following statement of comprehensive income items:

	For the Years Ended December 31,	
	2023	2022
Operating costs	\$ 600	600
Operating expenses	804	721
Total	<u>\$ 1,404</u>	<u>1,321</u>

(i) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 300,000</u>	<u>150,000</u>
Unused short-term credit lines	<u>\$ 1,650,000</u>	<u>1,650,000</u>
Range of interest rates	<u>1.59%~1.68%</u>	<u>1.65%</u>

The Company's assets were not pledged as collateral for bank borrowings.

The Company's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(u).

(j) Provisions

	December 31, 2023	December 31, 2022
Warranties	<u>\$ 4,331</u>	<u>2,462</u>

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	<u>Warranties</u>
Balance as of January 1, 2023	\$ 2,462
Additions	4,836
Provisions reversed or used	<u>(2,967)</u>
Balance as of December 31, 2023	<u>\$ 4,331</u>
Balance as of January 1, 2022	\$ 2,456
Additions	3,132
Provisions reversed or used	<u>(3,126)</u>
Balance as of December 31, 2022	<u>\$ 2,462</u>

The provision for warranty claims represents the present value of management' s best estimate of the future outflow of economic benefits that will be required under the Company' s obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

(k) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current	<u>\$ 3,775</u>	<u>3,009</u>
Non-current	<u>\$ 11,820</u>	<u>6,894</u>

For the maturities analysis, please refer to Note (6)(u).

The Company added and modified parts of the lease contract, resulting in an increase in lease liabilities of \$8,880 thousand and \$828 thousand for the years ended December 31, 2023 and 2022, respectively.

The amounts recognized in profit or loss were as follows:

	<u>For the Years Ended December 31,</u> <u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 140</u>	<u>121</u>
Income from sub-leasing right-of-use assets	<u>\$ 69</u>	<u>69</u>
Expenses relating to short-term leases	<u>\$ 1,276</u>	<u>860</u>
COVID-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>151</u>

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The amounts recognized in the statement of cash flows for the Company were as follows:

	For the Years Ended December 31,	
	2023	2022
Total cash outflow for leases	\$ 4,604	3,836

1. Buildings leases

As of December 31, 2023, the Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company sub-leases some of its right-of-use assets under operating leases; please refer to Note (6)(1).

2. Other leases

The Company leases machinery and other equipment, with lease terms of 3 years. In some cases, the Company has options to extend the lease at the end of the contract term.

The Company also leases storage room and parking space with contract terms of 1 to 3 years. These leases are short-term leases. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(1) Operating leases

Operating leases relate to leasing and subleasing of real estate and leasing of equipments with lease terms between 1 to 2 years. The leasees does not have bargain purchase options to acquire the leased housing and equipments at the expiration of the lease periods.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Within 1 year	\$ 2,044	4,302
1 to 2 years	74	-
	\$ 2,118	4,302

(m) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 74,204	75,733
Fair value of plan assets	(99,755)	(96,413)
Net defined benefit assets	\$ (25,551)	(20,680)

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$98,661 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	For the Years Ended December 31,	
	2023	2022
Defined benefit obligations as of January 1	\$ 75,733	78,776
Current service costs and interest	1,492	1,076
Remeasurements on the net defined benefit obligation		
— Actuarial gains and losses arising from experience adjustments	363	(340)
— Actuarial gains and losses arising from changes in financial assumptions	585	(3,779)
Benefit paid	(3,969)	-
Defined benefit obligations as of December 31	\$ 74,204	75,733

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	For the Years Ended December 31,	
	2023	2022
Fair value of plan assets as of January 1	\$ 96,413	87,746
Interest income	1,359	663
Remeasurement on the net defined benefit obligation		
— Return on plan assets (excluding current interest)	694	6,722
Contribution paid by the employer	1,289	1,282
Fair value of plan assets as of December 31	\$ 99,755	96,413

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the Years Ended December 31,	
	2023	2022
Current service costs	\$ 431	485
Net interest of net liabilities for defined benefit obligations	(298)	(72)
	\$ 133	413
Operating costs and expenses	\$ 133	413

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.300%	1.400%
Future salary increasing rate	3.000%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,289 thousand.

The weighted average lifetime of the defined benefits plans is 10 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	\$ (1,495)	1,540
Future salary increasing rate	1,476	(1,440)
	Influences on defined benefit obligations	Influences on defined benefit obligations
	Increased 0.25% and EG Healthcare Increased 1.00%	Decreased 0.25% and EG Healthcare Decreased 1.00%
December 31, 2022		
Discount rate	\$ (1,484)	1,530
Future salary increasing rate	1,474	(1,438)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$7,975 thousand and \$7,499 thousand for the years ended December 31, 2023 and 2022, respectively.

(n) Income taxes

1. Income tax expense

The components of income tax in the years 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 125,563	91,828
Adjustment for prior periods	(1,617)	558
	<u>123,946</u>	<u>92,386</u>
Deferred tax expense		
Origination and reversal of temporary differences	3,456	26,944
Income tax expense from continuing operations	<u>\$ 127,402</u>	<u>119,330</u>

No income tax was recognized directly in equity for 2023; and the amount of income tax recognized directly in equity for 2022 was as follows:

	For the Years Ended December 31, 2022
Gain on disposal of foreign listed shares	<u>\$ 6,272</u>

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The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 51	(2,168)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	2,252	(3,117)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	15	(541)
	\$ 2,318	(5,826)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ (3,251)	(37,010)

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	2022
Profit before income tax	\$ 874,007	786,783
Income tax using the Company's statutory tax rate	\$ 174,801	157,356
Permanent differences	(53,737)	(38,415)
Tax-exempt income	(624)	(667)
Undistributed earnings additional tax	8,579	498
Adjustments for prior periods	(1,617)	558
Income tax expense	\$ 127,402	119,330

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Others	Total
Deferred tax assets:					
Balance as of January 1, 2023	\$ 6,945	6,877	-	51,594	65,416
Recognized in profit or loss	3,286	(1,326)	-	(895)	1,065
Recognized in other comprehensive income	-	-	-	(3,236)	(3,236)
Balance as of December 31, 2023	\$ 10,231	5,551	-	47,463	63,245

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	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Others	Total
Balance as of January 1, 2022	\$ 5,449	6,974	-	87,762	100,185
Recognized in profit or loss	1,496	(97)	-	1,806	3,205
Recognized in other comprehensive income	-	-	-	(37,974)	(37,974)
Balance as of December 31, 2022	<u>\$ 6,945</u>	<u>6,877</u>	<u>-</u>	<u>51,594</u>	<u>65,416</u>
Deferred tax liabilities:					
Balance as of January 1, 2023	\$ -	-	208,530	8,427	216,957
Recognized in profit or loss	-	-	4,424	97	4,521
Recognized in other comprehensive income	-	-	-	(2,303)	(2,303)
Balance as of December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>212,954</u>	<u>6,221</u>	<u>219,175</u>
Balance as of January 1, 2022	\$ -	-	172,417	3,257	175,674
Recognized in profit or loss	-	-	36,113	(5,964)	30,149
Recognized directly in equity	-	-	-	6,272	6,272
Recognized in other comprehensive income	-	-	-	4,862	4,862
Balance as of December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>208,530</u>	<u>8,427</u>	<u>216,957</u>

3. Assessment of tax

The Company's income tax returns for the years through 2021 were assessed by the Tax Administration.

(o) Capital and other equity**1. Share capital**

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>155,617</u>	<u>148,206</u>
Shares issued	<u>\$ 1,556,167</u>	<u>1,482,064</u>

The Company issued 7,410 and 7,057 thousand common shares amounting to \$74,103 and \$70,574 thousand, with the date of capital increase set on September 3, 2023 and September 5, 2022, based on the resolution decided during the shareholder's meeting held on June 21, 2023 and June 21, 2022, and the approval of the Financial Supervisory Commission, R.O.C. on July 25, 2023 and August 4, 2022. All relevant statutory registration procedures had been completed as of the reporting date.

A total of 10,000 thousand shares of the Company's authorized shares are reserved for the issuance of employee share options, convertible bonds with warrants and preferred shares with warrants.

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2.Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,822,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	250,872	238,938
Changes in equity of associates accounted for using equity method	-	798
Others	43,860	43,860
	<u>\$ 3,287,576</u>	<u>3,276,440</u>

3.Retained earnings

The Company's article of incorporation stipulates that Company's profit after tax should first be used to offset the prior years' deficits, including adjustment of unappropriated retained earnings. Of the remaining balance, 10% is to be appropriated as legal reserve, then the special surplus reserve shall be distributed or reversed according to the Laws acts and regulations approved by the Competent authority. The remainder, together with any undistributed retained earnings, including amount of adjusted retained earnings, shall be distributed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of dividends, bonus, legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

The Company's Articles also stipulate a dividend policy which is as follows: According to the present and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the benefit of shareholders, the Company should distribute dividends and bonuses to shareholders at no less than 20% of the remaining profit (which is the current net profit less losses of previous years, less the adjustment to retained earnings, and less the appropriation of earnings to the legal reserve). Dividends could be distributed in cash or shares, where cash dividends should not be less than 20% of the total dividends distributed.

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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The amounts of cash dividends and on the 2022 and 2021 earnings distribution had been approved during the shareholders' meeting and the board meeting on March 16, 2023 and March 11, 2022. The amounts of stock dividends and on the 2022 and 2021 earnings distribution had been approved during the shareholders' meeting and the board meeting on June 21, 2023 and June 21, 2022. as follows:

	2023		2022	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.65	540,953	3.50	494,021
Share	0.50	<u>74,103</u>	0.50	<u>70,574</u>
Total		<u>\$ 615,056</u>		<u>564,595</u>

The amount of cash dividends on the appropriations of earnings for 2023, and the amount of shares dividends of appropriation of earnings for 2023, had been approved and proposed, respectively during the Board meeting on March 8, 2024, as follows:

	2022	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 3.80	591,344
Share	0.50	<u>77,808</u>
Total		<u>669,152</u>

4. Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ (104,157)	201,647	97,490
Exchange differences on translation of foreign financial statement	(17,696)	-	(17,696)
Exchange differences on associates accounted for using equity method	(348)	-	(348)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	216,294	216,294
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(29,076)	(29,076)
Balance as of December 31, 2023	<u>\$ (122,201)</u>	<u>388,865</u>	<u>266,664</u>

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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (260,442)	118,342	(142,100)
Exchange differences on translation of foreign financial statement	148,041	-	148,041
Exchange differences on associates accounted for using equity method	8,244	-	8,244
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	119,911	119,911
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(36,606)	(36,606)
Balance as of December 31, 2022	<u>\$ (104,157)</u>	<u>201,647</u>	<u>97,490</u>

(p) Earnings per share

For the years ended December 31, 2023 and 2022, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attributable to ordinary shareholders of the Company	<u>\$ 746,605</u>	<u>667,453</u>
Weighted average number of ordinary shares (basic)(retroactive adjustments)	<u>155,617</u>	<u>155,617</u>

2. Diluted earnings per share

	For the Years Ended December 31,	
	2023	2022
Profit attributable to ordinary shareholders of the Company	<u>\$ 746,605</u>	<u>667,453</u>
Weighted average number of ordinary shares (basic)(retroactive adjustments)	155,617	155,617
Effect of employee stock compensation	645	752
Weighted average number of ordinary shares (diluted)(retroactive adjustments)	<u>156,262</u>	<u>156,369</u>

