

EXCELSIOR MEDICAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

**Address: 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235,
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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.

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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.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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		
	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	Total equity
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

(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 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.

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(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.

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(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.

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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>\$ 405,752</u>	<u>503,318</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>\$ 146,994</u>	<u>152,754</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	<u>(17,040)</u>	<u>(21,027)</u>
	<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- average 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	<u>3,517</u>	100%	<u>(3,517)</u>
	<u>\$ 1,406,652</u>		<u>(17,040)</u>

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

	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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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><u>\$ 7,190,255</u></u>	<u><u>6,679,403</u></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><u>\$ 2,040,964</u></u>	<u><u>874,654</u></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><u>\$ 287,193</u></u>	<u><u>190,712</u></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><u>\$ 72,337</u></u>	<u><u>71,782</u></u>	<u><u>138,126</u></u>	<u><u>10,657</u></u>	<u><u>26,173</u></u>	<u><u>319,075</u></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	<u>3,355</u>
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	<u>(1,681)</u>
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)(I).

(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	<u>(189)</u>	<u>-</u>	<u>(189)</u>
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	<u>\$ 2,278</u>	<u>21,442</u>	<u>23,720</u>
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	<u>(189)</u>	<u>-</u>	<u>(189)</u>
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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	Warranties
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:

	December 31, 2023	December 31, 2022
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:

	For the Years Ended December 31, 2023	2022
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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(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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	<u>\$ 4,604</u>	<u>3,836</u>

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)(l).

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.

(l) 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	-
	<u>\$ 2,118</u>	<u>4,302</u>

(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	<u>\$ (25,551)</u>	<u>(20,680)</u>

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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	<u>\$ 74,204</u>	<u>75,733</u>

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	<u>\$ 99,755</u>	<u>96,413</u>

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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	
	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	<u>3,456</u>	<u>26,944</u>
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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	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><u>\$ 3,287,576</u></u>	<u><u>3,276,440</u></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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	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
	\$ 5,246,870	4,654,419

(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:

Functional currency	Exchange rate	Currency	December 31, 2023	
			Foreign currency (in thousands)	Carrying amount (TWD)
Financial assets				
Monetary items				
TWD	30.705	USD	\$ 1,857	57,004
TWD	0.217	JPY	165,111	35,862
TWD	33.980	EUR	71	2,425
Non-Monetary items				
TWD	0.217	JPY	38,276	8,314
TWD	30.705	USD	97,537	2,994,869
Financial liabilities				
Monetary items				
TWD	30.705	USD	846	25,966
TWD	0.217	JPY	337,035	73,204

Functional currency	Exchange rate	Currency	December 31, 2022	
			Foreign currency (in thousands)	Carrying amount (TWD)
Financial assets				
Monetary items				
TWD	30.710	USD	\$ 2,970	91,206
TWD	0.232	JPY	217,995	50,662
TWD	32.720	EUR	375	12,280
Non-Monetary items				
TWD	0.232	JPY	84,207	19,570
TWD	30.710	USD	121,166	3,721,010
Financial liabilities				
Monetary items				
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			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 150,000	-	-	-	-
Payables	997,329	-	-	-	-
Lease liabilities	9,903	-	-	-	-
Total	<u>\$ 1,157,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

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)****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 unquoted equity instruments
Balance as of January 1, 2023	\$ 131,421
Total gains and losses recognized	
In other comprehensive income	7,259
Balance as of December 31, 2023	\$ 138,680
Balance as of January 1, 2022	\$ 146,648
Total gains and losses recognized	
In other comprehensive income	(1,542)
Disposal	(13,685)
Balance as of December 31, 2022	\$ 131,421

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:

	For the Years Ended December 31,	
	2023	2022
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) 	· 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:

	Input	Variation	Impact on Fair Value Change on Other Comprehensive income or loss	
			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%	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.

EXCELSIOR MEDICAL CO., LTD.

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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:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2023</u>
			<u>Acquisition</u>	<u>Others</u>	
Short-term borrowings	\$ 150,000	-	150,000	-	300,000
Lease liabilities	9,903	(3,188)	8,880	-	15,595
Total liabilities from financing activities	<u>\$ 159,903</u>	<u>(3,188)</u>	<u>158,880</u>	<u>-</u>	<u>315,595</u>

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2022</u>
			<u>Acquisition</u>	<u>Others</u>	
Short-term borrowings	\$ 150,000	-	-	-	150,000
Lease liabilities	12,081	(2,855)	828	(151)	9,903
Total liabilities from financing activities	<u>\$ 162,081</u>	<u>(2,855)</u>	<u>828</u>	<u>(151)</u>	<u>159,903</u>

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The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
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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(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

<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:

	For the Years Ended December 31,	
	2023	2022
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
	\$ 3,567,337	2,970,750

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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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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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.	\$ 2,495

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

Category of related party	For the Years Ended December 31,			
	2023		2022	
	Disposal price	Gains (losses) from disposal	Disposal price	Gains (losses) from disposal
Associates	\$ 12	-	-	-

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 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	-	-	-
				\$ 992,420			-

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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			
Relationship	Account	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	\$ <u>24,213</u>	<u>2,836</u>	1,194,526	Ordinary shares of Bestsmile	<u>6,634</u>	<u>(43)</u>

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

(12) Other

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	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 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
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.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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)

- 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 of 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	
The Company	<u>Stock</u>							
	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	
Excelsior Healthcare Co. Limited	Linkon International Golf & Country Club	-	"	1	10,850	0.10 %	10,850	
	Chai Tai Bo Ai Investment Limited	-	"	10,000	3,493	8.00 %	3,493	
	EG Healthcare, Inc.	-	"	1	778	- %	778	
	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	-	- %	-	
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	
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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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)

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	-

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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, interagation 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-subsiidiary (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)

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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 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)	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)

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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 pain-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 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 %	-	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

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

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 CASH
EQUIVALENTS

DECEMBER 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ <u>82</u>
Cash in bank	Checking accounts	<u>113</u>
	Demand deposits	<u>329,619</u>
	Foreign deposits	
	USD 1,226 thousand	37,647
	JPY 165,111 thousand	35,862
	EUR 71 thousand	2,425
	CNY 1 thousand	<u>4</u>
		<u>75,938</u>
Total		\$ <u><u>405,752</u></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		<u>53,438</u>	The year-end balance of each client does not exceed 5% of the account balance.
Total		\$ <u><u>78,653</u></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)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related Parties:			
	Interest receivable	\$ <u><u>66</u></u>	

STATEMENT OF INVENTORIES

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realized value</u>	
Merchandise	\$ 719,187	879,733	
Inventory in-transit	<u>42,724</u>	<u>55,904</u>	
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	19,570	-	-	-	11,256	273,400	8,314	"	
Subtotal		21,333		-		13,019		8,314		
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	10,300	-	550	-	-	1	10,850	"	
Subtotal		131,421		14,755		7,496		138,680		
Total		<u>\$ 152,754</u>		<u>14,755</u>		<u>20,515</u>		<u>146,994</u>		

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF CHANGES INVESTMENTS ACCOUNTED FOR USING
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	92,075	-	10,308	-	9,180	3,615,976	28.66 %	93,203	-	-	"	
Total		\$ 6,679,403		1,759,679		1,248,827			7,190,255		2,052,499		

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)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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>\$ 770,129</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		<u>92,502</u>	
Subtotal		5,020,220	
Repair and maintenance revenue		184,864	
Other operating revenue		<u>41,786</u>	
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)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 141,879	
Other		<u>52,664</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u>\$ 194,543</u>	