REFINITIV

# DELTA REPORT

## 10-Q

ABVC - ABVC BIOPHARMA, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1297 |
|---|---|
| CHANGES | 228 |
| DELETIONS | 596 |
| ADDITIONS | 473 |





REFINITIV

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2023** **March 31, 2024**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number **001-40700**

***ABVC BioPharma, Inc.***
(Exact name of Registrant as specified in its charter)

| **Nevada** | **26-0014658** |
|---|---|
| State or jurisdiction of incorporation or organization | IRS Employer Identification Number |

**44370 Old Warm Springs Blvd.**
**Fremont, CA 94538**
**Tel: (510) 668-0881**
(Address and telephone number of principal executive offices)
(Former name, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, par value $0.001 per share | ABVC | The Nasdaq Stock Market LLC |

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 9, 2023 May 10, 2024, there were 7,231,940 10,851,823 shares of common stock, par value per share $0.001, issued and outstanding.

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**CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q (this "Report") contains "forward-looking statements" which discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as "anticipate," "believe," "estimate," "intend," "could," "should," "would," "may," "seek," "plan," "might," "will," "expect," "predict," "project," "forecast," "potential," "continue" and negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the headings "Risks Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K and its amendment filed with the Securities and Exchange Commission (the "SEC" OR "Commission"); in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report, and information contained in other reports that we file with the SEC. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

There are important factors that could cause actual results to vary materially from those described in this report as anticipated, estimated or expected, including, but not limited to: the effects of the COVID-19 outbreak, including on the demand for our products; the duration of the COVID-19 outbreak and severity of such outbreak in regions where we operate; the pace of recovery following the COVID-19 outbreak; our ability to implement cost containment and business recovery strategies; the adverse effects of the COVID-19 outbreak on our business or the market price of our ordinary shares; competition in the industry in which we operate and the impact of such competition on pricing, revenues and margins, volatility in the securities market due to the general economic downturn; SEC regulations which affect trading in the securities of "penny stocks," and other risks and uncertainties. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward- looking statements, even if new information becomes available in the future. Depending on the market for our stock and other conditional tests, a specific safe harbor under the Private Securities Litigation Reform Act of 1995 may be available. Notwithstanding the above, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") expressly state that the safe harbor for forward-looking statements does not apply to companies that issue penny stock. Because we may from time to time be considered to be an issuer of penny stock, the safe harbor for forward-looking statements may not apply to us at certain times.

As used in this Report, the terms "we", "us", "our", and "our Company" and "the Company" refer to ABVC BioPharma, Inc. and its subsidiaries, unless otherwise indicated.


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**PART I - FINANCIAL INFORMATION**

**Item ITEM 1. Financial Statements.**FINANCIAL STATEMENTS.

**ABVC BIOPHARMA, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| **ASSETS** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 500,069 | $ 85,265 | $ 30,489 | $ 60,155 |
| Restricted cash | 620,868 | 1,306,463 | 628,513 | 656,625 |
| Accounts receivable, net | 1,530 | 98,325 | 1,530 | 1,530 |
| Accounts receivable – related parties, net | 624,373 | 757,343 | 10,463 | 10,463 |
| Due from related party – current | 535,046 | 513,819 | | |
| Short-term Investment | 68,521 | 75,797 | | |
| Prepaid expenses and other current assets | 143,127 | 150,235 | | |
| Due from related parties – current | | | 887,937 | 747,573 |
| Short-term investments | | | 75,916 | 79,312 |
| Prepaid expense and other current assets | | | 159,602 | 101,051 |
| Total Current Assets | 2,493,534 | 2,987,247 | 1,794,450 | 1,656,709 |
| | | | | |
| Property and equipment, net | 7,953,936 | 573,978 | 7,949,150 | 7,969,278 |
| Operating lease right-of-use assets | 899,817 | 1,161,141 | 708,023 | 809,283 |
| Long-term investments | 2,677,395 | 842,070 | 2,474,514 | 2,527,740 |
| Deferred tax assets | 34,256 | 117,110 | | |
| Deferred tax assets, net | | | - | - |
| Prepaid expenses – non-current | 128,898 | 135,135 | 75,416 | 78,789 |
| Security deposits | 44,259 | 58,838 | 60,644 | 62,442 |
| Prepayment for long-term investments | 1,429,016 | 2,838,578 | 1,274,842 | 1,274,842 |
| Due from related parties – non-current | 930,396 | 865,477 | | |
| Due from related parties – non-current, net | | | 123,363 | 113,516 |
| Total Assets | $ 16,591,507 | $ 9,579,574 | $ 14,460,402 | $ 14,492,599 |
| | | | | |
| **LIABILITIES AND EQUITY** | | | | |
| Current Liabilities | | | | |
| Short-term bank loans | $ 852,500 | $ 1,893,750 | $ 860,750 | $ 899,250 |
| Accrued expenses and other current liabilities | 3,558,213 | 2,909,587 | 4,050,845 | 3,696,380 |
| Contract liabilities | 79,501 | 10,985 | 79,500 | 79,500 |
| Taxes payables | | | 108,110 | 112,946 |
| Operating lease liabilities – current portion | 392,666 | 369,314 | 389,870 | 401,826 |
| Due to related parties | 480,196 | 359,992 | 301,972 | 173,132 |
| Convertible notes payable – third parties, net | | | 842,567 | 569,456 |
| Total Current Liabilities | 5,363,076 | 5,543,628 | 6,633,614 | 5,932,490 |
| | | | | |
| Tenant security deposit | 5,680 | 7,980 | 21,680 | 21,680 |
| Operating lease liability – non-current portion | 507,151 | 791,827 | 318,153 | 407,457 |
| Convertible notes payable – third parties | 1,654,004 | - | | |
| Total Liabilities | 7,529,911 | 6,343,435 | 6,973,447 | 6,361,627 |
| | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | |
| | | | | |
| Equity | | | | |
| Preferred stock, $0.001 par value, 20,000,000 authorized, nil shares issued and outstanding | - | - | - | - |
| Common stock, $0.001 par value, 10,000,000 authorized, 4,823,043 and 3,286,190 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively[1] | 4,823 | 3,286 | | |
| Common stock, $0.001 par value, 100,000,000 authorized, 10,698,315 and 7,940,298 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively[1] | | | 10,698 | 7,940 |
| Additional paid-in capital | 80,662,290 | 67,937,050 | 86,029,237 | 82,636,966 |