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(q) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31,	
	2023	2022
Primary geographical markets:		
Taiwan	\$ 5,246,870	4,654,419
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 4,640,488	4,077,894
Medicines	102,372	90,523
Household appliances	184,858	202,742
Other	92,502	69,724
Repair and maintenance revenue	184,864	180,197
Other operating revenue	41,786	33,339
	<u>\$ 5,246,870</u>	<u>4,654,419</u>

(r) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The amount of compensation for employees may be paid by shares or cash, and the recipients may include the employees of the Company's affiliated companies. The amount of remuneration to directors may only be paid in cash. Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

For the years ended December 31, 2023 and 2022, the Company estimated its employee compensation amounting to \$47,244 thousand and \$42,529 thousand, and directors' remuneration amounting to \$23,622 thousand and \$21,264 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

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(s) Non-operating income and expenses

1. Interest Income

The details of other income were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 3,613	1,541
Other interest income	135	755
	\$ 3,748	2,296

2. Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2023	2022
Dividend income	\$ 3,118	4,760

3. Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2023	2022
Interest expenses		
Bank borrowings	\$ 3,112	1,271
Others	140	121
	\$ 3,252	1,392

4. Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2023	2022
Foreign exchange (losses) gains	\$ (2,053)	3,939
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(685)	(1,759)
Gains on disposal of property, plant and equipment	20,382	-
Revenue from customs duty refunds	1,855	13,777
Impairment loss on property, plant and equipment	-	(2,180)
Others	6,413	6,233
	\$ 25,912	20,010

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(t) Reclassification adjustments of components of other comprehensive income

The details of reclassification of other comprehensive income were as follows:

	For the Years Ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 53,243	43,322
Net changes of fair value reclassified to retained earnings	(29,076)	(36,606)
Net gains or losses recognized in other comprehensive income	<u>\$ 24,167</u>	<u>6,716</u>

(u) Financial instruments

1. Credit risks

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risks of receivables, the Company periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2023 and 2022, 65.96% and 65.36%, respectively, of notes receivable and accounts receivable were two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
December 31, 2023								
Non-derivative financial liabilities								
Short-term borrowings	\$ 300,000	300,000	20,000	280,000	-	-	-	-
Payables	982,202	982,202	739,635	199,320	16,015	27,232	-	-
Lease liabilities	15,595	15,595	550	415	933	1,877	3,737	8,083
	<u>\$ 1,297,797</u>	<u>1,297,797</u>	<u>760,185</u>	<u>479,735</u>	<u>16,948</u>	<u>29,109</u>	<u>3,737</u>	<u>8,083</u>
December 31, 2022								
Non-derivative financial liabilities								
Short-term borrowings	\$ 150,000	150,000	-	150,000	-	-	-	-
Payables	997,329	997,329	686,512	251,901	36,389	22,527	-	-
Lease liabilities	9,903	9,903	366	383	751	1,509	1,484	5,410
	<u>\$ 1,157,232</u>	<u>1,157,232</u>	<u>686,878</u>	<u>402,284</u>	<u>37,140</u>	<u>24,036</u>	<u>1,484</u>	<u>5,410</u>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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3. Market risks

1) Currency risks

The Company's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

			December 31, 2023	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.705	USD	\$ 1,857	57,004
TWD	0.217	JPY	165,111	35,862
TWD	33.980	EUR	71	2,425
<u>Non-Monetary items</u>				
TWD	0.217	JPY	38,276	8,314
TWD	30.705	USD	97,537	2,994,869
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	30.705	USD	846	25,966
TWD	0.217	JPY	337,035	73,204
			December 31, 2022	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.710	USD	\$ 2,970	91,206
TWD	0.232	JPY	217,995	50,662
TWD	32.720	EUR	375	12,280
<u>Non-Monetary items</u>				
TWD	0.232	JPY	84,207	19,570
TWD	30.710	USD	121,166	3,721,010
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	32.720	EUR	1,894	61,969
TWD	0.232	JPY	386,569	89,839
TWD	30.710	USD	993	30,485

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Since the Company has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains or losses amounted to losses of \$2,053 thousand and gains of \$3,939 thousand, respectively.

2) Sensitivity analysis

The Company's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2023 and 2022 would have increased or decreased the net profit after tax by \$31 thousand and \$225 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

The Company's financial assets and financial liabilities with interest rate exposure risk were noted in the liquidity risk section.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate increases or decreases by 1%, assuming that all other variables remain constant, the Company's profit will decrease or increase by \$3,084 thousand and \$4,025 thousand for the years ended December 31, 2023 and 2022, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Company.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,470 thousand and \$1,528 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through other comprehensive income.

4. Fair value information

1) The categories and fair values of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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December 31, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Foreign listed shares	\$ 8,314	8,314	-	-	8,314
Domestic unlisted shares	138,680	-	-	138,680	138,680
Sub-total	146,994	8,314	-	138,680	146,994
Financial assets at amortized cost					
Cash and cash equivalents	405,752	-	-	-	-
Receivables	1,389,612	-	-	-	-
Other financial assets	16,261	-	-	-	-
Sub-total	1,811,625	-	-	-	-
Total	\$ 1,958,619	8,314	-	138,680	146,994
Financial liabilities at amortized cost					
Short-term borrowings	\$ 300,000	-	-	-	-
Payables	982,202	-	-	-	-
Lease liabilities	15,595	-	-	-	-
Total	\$ 1,297,797	-	-	-	-

December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed shares	\$ 1,763	1,763	-	-	1,763
Foreign listed shares	19,570	19,570	-	-	19,570
Domestic unlisted shares	131,421	-	-	131,421	131,421
Sub-total	152,754	21,333	-	131,421	152,754
Financial assets at amortized cost					
Cash and cash equivalents	503,318	-	-	-	-
Receivables	1,230,360	-	-	-	-
Other financial assets	14,668	-	-	-	-
Sub-total	1,748,346	-	-	-	-
Total	\$ 1,901,100	21,333	-	131,421	152,754

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		December 31, 2022				
		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost						
Short-term borrowings	\$	150,000	-	-	-	-
Payables		997,329	-	-	-	-
Lease liabilities		9,903	-	-	-	-
Total	\$	1,157,232	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimated fair values.

3) Valuation techniques for financial instruments measured at fair value

The Company considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock.

For the Company's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Equity instrument that has no quoted price: The method of comparable Listed Company approach is used to estimate the fair value. The main assumption for the method is to determine the fair value by using the transaction price paid for an identical or a similar instrument of an investee.

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B. Derivative financial instruments

Derivative financial instruments are measured by using the common valuation models such as discounted cash flow model and Black-Scholes model.

4) Changes in level 3 of the fair value

	Fair value through other comprehensive income
	<u>unquoted equity instruments</u>
Balance as of January 1, 2023	\$ 131,421
Total gains and losses recognized	
In other comprehensive income	<u>7,259</u>
Balance as of December 31, 2023	<u>\$ 138,680</u>
Balance as of January 1, 2022	\$ 146,648
Total gains and losses recognized	
In other comprehensive income	(1,542)
Disposal	<u>(13,685)</u>
Balance as of December 31, 2022	<u>\$ 131,421</u>

For the years ended December 31, 2023 and 2022, total gains and losses included in “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 7,259	5,842

5) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets at fair value through other comprehensive income—equity investments without active market”.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> EV/Revenue Value Multiple (2.38 on December 31, 2023) P/B Value Multiple (1.08~2.11 and 0.98~2.11 on December 31, 2023 and 2022) P/E Value Multiple (24.95 on December 31, 2023) Discount due to Lack of Market liquidity (13.37%~30.00% and 16.40%~22.14% on December 31, 2023 and 2022) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

			Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2023	Input	Variation		
Financial assets at fair value through other comprehensive income			\$	
Equity instruments without an active market	Value Multiple	5%	6,416	(6,416)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	8,126	(8,126)
			<u>\$ 14,542</u>	<u>(14,542)</u>

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			Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2022				
Financial assets at fair value through other comprehensive income			\$	
Equity instruments without an active market	Value Multiple	5%	6,073	(6,073)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	7,451	(7,451)
			<u>\$ 13,524</u>	<u>(13,524)</u>

(v) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company' s risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Company-Wide risk management policy and related systems and reports regularly to the Board of Directors.

The Company' s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and changes in operation of the Company. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company' s Board of Directors oversees how management monitors compliance with the Company' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company' s Board of Directors is assisted in its oversight role by internal audit. The internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

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3. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2023.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and shareholder's meeting with the supervision of the internal audit department. Information concerning all market risks of the Company was as follows:

1) Currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

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The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The Company pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

3) Other price risk

The Company was exposed to price risk through its investments in listed securities. The Company has appointed a special team to monitor and evaluate the price risk.

(w) Capital Management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest plus net debt.

(x) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2023 and 2022, were as follows:

For acquisitions of right-of-use assets by leasing, please refer to note 6(g).

Reconciliation of liabilities arising from financing activities were as follows:

	Non-cash changes				December 31, 2023
	January 1, 2023	Cash flows	Acquisition	Others	
Short-term borrowings	\$ 150,000	-	150,000	-	300,000
Lease liabilities	9,903	(3,188)	8,880	-	15,595
Total liabilities from financing activities	\$ 159,903	(3,188)	158,880	-	315,595

	Non-cash changes				December 31, 2022
	January 1, 2022	Cash flows	Acquisition	Others	
Short-term borrowings	\$ 150,000	-	-	-	150,000
Lease liabilities	12,081	(2,855)	828	(151)	9,903
Total liabilities from financing activities	\$ 162,081	(2,855)	828	(151)	159,903

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(7) Related Party Transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Excelsior Investment Co., Ltd.	Entities with significant influence over the Company
Excelsior Group Holdings Co., Ltd.	"
Dynamic Medical Technologies Inc.	Subsidiary
Dynamic Medical Technologies (Hong Kong) Ltd.	"
Guangzhou Dynamic Inc.	"
Excelsior Beauty Co., Ltd.	"
Arich Enterprise Co., Ltd.	"
Excelsior Healthcare Co., Ltd.	"
Excelsior Investment (Malaysia) Co., Ltd.	"
RENAL LABORATORIES SDN. BHD.	"
MEDI-CHEM SYSTEMS SDN. BHD.	"
RENAL MANAGEMENT SDN.BHD.	"
Excelsior Medical (HK) Co., Limited	"
SinoExcelsior Investment Inc.	"
EG Healthcare Inc.	"
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	"
CYJ International Taiwan Inc.	"
Arich Best Chain Co., Ltd.(Arich Best Chain)	Subsidiary (Associate April 6, 2023)
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	Associate
Excelsior Renal Service Co., Limited (ERS)	"
Asia Best Healthcare Co., Limited (ABH)	"
Medifly Co., Ltd.	"
Asia Best Life Care Co., Ltd. (Former name: Asia Best Life Care Technology Co., Ltd.)	"
Exceed Healthcare Co., Ltd.	"

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Excelsior Long Term Care Corporation Entity	Associate
Anxin Nice Care Co., Ltd.	"
NephroCare Limited	"
Cardinal Medical Services Ltd.	"
Bestsmile Co., Ltd.	Associate(Subsidiary before July 20, 2022)
Visionfront Corporation	Associate (Note 2)
Jiate Excelsior Co., Ltd. (Jiate)	Associate (Note 1)
Excelsior Health Foundation	Other related parties
SciVision Biotech Inc.	Other related parties (Other related parties June, 2023)

Note 1 : The dissolution of Jiate Excelsior Co., Ltd. had been approved during the shareholders' meeting held on October 24, 2022.

Note 2 : Visionfront Corporation was dissolved in a merger with Bestchain, and the dissolution date of the merger was January 31, 2023.

(b) Significant transactions with related parties

1. Operating revenue

1) Sales revenue

The amounts of significant sales by the Company to related parties were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 68,811	39,764
Associate—Bestchain	2,519,118	2,061,533
Associate—ERS	736,106	765,409
Associate—Others	243,269	104,036
Other related parties	33	8
	<u>\$ 3,567,337</u>	<u>2,970,750</u>

The aforementioned transactions, except the sales to Bestchain and ERS that were priced on a cost-plus basis, were conducted on normal commercial terms.

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2) Repair and maintenance revenue

The amounts of significant repair and maintenance revenue by the Company to related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Subsidiary	\$ 251	269
Associate — ERS	96,001	93,880
Associate — Bestchain	2,130	1,146
Associate — Others	1,466	-
	\$ 99,848	95,295

3) Other operating revenue-rental revenue

The amounts of significant other operating revenue-rental revenue by the Company to related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Entities with significant influence over the Company	\$ 72	72
Subsidiary	297	348
Associate — ERS	1,684	1,918
Associate — Asia Best Life Care Co., Ltd.	1,077	590
Associate — Others	1,155	1,313
Other related parties	57	16
	\$ 4,342	4,257

4) Other operating revenue-service revenue

The amounts of significant other operating revenue-service revenue by the Company to related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Subsidiary — Dynamic	\$ 2,598	2,491
Subsidiary — Others	1,929	1,344
Associate — ERS	7,924	7,692
Associate — Asia Best Life Care Co., Ltd.	2,886	1,882
Associate — Bestchain	1,134	1,105
Associate — Others	853	954
Other related parties	286	287
	\$ 17,610	15,755

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2. Purchases from related parties

The amounts of significant purchases by the Company from related parties were as follows:

	For the Years Ended December 31,	
	2023	2022
Subsidiary	\$ 7,509	-
Associate	20,689	6,581
	\$ 28,198	6,581

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3. Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary	\$ 24,823	23,701
Accounts receivable	Associate — Bestchain	760,995	592,714
Accounts receivable	Associate — ERS	153,784	156,865
Accounts receivable	Associate — Others	40,801	40,012
Accounts receivable	Other related parties	8	2
		\$ 980,411	813,294

4. Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	December 31, 2023	December 31, 2022
Accounts payable	Associate	\$ 13,374	1,928
Accounts payable	Subsidiary	675	210
Other payables	Associate	4,427	8,929
Other payables	Subsidiary	-	31
		\$ 18,476	11,098

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5. Property transactions**1) Purchases of property, plant and equipment**

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	For the Years Ended December 31, 2023
Associate — Asia Best Life Care Co., Ltd.	<u>\$ 2,495</u>

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	For the Years Ended December 31,			
	2023		2022	
		Gains (losses) from disposal		Gains (losses) from disposal
Category of related party	Disposal price		Disposal price	
Associates	<u>\$ 12</u>	-	-	-

3) Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		For the Years Ended December 31,					
		2023			2022		
		Number of shares	Purpose	Acquisition price	Number of shares	Purpose	Acquisition price
Associate — Bestchain	Investments accounted for using equity method	1,512,341	Ordinary shares of Bestchain	\$ 24,213	-	-	-
Subsidiary — Excelsior Medical (HK)	Investments accounted for using equity method	84,633,340	Ordinary shares of Asia Best Life Care Co., Ltd.	968,195	-	-	-
Subsidiary — Dynamic	Investments accounted for using equity method	1,223	Ordinary shares of Dynamic	12	-	-	-
				<u>\$ 992,420</u>			<u>-</u>

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4) Disposals of financial assets

The disposals of financial assets to related parties are summarized as follows:

		For the Years Ended December 31,							
		2023				2022			
					Gain (loss)				Gain (loss)
Relationship	Account	Number of shares	Purpose	Disposal price	on disposal	Number of shares	Purpose	Disposal price	on disposal
Associate – Bestchain	Investments accounted for using equity method	2,434,870	Ordinary shares of Visionfront Corporation	\$ 24,213	2,836	1,194,526	Ordinary shares	6,634	(43)

Note 1: Bestchain Healthtaiwan Co., Ltd. absorbed and merged with Visionfront Corporation. After the merger, Visionfront Corporation was the extinguished company, and Bestchain Healthtaiwan Co., Ltd. was the surviving company. Therefore, the number of shares of Visionfront Corporation held by the Company was exchanged for shares of Bestchain Healthtaiwan Co., Ltd. on January 30, 2023.

Note 2: The Company purchased 49.38% equity of Asia Best Life Care Co., Ltd. from Excelsior Medical (HK) Co., Limited on August 8, 2023, by the resolution of the board of directors.

6. Guarantee

As of December 31, 2023 and 2022, the Company provided its subsidiaries guarantees for loans, with the credit limit of \$1,140,545 thousand and \$1,140,055 thousand, and the amount utilized were \$99,851 thousand and \$85,147 thousand, respectively.

As of December 31, 2023 and 2022, the Company also provided its associates guarantees for loans, with the credit limit of \$700,000 thousand and \$600,000 thousand, and the amount utilized were \$150,000 thousand and \$0, respectively.

7. Others

	For the Years Ended December 31,	
	2023	2022
<u>Associates and Other related parties</u>		
Other revenue	\$ 7,858	7,281
Cost of goods sold	(4,842)	(4,384)
Repair and maintenance costs	(4,428)	(3,174)
Rent expense	(444)	(444)
Fright and warehousing expense	(45,637)	(41,797)
Other expense	(609)	(457)
	<u>\$ (48,102)</u>	<u>(42,975)</u>

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The aforementioned rentals collected or paid quarterly or monthly were based on prevailing market rates.

As of December 31, 2023 and 2022, the Company had received collections in advance from associates for \$327 thousand and \$165 thousand, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2023	2022
Short-term employee benefits	\$ 44,482	41,656
Post-employment benefit	324	324
	\$ 44,806	41,980

(8) Pledged Assets : None.

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

1. As of December 31, 2023 and 2022, the unused letters of credit were \$49,789 thousand and \$53,860 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee and purchase bid of hospital were \$0 thousand and \$36,000 thousand, respectively.

2. In April 2022, the Company entered into a supply agreement with the Hong Kong-based company. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually.

(10) Losses due to Major Disasters : None.

(11) Subsequent Events : None.

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(12) Other

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	By function	For the Years Ended December 31, 2023			For the Years Ended December 31, 2022		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		39,763	184,570	224,333	38,984	171,665	210,649
Labor and health insurance		4,071	13,737	17,808	3,892	12,467	16,359
Pension		2,174	5,934	8,108	2,139	5,773	7,912
Remuneration of directors		-	27,669	27,669	-	25,401	25,401
Others		1,658	8,188	9,846	1,565	7,433	8,998
Depreciation		4,981	27,382	32,363	3,343	25,650	28,993
Amortization		600	1,519	2,119	675	1,704	2,379

For the years ended December 31, 2023 and 2022, the numbers of employees and their benefit expenses were as follows:

	2023	2022
Numbers of employees	<u>220</u>	<u>209</u>
Numbers of directors who were non-employees	<u>8</u>	<u>8</u>
The average employee benefits	<u>\$ 1,227</u>	<u>1,214</u>
The average salaries and wages	<u>\$ 1,058</u>	<u>1,048</u>
Average adjustment rate of employee salaries	<u>0.95%</u>	<u>4.90%</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers, and employees) is as follows:

The salary and remuneration of employee was agreed upon by labor and management, was adjusted in accordance with employee's operating status, price level, contributions, abilities, and performance appraisal. The aforesaid salary and compensation shall not lower than the minimum wage approved by central competent authorities.

Wage means the remuneration which a worker receives for his/her services rendered, including wages, salaries and bonuses, allowances and any other regular payments regardless of the name which may be computed on an hourly, daily, monthly and piecework basis, whether payable in cash or in kind. Non-salary are non-regular payments in Article 10 of Enforcement Rules of the Labor Standards Act.

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The salary and remuneration which the Company paid to directors and managers shall refer to their participation and contribution to the Company. The aforesaid salary and remuneration includes fixed salary, professional practice fee, pension, remuneration, and any bonus.

(13) Other Disclosures**(a) Information on significant transactions**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement allowance (Note 7)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,722,602	9,970	-	-	-	-	8,613,009	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,722,602	990,000	990,000	75,350	-	11.49%	8,613,009	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,722,602	116,280	58,430	15,526	-	0.68%	8,613,009	Y	N	N
0	"	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,722,602	157,100	76,763	8,975	-	0.89%	8,613,009	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,722,602	31,420	15,352	-	-	0.18%	8,613,009	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	736,106	-	-	-	-	-	8,613,009	N	N	N
0	"	Beschain Healthtaiwan Co., Ltd. (Note 3)	1	2,519,118	700,000	700,000	150,000	-	8.13%	8,613,009	N	N	N
1	Dynamic Medical Technologies Inc.	CYJ International Taiwan Inc. (Note 5)	2	307,202	100,000	100,000	100,000	-	6.51%	768,006	Y	N	N
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 6)	3	52,110	100	-	-	-	-	130,274	N	Y	N
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 7)	1	145,613	-	-	-	-	-	1,011,223	N	N	N
4	Arich Best Chain Co., Ltd.	Arich Enterprise Co., Ltd. (Note 8)	3	9,085	-	-	-	-	-	15,142	N	Y	N

Note 1: the description of number column:

1. 0 is issuer.
2. Investees are listed by name and numbered starting with 1.

Note 2: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
5. Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in the same type of business providing guarantees of pre-sale contracts according to the regulation.

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Note 3: For guarantee and endorsement to those companies with business contact, the maximum amount cannot exceed the trading amount between two parties for the current year.

Note 4: The total amount of guarantee and endorsement cannot exceed 20% of the Company's net asset value from the most recent audited or reviewed report.

Note 5: The total amount of guarantee and endorsement cannot exceed 20% of Dynamic's net asset value from the most recent audited or reviewed report.

Note 6: The total amount of guarantee and endorsement cannot exceed 20% of Excelsior Beauty Co., Ltd.'s net asset value from the most recent audited or reviewed report.

Note 7: For guarantee and endorsement from Arich to the Company with business contact, the maximum amount cannot exceed the trading amount between two parties for the most recent 24 months.

Note 8: The total amount of guarantee and endorsement cannot exceed 30% of Arich Best's net asset value from the most recent audited or reviewed report.

Note 9: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent audited or review report: Dynamic, Excelsior Beauty, Arich and Arich Best Chain cannot exceed 50% of their net asset value from the most recent audited or reviewed report.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
	<u>Stock</u>							
The Company	3-D Matrix, Ltd.	-	Fair value through other comprehensive income	273,400	8,314	0.35%	8,314	
"	Gie Cheng Co., Ltd.	-	"	3,795,000	31,536	17.25%	31,536	
"	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	46,007	7.15%	46,007	
"	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	50,287	3.80%	50,287	
"	Linkon International Golf & Country Club	-	"	1	10,850	0.10%	10,850	
Excelsior Healthcare Co. Limited	Chai Tai Bo Ai Investment Limited	-	"	10,000	3,493	8.00%	3,493	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	778	- %	778	
Dynamic Medical Technologies Inc.	Caregen Co., Ltd.	-	"	172,500	113,423	0.32%	113,423	
	<u>Stock Warrant</u>							
Dynamic Medical Technologies (Hong Kong) Ltd.	Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	- %	-	
	<u>Stock</u>							
Excelsior Beauty Co., Ltd.	Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	3,152	19.00%	3,152	
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	448,467	17.65%	448,467	Note

Note : Act as limited company, no outstanding share.