| | | | | |
|---|---|---|---|---|
| Stock subscription receivable | (677,220) | (1,354,440) | (225,740) | (451,480) |
| Accumulated deficit | (62,309,161) | (54,904,439) | (69,353,071) | (65,420,095) |
| Accumulated other comprehensive income | 519,123 | 517,128 | 233,323 | 516,387 |
| Treasury stock | (9,100,000) | (9,100,000) | (8,902,371) | (8,901,668) |
| Total Stockholders' Equity | 9,099,855 | 3,098,585 | | |
| Total Stockholders' equity | | | 7,792,076 | 8,388,050 |
| Noncontrolling interest | (38,259) | 137,554 | (305,121) | (257,078) |
| Total Equity | 9,061,596 | 3,236,139 | 7,486,955 | 8,130,972 |
| | | | | |
| **Total Liabilities and Equity** | $ 16,591,507 | $ 9,579,574 | $ 14,460,402 | $ 14,492,599 |

(1) Prior period results have been adjusted to reflect the 1-for-10 reverse stock split effected on July 25, 2023.

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

**ABVC BIOPHARMA, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(UNAUDITED)**

| | Three months Ended September 30, | | Nine months Ended September 30, | | Three months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| **Revenues** | $ 15,884 | $ 42,269 | $ 150,265 | $ 380,789 | $ 1,205 | $ 128,272 |
| **Cost of revenues** | 29,614 | 10,741 | 162,831 | 21,004 | 277 | 60,236 |
| **Gross (loss) profit** | (13,730) | 31,528 | (12,566) | 359,785 | 928 | 68,036 |
| **Operating expenses** | | | | | | |
| Selling, general and administrative expenses | 1,182,093 | 3,216,146 | 3,841,633 | 6,000,055 | 831,257 | 1,272,752 |
| Research and development expenses | 141,310 | 305,483 | 990,731 | 1,197,669 | 69,066 | 334,979 |
| Stock-based compensation | 817,740 | 225,740 | 1,409,969 | 5,143,483 | 2,544,995 | 366,489 |
| Total operating expenses | 2,141,143 | 3,747,369 | 6,242,333 | 12,341,207 | 3,445,318 | 1,974,220 |
| **Loss from operations** | (2,154,873) | (3,715,841) | (6,254,899) | (11,981,422) | (3,444,390) | (1,906,184) |
| **Other income (expense)** | | | | | | |
| Interest income | 40,246 | 48,164 | 147,998 | 127,354 | 4,049 | 52,711 |
| Interest expense | (1,218,624) | (126,536) | (1,390,039) | (159,507) | (684,683) | (56,663) |
| Operating sublease income | (3,000) | 21,597 | 53,900 | 78,523 | - | 22,100 |
| Gain/Loss on foreign exchange changes | (25,059) | (177) | (55,625) | 17,865 | | |
| Gain/(Loss) on foreign exchange changes | | | | | 113,520 | (12,261) |
| Other (expense) income | (7,769) | 491 | (1,174) | (59,381) | 30,485 | 3,067 |
| Total other (expense) income | (1,214,206) | (56,461) | (1,244,940) | 4,854 | | |
| Total other income (expense) | | | | | (536,629) | 8,954 |
| **Loss before income tax** | (3,369,079) | (3,772,302) | (7,499,839) | (11,976,568) | (3,981,019) | (1,897,230) |
| Provision for (benefit from) income tax | (999) | 4,222 | 80,696 | (165,096) | - | - |
| **Net loss** | (3,368,080) | (3,776,524) | (7,580,535) | (11,811,472) | (3,981,019) | (1,897,230) |
| Net loss attributable to noncontrolling interests | (50,564) | (71,660) | (175,813) | (252,171) | (48,043) | (73,535) |
| Net loss attributed to ABVC and subsidiaries | (3,317,516) | (3,704,864) | (7,404,722) | (11,559,301) | (3,932,976) | (1,823,695) |
| Foreign currency translation adjustment | (15,082) | (190,019) | 1,995 | (426,579) | (283,064) | 29,109 |