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4. Accumulated buying/selling of the same marketable securities for which the amount reaches \$300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Disposal gain (loss)	Shares/Units	Amount
The Company	Asia Best Life Care Co., Ltd.	Investments accounted for using equity method	Excelsior Medical Co., Limited (Hong Kong)	Subsidiary	-	-	-	-	-	-	-	-	-	-
Excelsior Medical Co., Limited (Hong Kong)	Asia Best Life Care Co., Ltd.	Investments accounted for using equity method	Asia Best Healthcare Co., Limited	Associates	-	-	-	-	-	-	-	-	-	-

Note 1: Marketable securities for using the equity method, according to regulations, those two columns must be filled out, while the rest can be left blank.

5. Acquisition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital : None.
6. Disposition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(736,106)	(14.03)%	Net 30-60 days	-		153,784	11.07%	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(2,519,118)	(48.01)%	Net 30-90 days	-		760,995	54.77%	Note 1
"	NephroCare Limited	"	"	(151,935)	(2.90)%	Net 45 days	-		21,375	1.54%	Note 1

Note 1: The unit price of cost of goods sold for the Company is based on cost-plus pricing approach by product that is lower than average; because, the expense of goods sold for related parties is lower than average price as well.

8. Accounts receivable from related parties for which the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	153,784	4.74	-	-	145,438	-
"	Bestchain Healthtaiwan Co., Ltd.	"	760,995	3.72	-	-	236,411	-

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

9. Derivative transactions: None.

(b) Information on investees:

For the year ended December 31, 2023, the following is the information of investees (excluding investees in Mainland china):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, intergration of warehousing and information	299,024	277,647	50,674,854	44.71%	960,081	250,911	112,095	Associates (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	380,856	29,829,742	40.00%	806,878	76,532	30,584	Subsidiary (Notes 2、11)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,312	180,300	12,706,690	38.51%	604,099	210,319	80,854	Subsidiary (Note 11)
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	898,782	1,244,687	28,695,856	100.00%	1,711,453	129,948	129,948	Subsidiary (Note 11)
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	-	44,069	-	- %	-	13	6	Associates (Note 6)
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97%	28,865	907	217	Associates
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	963,137	1,588,746	33,807,013	64.36%	1,260,968	146,050	93,998	Subsidiary (Note 11)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	28,543	91,984	5,190,662	41.02%	107,280	56,884	23,386	Sub-subsubsidiary (Note 7、10、11)
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	83,916,300	100.00%	658,613	17,703	17,703	Subsidiary (Note 11)
The Company	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66%	93,203	35,621	10,209	Associates
"	Asia Best Life Care Co., Ltd.	New Taipei City	Long-term care business	953,836	-	84,633,340	49.38%	958,815	85,405	4,979	Associates (Note 9)

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	9,427,489	99.99%	74,509	(2,691)	-	Sub-subsidiary (Note 11)
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00%	396,063	151,387	-	Associates
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	516,071	862,529	18,724,062	35.64%	698,274	146,050	-	Subsidiary (Note 11)
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	343,026	222,547	11,171,271	100.00%	289,024	(7,882)	-	Sub-subsidiary (Note 11)
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale of cosmetic health-care products	382,278	382,278	79,021,783	100.00%	305,977	11,491	-	Sub-subsidiary (Note 11)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	55,395	138,745	6,819,523	53.89%	124,508	56,884	-	Sub-subsidiary (Note 11)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00%	(581)	814	-	Associates
"	TOUCE BIOTECH Co., Ltd	Taipei City	Sale of cosmetic health-care products	45,000	45,000	420,000	35.00%	44,914	5,309	-	Associates (Note 4)
"	CYJ International Taiwan Inc.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	90,633	11,073	7,344,008	60.00%	74,688	10,479	-	Sub-subsidiary (Note 5 + 11)
Dynamic Medical Technologies (Hong Kong) Ltd.	CYJ International Co., Ltd.	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00%	10,657	(136)	-	Associates
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sales of lifestyle beauty products and treatments, and sales of medical beauty products.	-	97,920	-	- %	-	10,479	-	Sub-subsidiary (Note 10 + 11)
Arich Enterprise Co., Ltd.	Arich Best Chain Co., Ltd.	New Taipei City	Logistics business	31,080	-	3,000,000	100.00%	30,642	(801)	-	Sub-subsidiary (Note 8 + 11)
Excelsior Medical (HK) Co., Limited	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	458,902	1,395,079	129,492	48.47%	597,534	105,229	-	Associates
"	Cardinal Medical Services Ltd.	British Virgin Islands	Sale of medical equipment, and medical management consultancy service	106,121	106,121	9,800	49.00%	124,661	39,673	-	Associates
"	NephroCare Limited	Hong Kong	Sale of medical equipment, and medical management consultancy service	688,755	688,755	151,801,588	49.00%	766,723	107,051	-	Associates
"	Asia Best Life Care Co., Ltd.	Taiwan	Long-term care business	-	-	-	- %	-	85,405	-	Associates (Note 9)

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Excelsior Investment (Malaysia) Co., Ltd	Renal Laboratories Sdn. Bhd.	Malaysia	Manufacture of medical equipment	288,387	169,502	32,523,586	81.90%	248,539	(9,353)	-	Sub-subsidiary (Note 11)
"	Medi-Chem Systems Sdn. Bhd.	Malaysia	Sale of medical equipment	44,052	44,052	350,000	70.00%	34,945	(384)	-	Sub-subsidiary (Note 11)
Medi-Chem Systems Sdn. Bhd.	Renal Management Sdn. Bhd.	Malaysia	Lease business	1,315	1,315	200,000	100.00%	8,014	99	-	Sub-subsidiary (Note 11)

Note 1: Including the adjustment made from the unrealized gain/loss with subsidiaries and associates.

Note 2: Including the amortization listed by the book value of net identified assets.

Note 3: According to the regulations, the Company are required to disclose the share of income/loss of investees.

Note 4: Dynamic Medical Technologies Inc. acquired 35% equity of Touce Biotech Co., Ltd. on October 2022.

Note 5: Dynamic Medical Technologies Inc. acquired 10% equity in CYJ International Taiwan Inc. from CYJ International Co., Ltd., the associate, in November 2022; and acquired 50% equity in CYJ International Taiwan Inc. from Excelsior Beauty Co., Ltd., the subsidiary, in November 2023, the shareholding ratio after the acquisition is 60%.

Note 6: Bestchain Healthtaiwan Co., Ltd. absorbed and merged with Visionfront Corporation. After the merger, Visionfront Corporation was the extinguished company, and Bestchain Healthtaiwan Co., Ltd. was the surviving company. Therefore, the number of shares of Visionfront Corporation held by the Company was exchanged for shares of Bestchain Healthtaiwan Co., Ltd. on January 30, 2023.

Note 7: Excelsior Beauty Co., Ltd., has completed the registration of changes in capital reduction in May 2023.

Note 8: Arich Enterprise Co., Ltd. acquired 100% equity of the company on April 6, 2023, and is therefore included in the consolidated financial statements from that date.

Note 9: On July 3, 2023, Asia Best Healthcare Co., Ltd. used the shares of its subsidiary Asia Best Life Care Co., Ltd. as the consideration for the organizational restructuring, after the organizational restructuring the Company held 49.38% of the equity in Asia Best Life Care Co., Ltd. In addition, on November 8, 2023, the Company purchased all the equity in shares of Asia Best Life Care Co. from Excelsior Medical (HK) Co., and the relevant procedures have been completed.

Note 10: Excelsior Beauty Co., Ltd., disposed of 30% equity in CYJ International Taiwan Inc. in December 2023.

Note 11: The aforementioned inter-company transactions have been eliminated in the financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow						
Excelsior Healthcare (Shanghai) Corporation (Note 5)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale and maintenance of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(45,690)	7.80%	-	3,493	-
SinoExcelsior Investment Inc. (Note 5)	Sale of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	1,480	100.00%	1,480	136,132	-
Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,057)	100.00%	(1,057)	8,956	-
Beijing Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	131,005	17.65%	-	448,467	83,293

EXCELSIOR MEDICAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
The Company	1,087,625	1,289,640	5,167,805
Dynamic Medical Technologies Inc.	153,998	153,998	921,607
Arich Enterprise Co., Ltd.	66,603	66,603	1,213,467

Note 1: Investments in Mainland China are differentiated by the following four methods:

- (1) Direct investment in Mainland China with remittance through a third region.
- (2) Indirect investment in Mainland China through an existing investee company in a third region.
- (3) Other methods (i.e. entrusted Investment)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
 - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
 - 3) Others

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2023, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 4: The disposal of Shanghai Lintech Medicare Co. was completed in December 2015. As of December 31, 2021, the original investment amount of \$29,213 thousand from Taiwan has not been repatriated yet.

Note 5: The current investment outflow is not included the direct investment amount of \$207,380 thousand through the third region.

Note 6: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2023, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 7: (1)The upper limit on investment of the Company and Dynamic is the 60% of net value.

(2)The upper limit on investment of Arich is the higher of \$80,000 thousand or 60% of net value.

Note 8: All amounts listed are disclosed in NTD.

3. Significant transactions :

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in “Information of significant transactions” .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Excelsior Investment Co., Ltd.		17,390,232	11.17%
Excelsior Group Holdings Co., Ltd.		16,455,934	10.56%
Bestchain Healthtaiwan Co., Ltd.		15,286,432	9.82%

(14) Segment Information

Please refer the consolidated financial statements for the year ended December 31, 2023.

EXCELSIOR MEDICAL CO., LTD.**STATEMENT OF CASH AND
EQUIVALENTS****DECEMBER 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash	Petty cash	\$ 82
Cash in bank	Checking accounts	113
	Demand deposits	329,619
	Foreign deposits	
	USD 1,226 thousand	37,647
	JPY 165,111 thousand	35,862
	EUR 71 thousand	2,425
	CNY 1 thousand	4
		75,938
Total		<u>\$ 405,752</u>

STATEMENT OF NOTES RECEIVABLE

Client Name	Description	Amount	Note
Grant River Co., Ltd.		\$ 9,712	
Ju Yuan Ltd.		7,316	
Youlin Industrial Ltd.		4,096	
You Da Co., Ltd.		4,091	
Other		53,438	The year-end balance of each client does not exceed 5% of the account balance.
Total		<u>\$ 78,653</u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Related Parties:			
Bestchain Healthtaiwan Co., Ltd.	Payment for goods	\$ 760,995	
Excelsior Renal Service Co., Limited	"	153,784	
Other	"	<u>65,632</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>980,411</u>	
Non-related Parties:			
Ikko Corporation	"	17,272	
Hi-Clearance Inc.	"	16,559	
Other	"	<u>313,691</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>347,522</u>	
Total		1,327,933	
Less: Allowance for Impairment		<u>(17,040)</u>	
Net Amount		<u>\$ 1,310,893</u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related Parties:			
	Interest receivable	\$ <u><u>66</u></u>	

STATEMENT OF INVENTORIES

Item	Amount		Note
	Cost	Net realized value	
Merchandise	\$ 719,187	879,733	
Inventory in-transit	42,724	55,904	
Total	<u><u>\$ 761,911</u></u>	<u><u>935,637</u></u>	

EXCELSIOR MEDICAL CO., LTD.

**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR
VALUE THROUGH OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
SciVision Biotech Inc.	32,525	\$ 1,763	-	-	32,525	1,763	-	-	None	
3-D Matrix, Ltd.	273,400	<u>19,570</u>	-	<u>-</u>	-	<u>11,256</u>	273,400	<u>8,314</u>	"	
Subtotal		<u>21,333</u>		<u>-</u>		<u>13,019</u>		<u>8,314</u>		
Gie Cheng Co., Ltd.	3,795,000	35,635	-	-	-	4,099	3,795,000	31,536	"	
Rui Guang Healthcare Co., Ltd.	2,423,951	31,802	-	14,205	-	-	2,423,951	46,007	"	
Sunder Biomedical Tech. Co., Ltd.	2,279,578	53,684	-	-	-	3,397	2,279,578	50,287	"	
Linkon International Golf & Country Club	1	<u>10,300</u>	-	<u>550</u>	-	<u>-</u>	1	<u>10,850</u>	"	
Subtotal		<u>131,421</u>		<u>14,755</u>		<u>7,496</u>		<u>138,680</u>		
Total		<u><u>\$ 152,754</u></u>		<u><u>14,755</u></u>		<u><u>20,515</u></u>		<u><u>146,994</u></u>		

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF CHANGES INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Addition		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
<u>Listed companies</u>													
Dynamic Medical Technologies Inc.	11,550,425	\$ 547,074	1,156,265	108,975	-	51,950	12,706,690	38.51%	604,099	110.00	1,397,736	None	
Arich Enterprise Co., Ltd.	29,829,742	750,666	-	75,732	-	19,520	29,829,742	40.00%	806,878	21.95	654,763	"	
<u>Unlisted companies</u>													
Bestchain Healthtaiwan Co., Ltd.	49,162,513	732,468	1,512,341	305,179	-	77,566	50,674,854	44.71%	960,081	-	-	"	
Excelsior Healthcare Co., Limited	39,411,623	1,944,685	-	131,862	10,715,767	365,094	28,695,856	100.00%	1,711,453	-	-	"	
Visionfront Corporation	2,434,870	21,440	-	-	2,434,870	21,440	-	- %	-	-	-	"	
Sunrise Health Care Company	2,085,547	28,671	-	218	-	24	2,085,547	23.97%	28,865	-	-	"	
Excelsior Medical (HK) Co., Limited	53,154,741	1,782,684	-	115,435	19,347,728	637,151	33,807,013	64.36%	1,260,968	-	-	"	
Excelsior Beauty Co., Ltd.	11,534,804	138,729	-	35,453	6,344,142	66,902	5,190,662	41.02%	107,280	-	-	"	
Excelsior Asset Management Co., Ltd.	82,292,300	640,911	1,624,000	17,702	-	-	83,916,300	100.00%	658,613	-	-	"	
Asia Best Life Care Co., Ltd.	-	-	84,633,340	958,815	-	-	84,633,340	49.38%	958,815	-	-	"	
Medifly Co., Ltd.	3,615,976	<u>92,075</u>	-	<u>10,308</u>	-	<u>9,180</u>	3,615,976	28.66%	<u>93,203</u>	-	<u>-</u>	"	
Total		<u>\$ 6,679,403</u>		<u>1,759,679</u>		<u>1,248,827</u>			<u>7,190,255</u>		<u>2,052,499</u>		

Note: Net assets value of unlisted companies was according to the report issued by the investee or the audit report of the investee.

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Related Parties:			
Medifly Co., Ltd.		\$ 7,984	
Bestchain Healthtaiwan Co., Ltd.		5,318	
Excelsior Beauty Co., Limited		500	
Other			The year-end balance of each client does not exceed 5% of the account balance.
		<u>247</u>	
Subtotal		<u>14,049</u>	
Non-related Parties:			
Medtronic (Taiwan) Ltd.		230,803	
Sunder Biomedical Tech. Co., Ltd.		69,312	
Kyowa Kirin Taiwan Co., Ltd.		65,169	
Asahi Kasei Kuraray Medical Co., Ltd.		63,472	
Chi Sheng Pharma & Biotech Co., Ltd.		58,622	
Fresenius Medical Care Taiwan Co., Ltd.		74,134	
Other		<u>194,568</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>756,080</u>	
Total		<u><u>\$ 770,129</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Employee wages and bonuses payable	\$ 89,772
	Salaries and bonuses payable	31,897
	Remuneration payable of directors	23,622
	Compensated absence payable	9,996
	Insurance payable	3,217
	Professional fees payable	3,722
	Other	48,642
Total		<u><u>\$ 210,868</u></u>

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

Item	Quantity	Amount	Note
Sales revenue			
Surgical supplies	2,580,288 pieces	\$ 2,189,725	
Artificial kidneys, blood tubing sets, lumbar puncture needles	12,194,417 pieces /pairs	1,237,916	
Erythropoietin, liquid medicines, powder medicines	3,424,174 doses/buckets/ packs	737,733	
Blood bags	620,629 bags	215,974	
Medical supplies	3,520,004 packs/pieces	161,290	
Medical equipment	461 sets	97,850	
Medicines	2,121,476 pills	102,372	
Household appliances	35,656 sets	184,858	
Other		92,502	
Subtotal		5,020,220	
Repair and maintenance revenue		184,864	
Other operating revenue		41,786	
Net		<u><u>\$ 5,246,870</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Cost of Goods Sold	
Inventory, January 1	\$ 785,638
Add: Purchase	4,431,201
Reversal on inventory valuation and obsolescence	(6,630)
Less: transfer to property, plant and equipment	(18,923)
Inventory, December 31	(789,813)
Other	<u>(3,085)</u>
Cost of Goods Sold	4,398,388
Repair and maintenance costs	87,251
Rental costs	<u>4,921</u>
Operating costs	<u><u>\$ 4,490,560</u></u>

STATEMENT OF SELLING EXPENSES

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 70,360	
Freight expense		46,690	
Depreciation expense		19,475	
Entertainment expense		13,033	
Other		<u>81,546</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u><u>\$ 231,104</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 141,879	
			The year-end balance of each account does not exceed 5% of the account balance.
Other		<u>52,664</u>	
		<u>\$ 194,543</u>	

6. Up to the Publication Date of this Annual Report, Has the Group Experienced Financial Turnover Difficulties:
None.

VII. Review and Analysis of Financial Status, Financial Performance, and Risk Management

1. Financial Status

(1) Comparative analysis of financial status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	10,691,830	9,528,417	1,163,413	12.2
Property, plant and equipment	772,612	760,310	12,302	1.6
Intangible assets	45,151	31,622	13,529	42.8
Other assets	6,570,332	6,162,157	408,175	6.6
Total assets	18,079,925	16,482,506	1,597,419	9.7
Current liabilities	6,678,757	5,752,045	926,712	16.1
Non-current liabilities	488,209	433,152	55,057	12.7
Total liabilities	7,166,966	6,185,197	981,769	15.9
Equity attributable to owners of parent	8,613,009	8,200,432	412,577	5.0
Share capital	1,556,167	1,482,064	74,103	5.0
Capital surplus	3,287,576	3,276,440	11,136	0.3
Retained earnings	3,502,602	3,344,438	158,164	4.7
Other equity	266,664	97,490	169,174	173.5
Treasury stock	—	—	—	—
Non-controlling interests	2,299,950	2,096,877	203,073	9.7
Total equity	10,912,959	10,297,309	615,650	6.0
Note:				
1. Other equity in 2023 increased mainly due to the increase in unrealized gains from financial assets measured at fair value through other comprehensive income.				

- (2) Future plan shall be described in the case of material impacts: No material impacts have been affected to the Company finance and business.

2. Financial Performance

(1) Comparative analysis of financial performance

Unit: NT\$ thousands

<div> <div>Year</div> <div>Item</div> </div>	Financial Information for the last 2 years		Difference	
	2023	2022	Amount	(%)
Operating revenue	8,233,404	7,186,828	1,046,576	14.6
Gross profit	1,675,568	1,513,112	162,456	10.7
Net operating income	702,880	606,612	96,268	15.9
Non-operating income and expenses	441,200	357,088	84,112	23.6
Profit before tax	1,144,080	963,700	180,380	18.7
Profit from continuing operations	922,850	785,301	137,549	17.5
Loss from discontinuing operations	—	—	—	—
Profit	922,850	785,301	137,549	17.5
Other comprehensive income, net	319,075	364,266	(45,191)	(12.4)
Total comprehensive income	1,241,925	1,149,567	92,358	8.0
Profit attributable to owners of parent	746,605	667,453	79,152	11.9
Profit attributable to non-controlling interests	176,245	117,848	58,397	49.6
Comprehensive income attributable to owners of parent	944,765	956,638	(11,873)	(1.2)
Comprehensive income attributable to non-controlling interests	297,160	192,929	104,231	54.0
Earnings per share	4.80	4.29	0.51	11.9
Analysis of deviation over 20% and amounts exceeding NT\$10 million: 1. Non-operating income and expenses in 2023 increased mainly due to the increase in share of profit of associates and joint ventures accounted for using equity method. 2. Profit attributable to non-controlling interests and comprehensive income attributable to non-controlling interests in 2023 increased mainly due to the increase in profit and total comprehensive income.				

(2) Analysis of gross profit deviation: Gross profit increase (decrease) didn't reach 20%.

(3) Provide a sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as measures to be taken in response: Please refer to the "Report to Shareholders."

3. Cash Flows

(1) Analysis of cash flows in the most recent year

Unit: NT\$ thousands

Cash beginning balance (A)	Net cash flows from operating activities (B)	Net cash flows from non-operating activities (C)	Cash ending balance (deficit) (A) + (B) + (C)	Remedy for cash deficit	
				Investment plan	Financing plan
\$2,506,995	\$107,101	\$690	\$2,614,786	—	—
<u>Analysis of cash flows in 2023</u>					
1. Operating activities: Mainly due to profit from operations and the increase in accounts receivable.					
2. Investing activities: Mainly due to dividends received.					
3. Financing activities: Mainly due to the increase in short-term borrowings and cash dividends paid.					

(2) Remedy for liquidity shortfall: No liquidity shortfall is expected.

(3) Analysis of cash flows for the coming year

Unit: NT\$ thousands

Cash beginning balance (A)	Expected net cash flows from operating activities (B)	Expected net cash flows from non-operating activities (C)	Expected Cash ending balance (deficit) (A) + (B) + (C)	Remedy for cash deficit	
				Investment plan	Financing plan
\$2,614,786	\$967,930	(\$1,036,312)	\$2,546,404	—	—
<u>Analysis of cash flows in the coming year</u>					
1. Operating activities: Mainly due to profit from operation and the decrease in accounts receivable.					
2. Investing activities: Mainly due to acquisition of property, plant and equipment.					
3. Financing activities: Mainly due to cash dividends paid and the decrease in short-term borrowings.					
4. Remedy for cash deficit: None.					

4. Effect upon Financial Operations of Major Capital Expenditures from Recent Years : None.

5. Investment Policies, Main Reasons for Profit or Loss and Improvement Plans from Recent Years, and Investment Plans for the Coming Year

Information of investees

Unit: NT\$ thousands

Item	Remarks	Policy	Main Reasons for Profit or Loss in 2023	Action Plan	Other Future Investment Plan
Arich Enterprise Co., Ltd.		Providing pharmaceutical distribution and logistics services to international principals to reduce costs.	This company sells medicines from well-known pharmaceutical principals and Excelsior recognized investment income of NT\$30,584 in thousands.	None	None
Dynamic Medical Technologies Inc.		Expanding the comprehensive aesthetic medical product line, leading the trend of aesthetic medical in Taiwan, and increasing the value of the aesthetic medical industry.	Aesthetic medical devices and consumables have been positive sale, and Excelsior recognized investment income of NT\$80,854 in thousands.	None	None
Excelsior Healthcare Co., Limited		Establishing investments and operations in overseas medical industry.	This company mainly invests in Excelsior Renal Service Co., Limited, EG Healthcare Inc., Excelsior Investment (Malaysia) Co., Ltd. and Excelsior Medical (HK) Co., Limited and has sound investment performance, leading Excelsior to recognize investment income of NT\$129,948 in thousands.	None	None
Excelsior Medical (HK) Co., Limited		Establishing investments and operations in overseas medical industry.	This company mainly invests in Asia Best Healthcare Co., Ltd., SinoExcelsior Investment Inc., NephroCare Limited and Cardinal Medical Services Ltd. and has sound investment performance. Excelsior recognized investment income of NT\$93,998 in thousands.	None	None
Excelsior Beauty Co., Ltd.		Establishing professional health, body shaping, and beauty care centers	Continuously introducing new body sculpting and beauty equipment, optimizing the product sales portfolio. Excelsior recognized investment income of NT\$23,386 in thousands.	None	None
Excelsior Asset Management Co., Ltd.		Leasing services of real estate.	This company provides leasing business for affiliate company, and Excelsior recognized investment income of NT\$17,703 in thousands.	None	None

Item \ Remarks	Policy	Main Reasons for Profit or Loss in 2023	Action Plan	Other Future Investment Plan
EG Healthcare Inc.	Providing hemodialysis services in Philippines.	This company has sound business development at the Philippines, however AR didn't collect as expected and recognized the provision of bad debt loss, and Excelsior recognized investment loss of NT\$2,691 in thousands.	Strengthening Accounts Receivable Collection	None
SinoExcelsior Investment Inc.	Providing medical supplies sale, lease, and medical management consultancy service in China.	This company is in the transition period of operation conversion, so there is no substantial operation, and Excelsior recognized investment income of NT\$1,480 in thousands.	None	None
Excelsior Investment (Malaysia) Co., Ltd.	Establishing investments and operations in medical industry in Malaysia.	This company mainly invests in Renal Laboratories Sdn. Bhd. and Medi-Chem Systems Sdn. Bhd., Excelsior recognized investment loss of NT\$7,882 in thousands.	Assist in planning the operational strategies for its investee companies.	None
Renal Laboratories Sdn. Bhd.	Providing medical supplies manufacturing service in Southeast Asia.	This company produces hemodialysis products in Malaysia. Excelsior recognized investment loss of NT\$6,612 in thousands.	Improve manufacturing process, produce new products and expand export channels.	None
Medi-Chem Systems Sdn. Bhd.	Providing medical supplies sales service in Malaysia.	This company sells hemodialysis and wound and ostomy products in Malaysia. Excelsior recognized investment loss of NT\$269 in thousands.	Compete for new products agency and expand domestic channels.	None
Renal Management Sdn. Bhd.	Providing leasing and management consultancy service in Malaysia.	This company provides office lease to affiliate company in Malaysia and Excelsior recognized investment income of NT\$69 in thousands.	None	None
Dynamic Medical Technologies (Hong Kong) Ltd.	Expanding the aesthetic medical-related industry in the Hong Kong region	Actively promote the medical aesthetic consumables market to increase revenue.	None	None

Item \ Remarks	Policy	Main Reasons for Profit or Loss in 2023	Action Plan	Other Future Investment Plan
Arich Best Chain Co., Ltd.	Logistics transportation and sales of pharmaceutical products	This company is still in the stage of business expansion. Excelsior recognized investment loss of NT\$320 in thousands.	Actively expanding into new business.	None
Guangzhou Dynamic Inc.	Expanding the aesthetic medical-related industry in mainland China.	Due to being in a transitional phase of operations, despite having no substantial operations, there is still a need to maintain basic operations, resulting in continued losses.	Strictly control operating expenses.	None
CYJ International Taiwan Inc.	Establishing professional hair care and beauty maintenance-related treatments.	To expand the scale of operations and enhance operational efficiency, This company continue to increase the number of physical retail outlets for brands. Although the opening of new physical retail outlets in the past two years has led to increased operating costs and expenses, revenue has also significantly grown compared to the same period, resulting in profits.	None	Actively promote product and treatment, while adjusting the operational structure and tightly controlling operational expenses.

Note: There are subsidiaries as of December 31, 2023.

6. Risk Management and Assessment from Last Year up to the Time of Report Publication

(1) Effect of changes in interest rate, exchange rate and inflation on corporate finance, and future countermeasures

A. Interest rate

The Group's interest expenses are mostly caused by short-term borrowings. The short-term borrowings from banks are at relatively low levels, and obtain market preferential interest rates regularly by assessing the interest rate levels and transaction credit with banks. Therefore, changes in interest rate have no significant impact on corporate finance.

B. Exchange rate

The Group reduces risks from exchange rate fluctuations by continuing to focus on fluctuations in the international financial market and to timely utilize foreign exchange forward contracts. For instance, for supplier contracts that denote prices in USD, the Group would purchase timely USD forward contracts and deposits in comprehensive consideration of the trends of USD and the purchase amounts. Since the recent correlation between the Japanese Yen and the NTD is relatively low, and the Yen has adopted a quantitative easing policy, it is also considered a hedging currency. The Group also keeps a close eye on the exchange trends on the Yen and our actual needs, and in case of large appreciations, the Group will purchase timely forward contracts to hedge against possible risks based on actual needs.

C. Inflation

For the Group's products that belong to health insurance reimbursement in accordance with the National Health Insurance Administration, inflation has no significant impact on corporate finance. But products that are categorized as sales of aesthetic medical devices and consumables, and healthcare home appliances are prone to be impacted by market and inflation. Therefore, the Group keeps a close eye on the consumer price index (CPI) in the consumer market and adjusts product portfolio to encourage consumers to spend and to reduce the risk of inflation.

(2) Policies of high-risk, high-leverage investments, fund financing to other parties, endorsement guarantee and derivative commodity trading, and its main reasons for profit or loss and future countermeasures

The Group does not engage in high-risk, high-leverage investments.

The Group only loans funds to companies with inter-company business transaction or with necessary short-term financing need, and is carried out with "Regulations Governing Loaning of Funds." As of December 31, 2023 and March 31, 2024, the Group has not loaned funds to others.

The Group only makes guarantees and endorsements to the parent company, subsidiaries and companies with inter-company business transaction, and is carried out with "Regulations Governing Making of Endorsements/Guarantees." As of December 31, 2023, the Group's endorsements/guarantees balance was NT\$1,940,545 in thousands. As of March 31, 2024, the Group's endorsements/guarantees balance is NT\$1,326,465 in thousands.

The Group's derivative transactions are all hedging in nature, and does not deal in transactive or speculative transactions.

- (3) Future research & development projects and corresponding budget: The Group is non-manufacturing, so it is not applicable.
- (4) Effects of and response to changes in policies and regulations relating to corporate finance and sales

To target the increasingly active global pharmaceutical market, and seeing that the International has extended the quality management of medicines from manufacturing processes to logistics and distribution, the Ministry of Health and Welfare in Taiwan has also set the reinforced control over pharmaceutical distribution and logistics as a key implementation policy. Full enactment has come into effect since December 31, 2018. Due to strict requirements for quality and safety, the entry barriers in this industry is extremely high. Only a few companies that continue to focus and invest in comprehensive PIC/S GMP and GDP facilities, can become competitive enterprises with global counterparts. Moreover, the Group continues to acquire GMP and GDP accreditations for medicines approved by the government, and has obtained Good Distribution Practice (GDP) certification for medical devices in 2023. Enter into medical device sector, and cooperate with medical principals to increase market share. Also, we continue to introduce new products related medical and healthcare, strengthen interaction with each customer, and provide more comprehensive and complete professional services.

In response of the enactment of the "Long-term Care Services Act" in June 2017, various services that integrate medical, caring, housing, prevention and daily life support were in favor of Asia Best Healthcare Co., Ltd. to expand long-term care services to satisfy the needs of the aging population.

- (5) Effects of and response to changes in technology and the industry relating to corporate finance and sales

The Group is an integrated channel provider in medical device industry, aesthetic medical industry, and pharmaceutical sales promotion and distribution logistics industry. Changes in technology and the industry will help to strengthen our supply chain relationship and help the Group to provide new products to satisfy customer needs. By focusing on relevant technological development trends in industries and investing capital and personnel to develop new businesses and new products, the Group hopes to enhance service quality and to lower operating costs.

- (6) The impact of changes in corporate image on corporate risk management, and the Company's response measures: The Group continues to develop business by maintaining a positive corporate image in providing medical and healthcare services.

- (7) Expected benefits from, risks relating to and response to merger and acquisition plans: Not applicable.
- (8) Expected benefits from, risks relating to and response to factory expansion plans: Not applicable.
- (9) Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration

A. Purchase

In terms of the purchases of medical devices and healthcare home appliances, the company adopt a dual-brand marketing strategy by both importing from overseas brands and also outsource our own brand to OEMs. This helps the Company to appropriately disperse sources of purchase, and we maintain an adequate purchasing ratio for each supplier and product, and therefore, we do not have risks associated with concentration of purchases.

In terms of the purchases of aesthetic medical industry, the Group mainly acts as an agent of various aesthetic medical devices and consumables, and we actively pursue the latest aesthetic medical technologies and related products. We maintain an adequate purchasing ratio for each supplier and product, so we do not have risks associated with concentration of purchases.

In terms of the purchases of medicines, since the Group sells medicine from well-known pharmaceutical principals with high market shares and revenues, it is not possible to avoid concentration of purchases. To reduce the risk of concentrated purchases, the Group is already actively developing businesses from other pharmaceutical principals, and continue to develop new customers and to increase channel coverage ratio. Concurrently, we are also strengthening customer relationship and marketing strategies to consolidate our agency.

B. Sale

In terms of the sales of medical devices, the Company's sales to Bestchain Healthtaiwan Co., Ltd. ("Bestchain") accounts for approximately 36%. The Company sells surgical consumables from its agency brand Medtronic to Bestchain, and Bestchain's sales team would then sell and distribute the products to various medical institutions. The Company's sales to Excelsior Renal Service Co., Limited ("ERS") accounts for approximately 10%. Nevertheless, this sales strategy of hemodialysis products is for ERS to compete for dialysis management service from various public and private medical institutions, and for the Company to provide relevant product sales. For hemodialysis center independently operated by medical institutions, the Company would directly sell to each medical institution and provide relevant after-sale services.

Most of the Group's aesthetic medical devices and consumables are sold to dermatology departments and plastic surgery departments in major public and military hospitals, private dermatology clinics, private plastic surgery clinics, obstetrics and gynecology clinics, family medicine clinics, and pharmacies and chain drugstores in Taiwan. There are many counterparties, so there is no risk associated with concentration of sales.

In terms of the sales of medicine, most of which are sold to domestic medical institutions and pharmacies. There are many counterparties, so there is no risk associated with concentration of sales.

In recent years, the Group has been committed to diversifying operating risks through continuing to introduce products from international principals and by developing the product sales in each medical field. Presently, there is no clear indication of concentration of sales.

- (10) Effects of, risks relating to and response to large shares transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%: None.
- (11) Effects of, risks relating to and response to the changes in management rights: Not applicable.
- (12) Litigious or non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the company should disclose the facts of the dispute, related amounts, date, main parties involved and current status of the case up to the publication date of this annual report: None.
- (13) Other major risks and measures: None.
- (14) The organizational structure of risk management

The Group's risk management of various activities is managed by each respective management unit, and the internal auditing unit will propose and implement risk-oriented audit plans and review the existing or potential risks at each business. Below are descriptions of each risk management unit:

- A. Board of Directors: The highest responsible unit for risk management in the company is the Board of Directors, which approves risk management policies and related regulations, oversees the overall implementation of risk management, and ensures effective risk control.
- B. Sustainable Development Committee: To assist the Board of Directors in carrying out its risk management responsibilities, a Corporate Governance Division has been established. The committee submits an annual report on the operation of risk management to the Board of Directors.
- C. Sustainable Development Committee Corporate Governance Division: Risk management members are appointed from units affiliated with the Corporate Governance Division to ensure that each operating unit effectively implements the risk management system. Personnel from each operating unit are assigned as risk management executives responsible for executing risk management procedures.

D. Internal Audit Department: In accordance with this policy and procedure, as well as various risk management systems, the Internal Audit Department timely incorporates annual audit plans. It conducts audits on the implementation of risk management and provides improvement suggestions. The audit results are regularly reported to the Board of Directors.

7. Other Important Matters

Key Performance Indicator (KPI) of the Group

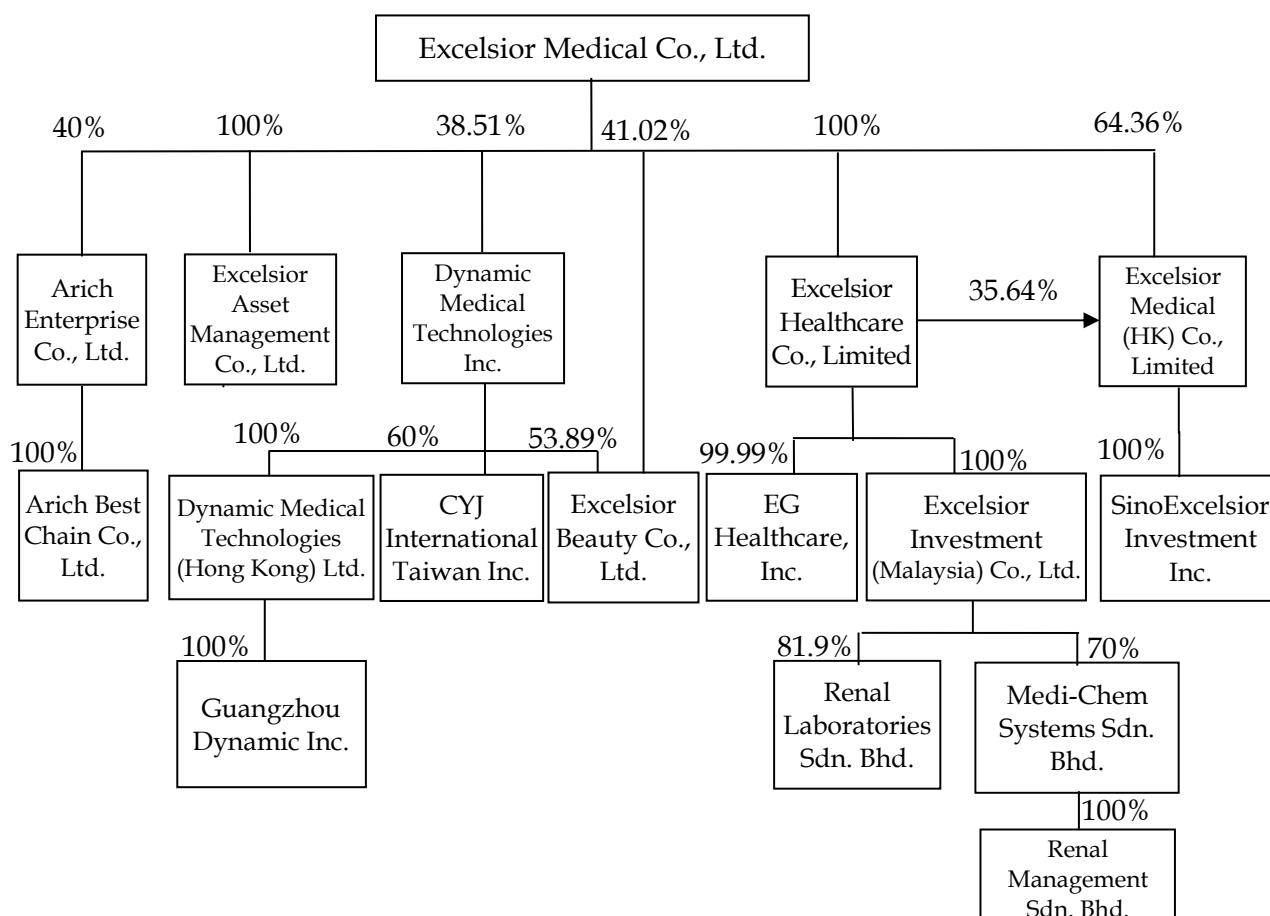
Since the Group is a relatively large-scale integrated channel provider in the domestic medical device industry, aesthetic medical industry, and pharmaceutical sales promotion and distribution logistics industry, our products encompass various sites ranging from medical institutions, department stores, and chain drugstores in Taiwan. Therefore, “accounts receivable turnover” and “inventory turnover” are key indicators that will affect the funds. The Group’s accounts receivable turnover was 4.5, with average collection period of 82 days in 2023. The inventory turnover in 2023 was 5.4, with average days in sales of 67 days. In addition, our market shares of the new products agency and distribution are non-financial KPI.

VIII. Special Disclosure

1. Information on Affiliated Enterprises

(1) 2023 consolidated business report from affiliated enterprises

A. Organizational chart of affiliated enterprises



B. Information of affiliated enterprises

Unit: unless otherwise stated,
NT\$ thousands

Enterprise Name	Startup Date	Address	Total Amount of Paid in Capital	Major Operations
Arich Enterprise Co., Ltd.	June 2, 1980	14F.-5, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	745,744	Sales promotion and distribution logistics service of medicines.
Dynamic Medical Technologies Inc.	October 9, 2003	14F., No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	330,000	Sales, lease and maintenance of aesthetic medical devices and consumables, and sales of beauty products

Enterprise Name	Startup Date	Address	Total Amount of Paid in Capital	Major Operations
Excelsior Healthcare Co., Limited	December 24, 2002	4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands	USD\$ 28,696 in thousands	Investment business
Excelsior Medical (HK) Co., Limited	June 1, 2010	Room 13, 4F, Block A, Focal Industrial Center, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong	USD\$ 52,531 in thousands	Investment business
Excelsior Beauty Co., Ltd.	August 15, 1979	14F.-1, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	126,544	Sales of body shaping treatments and aesthetic medical products and consumables
Excelsior Asset Management Co., Ltd.	October 27, 2015	17F.-6, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	839,163	Leasing services of medical real estate
EG Healthcare, Inc.	July 31, 2003	14/F, Ramon Magsaysay Center, Roxas Boulevard, Manila, Philippines	PHP\$94,275 in thousands	Sales and lease of medical devices, and medical management consultancy service
SinoExcelsior Investment Inc.	January 13, 2011	Room 301-2, No.1089, Kang Ning Lu, Shanghai Shi, China	CNY\$60,000 in thousands	Investment business, sales and lease of medical devices, and medical management consultancy service
Excelsior Investment (Malaysia) Co., Ltd.	February 12, 2018	4 th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands	USD\$ 11,171 in thousands	Investment business
Renal Laboratories Sdn. Bhd.	July 20, 1996	PT42, Lengku Teknologi 4, Persiaran Teknologi 4, Techpark@Enstek, 71760 Negeri Sembilan, Malaysia.	MYR\$44,450 in thousands	Manufacture of medical equipment in Southeast Asia
Medi-Chem Systems Sdn. Bhd.	October 22, 1985	No. 5 Lorong Perusahaan 3 Taman Industri Kimpal, Batu Caves, 68100 Malaysia	MYR \$500 in thousands	Sales of medical devices in Malaysia
Renal Management Sdn. Bhd.	June 5, 1992	No. 5 Lorong Perusahaan 3 Taman Industri Kimpal, Batu Caves, 68100 Malaysia	MYR \$200 in thousands	Lease and management consultancy service in Malaysia
Dynamic Medical Technologies (Hong Kong) Ltd.	January 25, 2007	Room 13, 4F, Block A, Focal Industrial Center, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong	HKD \$79,022 in thousands	Sales and maintenance of medical devices
Arich Best Chain Co., Ltd.	September 7, 2012	2F., No. 383, Sec. 2, Wenhua 2nd Rd., Linkou Dist., New Taipei City	30,000	Logistics transportation and sales of pharmaceutical products

Enterprise Name	Startup Date	Address	Total Amount of Paid in Capital	Major Operations
Guangzhou Dynamic Inc.	May 22, 2009	Room 1301,1310, No.363, Dongfeng Zhong Road, Yuexiu District, Guangzhou, China	CNY\$ 10,400 in thousands	Sales and maintenance of medical devices
CYJ International Taiwan Inc.	December 8, 2014	14F.-2, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	122,400	Sales of treatments and products related to hair care and body shaping

C. Information on shareholders who are the same as the controlled and affiliated entities: None.

D. Description of overall business scope of affiliates enterprises

The Company's primary businesses are medical and healthcare products and related services, and major agency products include:

Hemodialysis machine and dialyzers: Hemodialysis products from Fresenius, Nikkiso and AsahiKasei.

Solutions and powders: Hemodialysis products from own-brand Renabio which outsource manufacturing to well-known domestic pharmaceutical factories(OEM).

Air purifiers and healthcare home appliances: Own-brand ULTRACLEAN and distribution brand Electrolux, etc.

Colostomy products: Hollister wound and ostomy medical products.

Blood bags: Japan's JMS blood bag products.

Surgical products: Medtronic surgical products.

Aesthetic medical laser devices: Sale and lease of aesthetic medical devices and medical management consultancy services.

Besides supplying the above products, we also provide comprehensive repair and maintenance support system and IT service repair and consultancy system.

Businesses of affiliates enterprises:

- a. Arich Enterprise Co., Ltd. : This company is a subsidiary invested by Excelsior to expand medicine business, and its major businesses include pharmaceutical sales promotion and distribution logistics services.
- b. Dynamic Medical Technologies Inc. : This company is a subsidiary invested by Excelsior to expand aesthetic medical devices sales, and owns agency or distribution rights for products from various well-known European, American, or Korean aesthetic medical brands. Its major businesses include sale, lease and maintenance of aesthetic medical laser devices, and sale of aesthetic medical

consumables and beauty products.

- c. Excelsior Healthcare Co., Limited : This company is a subsidiary invested by Excelsior to expand to foreign medical and healthcare industries. Its major business is investment.
- d. Excelsior Medical (HK) Co., Limited : This company is an indirect subsidiary invested by Excelsior to expand to foreign medical and healthcare industries. Its major business is investment.
- e. Excelsior Beauty Co., Ltd. : This is an indirect subsidiary invested by Excelsior for cosmetic beauty products. Its major businesses include sales of cosmetic beauty products and aesthetic medical consumables.
- f. Excelsior Asset Management Co., Ltd. : This is a subsidiary invested by Excelsior to expand physical channels for medical and healthcare industries. Its major businesses include sale, acquisition and lease real estate.
- g. EG Healthcare, Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in the Philippines. Its major businesses include sale and lease of medical devices, and medical management consultancy service.
- h. SinoExcelsior Investment Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in China. Its major businesses include investment, sales and lease of medical devices and medical management consultancy service.
- i. Excelsior Investment (Malaysia) Co., Ltd. : This is an indirect subsidiary invested by Excelsior to expand to medical and healthcare industry in Malaysia. Its major business is investment.
- j. Renal Laboratories Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to hemodialysis product manufacturing and related businesses in Malaysia. Its major businesses include medical devices and consumables manufacturing and sales in Southeast Asia.
- k. Medi-Chem Systems Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to medical device sales and related businesses in Malaysia. Its major businesses include local medical devices and consumables sales.
- l. Renal Management Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in Malaysia. Its major businesses include real estate leasing and management consultancy service.
- m. Dynamic Medical Technologies (Hong Kong) Ltd. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in Hong Kong. Its major businesses include sales and maintenance of medical devices.
- n. Arich Best Chain Co., Ltd. : The main business is logistics transportation and sales of pharmaceutical products.

- o. Guangzhou Dynamic Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in China. Its major businesses include sales and maintenance of medical devices.
- p. CYJ International Taiwan Inc. : This is an indirect subsidiary invested by Excelsior to set up in Taiwan for hair growth and professional body shaping treatments. Its major businesses include sales of products and treatments related hair growth and body shaping.

E. Directors, supervisors, and general managers of affiliated enterprises

Unit: unless otherwise stated, shares; %

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Arich Enterprise Co., Ltd.	Chairman	Excelsior Medical Co., Ltd.	29,829,742	40.00%
	Director	Representative: Fu Hui-Tung	2,000	0.00%
	Director	Chang Hsien-Cheng	-	-
	Director	Chang Ming-Cheng	-	-
	Director	Excelsior Investment Co., Ltd.	1,538	0.00%
	Director	Representative: Xue Fu-Quan	30,768	0.04%
	Director	Lin Feng Co., Ltd.(Note 1)	1,260,000	1.69%
	Director	Representative: Dang Tian-Jian	-	-
	Director	Xuan Hui Investment Co., Ltd.	2,000	0.00%
	Director	Representative: Su Wen-Lynn	-	-
	Independent director	Wang Chang-Sheng	-	-
	Independent director	Hsu Shui-Sheng	-	-
	Independent director	Dong De-Tai	-	-
	General manager	Biao Shih-Wei	2,000	0.00%
Dynamic Medical Technologies Inc.	Chairman	Fu Hui-Tung	-	-
	Director	Wang Ming-Ting	-	-
	Director	Excelsior Medical Co., Ltd.	12,706,690	38.5%
	Director	Representative: Chang Ming-Cheng	3,300	0.01%
	Director	Huang Jie-Qing	16,537	0.05%
	Director	Xue Fu-Quan	-	-
	Director	Fu Jo-Hsuan	-	-
	Independent director	Shi Mei-Hui	-	-
	Independent director	Yang Yu-Ming	-	-
	Independent director	Liao Yi-Hsing	-	-
	General manager	Wu Guo-Long	-	-
Excelsior Healthcare Co., Limited	Director	Fu Hui-Tung	-	-
			Excelsior Medical Co., Ltd. holds 28,695,856 shares.	100.00%
Excelsior Medical (HK) Co., Limited	Director	Fu Hui-Tung	-	-
			Excelsior Medical Co., Ltd. holds 33,807,013 shares.	64.36%
			Excelsior Healthcare Co., Limited holds 18,724,062 shares.	35.64%
Excelsior Beauty Co., Ltd.	Chairman	Dynamic Medical Technologies Inc.	6,819,523	53.89%
	Director	Representative: Wu Guo-Long	-	-
	Director	Fu Hui-Tung	-	-
	Director	Fu Jo-Hsuan	-	-
	Supervisor	Jinag Zhi-Hao	-	-
	General manager	Wu Guo-Long	-	-

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Excelsior Asset Management Co., Ltd.	Chairman	Excelsior Medical Co., Ltd.	83,916,300	100.00%
	Director	Representative: Chang Hsien-Cheng	-	-
	Director	Wang Ming-Ting	-	-
	Director	Fu Jo-Hsuan	-	-
	Supervisor	Chou Cheng-Hsiao	-	-
EG Healthcare, Inc.	Chairman	Kao Shen	1	-
	Director	Pan Cong-Ren	1	-
	Director	Romarico I. Gatchalian	1	-
	Director	Addison B. Castro	1	-
	Director	Marianne Jezelle Jem T. Macarilay	1	-
	General manager	Pan Cong-Ren	1	-
			Excelsior Healthcare Co., Limited holds 9,427,489 shares.	99.99%
SinoExcelsior Investment Inc.	Chairman	Kao Shen	-	-
	Director	Fu Hui-Tung	-	-
	Director	Fu Jo-Hsuan	-	-
	Supervisor	Chou Cheng-Hsiao	-	-
	General manager	Kao Shen	-	-
			Excelsior Medical (HK) Co., Limited invested CNY\$60,000 in thousands.	100.00%
Excelsior Investment (Malaysia) Co., Ltd.	Director	Fu Hui-Tung	-	-
			Excelsior Healthcare Co., Limited holds 11,171,271 shares.	100.00%
Renal Laboratories Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Stanley Chang	-	-
	Director	Kao-Shen	-	-
	Director	Fu Jou-Hsuen	-	-
	Director	Wong Huey Miin	-	-
	Director	Beh Seok Koon	-	-
			Excelsior Investment (Malaysia) Co., Ltd. holds 32,523,586 shares.	81.9%
			Renal Resources Sdn. Bhd. holds 7,188,679 shares.	18.1%

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Medi-Chem Systems Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Stanley Chang	-	-
	Director	Kao-Shen	-	-
	Director	Fu Jou-Hsuen	-	-
	Director	Wong Huey Miin	-	-
	Director	Beh Seok Koon	-	-
			Excelsior Investment (Malaysia) Co., Ltd. holds 350,000 shares	70%
			Renal Resources Sdn. Bhd. holds 150,000 shares.	30%
Renal Management Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Kao-Shen	-	-
			Medi-Chem Systems Sdn. Bhd. holds 200,000 shares.	100%
Dynamic Medical Technologies (Hong Kong) Ltd.	Director	Fu Jo-Hsuan	-	-
	Director	Wu Guo-Long	-	-
			Dynamic Medical Technologies Inc. holds 79,021,783 shares.	100.00%
Arich Best Chain Co., Ltd.		Arich Enterprise Co., Ltd.	3,000,000	100%
	Chairman	Representative: Biao Shih-Wei	-	-
	Director	Chang Hsien-Cheng	-	-
	Director	Chang Ming-Cheng	-	-
	Supervisor	Lin, Yi-Wen	-	-
	General manager	Pan, Zhi-Mao	-	-
Guangzhou Dynamic Inc.	Director	Wu Guo-Long	-	-
	Supervisor	Jiang Zhi-Hao	-	-
			Dynamic Medical Technologies (Hong Kong) Ltd. invested CNY\$10,400 in thousands.	100.00%
CYJ International Taiwan Inc.		Dynamic Medical Technologies Inc.	7,344,008	60.00%
	Chairman	Representative: Fu Jo-Hsuan	-	-
	Director	Wu Guo-Long	-	-
	Director	Chen, Bo-Yuan	-	-
	Supervisor	Jiang Zhi-Hao	-	-

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
	General manager	Fu Jo-Hsuan	-	-

Note 1 : Dang Tian-Jian , the representative of Lin Feng Co., Ltd., which is the director of Arich Enterprise Co., Ltd. resigned on March 12, 2024.

F. Operation results of affiliated enterprises

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating revenue	Unit: NT\$ thousands, except earnings / (loss) per share		
						Net operating income / (loss)	Profit / (loss)	Earnings / (loss) per share
Arich Enterprise Co., Ltd.	745,744	5,621,745	3,599,299	2,022,446	1,142,177	82,306	76,532	1.03
Dynamic Medical Technologies Inc.	330,000	2,045,980	509,969	1,536,011	1,073,127	199,221	210,319	6.37
Excelsior Healthcare Co., Limited	898,782	1,734,595	694	1,733,901	0	(230)	129,948	4.53
Excelsior Medical (HK) Co., Limited	1,479,208	1,959,478	236	1,959,242	0	(3,198)	146,050	2.78
Excelsior Beauty Co., Ltd.	126,544	483,273	222,725	260,548	170,052	58,473	56,884	4.50
Excelsior Asset Management Co., Ltd.	839,163	1,287,115	420,579	866,536	54,657	28,216	17,703	0.21
EG Healthcare Inc.	19,256	134,197	60,175	74,022	180,860	3,157	(2,691)	(0.29)
SinoExcelsior Investment Inc.	291,579	136,218	87	136,131	0	(766)	1,480	Note 1
Excelsior Investment (Malaysia) Co., Ltd.	343,026	289,102	80	289,022	0	(710)	(7,882)	(0.71)
Renal Laboratories Sdn. Bhd.	284,969	261,670	16,033	245,637	90,614	(13,625)	(9,353)	(0.24)
Medi-Chem Systems Sdn. Bhd.	3,206	25,877	11,212	14,665	67,187	(1,252)	(384)	(0.77)
Renal Management Sdn. Bhd.	1,315	8,439	311	8,128	1,164	309	99	0.49
Dynamic Medical Technologies (Hong Kong) Ltd.	305,823	314,496	9,563	304,933	42,670	2,475	11,491	0.15
Arich Best Chain Co., Ltd.	30,000	37,122	6,838	30,284	9,135	(1,212)	(801)	(0.27)
Guangzhou Dynamic Inc.	44,346	9,661	705	8,956	0	(1,080)	(1,057)	Note 1
CYJ International Taiwan Inc.	122,400	793,228	673,248	119,980	428,622	8,656	10,479	0.86

Note: This company has no shares.

(2) Consolidated financial statements of affiliated enterprises: Same as consolidated financial statements.

(3) Reports of affiliated enterprises: None.

2.Private Placement Securities from Last Year up to the Time of Report Publication:None.

3. Subsidiaries Holding or Disposal of the Company's Stock List from Last Year up to the Time of Report Publication: None.

4. Other Necessary Supplements

The evaluation method for accounts of balance sheet

(1) Allowance of accounts receivable

The Group has assessed accounts receivables for indicators of impairment at the end of each reporting period. Accounts receivables are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the accounts receivables, that the estimated future cash flows of the accounts receivables have been affected. Such accounts receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows(after

reflecting effects of collaterals or guarantees), discounted at the financial asset's original effective interest rate. Accounts receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in bad debt losses.

(2) Allowance of inventory valuation

A. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less selling expenses. Inventories are recorded at the weighted-average cost.

B. The Group policy on allowance of inventory valuation

a. Inventories shall be stated at the lower of cost or net realizable value.

b. Inventory cost shall be compared by each item against its net realizable value. Loss will be recognized for items with lower net realizable values than their respective inventory costs, and no recognition will be made for those whose net realizable values are higher than the inventory costs. For inventories that have been written-down to the net realizable value, in case net realizable values rises, it is necessary to write back the increase in the net realizable value of the inventory within the boundaries of the original write-off, and to recognize "Adjustments to Cost of Sales-Losses on inventory valuation."

c. For items that need to be scrapped in the inventory, 100% of the inventory balance will be recognized for reserve.

d. In case of special circumstances or changes in industry, the Group may adjust inventory products based on their actual circumstances.

5. Matters that Have Significantly Affected Shareholders' Equity and Share Prices Pursuant to Item 2, Paragraph 3, Article 36 of Securities and Exchange Act from Last Year up to the Time of Report Publication: None.