| Comprehensive loss | $ (3,332,598) | $ (3,894,883) | $ (7,402,727) | $ (11,985,880) | $ (4,216,040) | $ (1,794,586) |
| Net loss per share: | | | | | | |
| Basic and diluted | $ (0.82) | $ (1.14) | $ (2.08) | $ (3.71) | $ (0.40) | $ (0.55) |
| Weighted average shares used in computing net loss per share of common stock[(1)]: | | | | | | |
| Basic and diluted | 4,055,345 | 3,257,912 | 3,555,474 | 3,119,795 | 9,736,150 | 3,307,577 |

(1) Prior period results have been adjusted to reflect the 1-for-10 reverse stock split effected on July 25, 2023.

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

**ABVC BIOPHARMA, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(UNAUDITED)**

| | Nine months Ended September 30, | | Three months Ended March 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2024** | **2023** |
| **Cash flows from operating activities** | | | | |
| Net loss | $ (7,580,535) | $ (11,811,472) | $ (3,981,019) | $ (1,897,230) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation | 20,949 | 17,364 | 1,286 | 6,493 |
| Stock-based compensation for non-employees | 1,409,969 | 5,143,483 | | |
| Provision for doubtful accounts | 38,500 | 521,955 | | |
| Stock-based compensation | | | 2,544,995 | 366,489 |
| Other non-cash expenses | 1,422,362 | 30,564 | 672,016 | (1,521) |
| Deferred tax expense | (35,719) | (31,247) | | |
| Changes in operating assets and liabilities: | | | | |
| Decrease (increase) in accounts receivable | 191,265 | (31,909) | - | 113,339 |
| Decrease (increase) in prepaid expenses and security deposits | 27,924 | 243,065 | (53,380) | (203,621) |
| Decrease (increase) in tenant security deposit | (2,300) | - | | |
| Decrease (increase) in due from related parties | 189,755 | (983,707) | (140,364) | (110,720) |
| Decrease in inventory | - | 5,486 | | |
| Increase (decrease) in accrued expenses and other current liabilities | 648,626 | (99,306) | 354,465 | (146,316) |
| Increase (decrease) in contract liabilities | 68,516 | - | | |
| Increase (decrease) in due to related parties | (155,697) | 58,402 | 128,840 | 375,454 |
| **Net cash used in operating activities** | (3,756,385) | (6,937,322) | (473,161) | (1,497,633) |
| **Cash flows from investing activities** | | | | |
| Purchase of equipment | (21,201) | (119,603) | | |
| Increase in prepayment for long-term investments | (493,158) | (1,518,793) | | |
| **Net cash used in investing activities** | (514,359) | (1,638,396) | | |
| **Cash flows from financing activities** | | | | |
| Issuance of common stock | 1,050,000 | 3,917,425 | | |
| Proceeds from issuance of warrant | 2,429,028 | - | 394,071 | - |
| Proceeds from convertible notes payable – third parties | 1,352,512 | - | 282,095 | 3,206,587 |
| Proceeds from short-term loan | - | 350,000 | | |
| Repayment of short-term bank loans | (1,000,000) | - | - | (1,000,000) |
| **Net cash provided by financing activities** | 3,831,540 | 4,267,425 | 676,166 | 2,206,587 |
| **Effect of exchange rate changes on cash and cash equivalents and restricted cash** | 168,413 | (286,775) | (260,783) | (308,804) |
| **Net decrease in cash and cash equivalents and restricted cash** | (270,791) | (4,595,068) | (57,778) | 400,150 |
| **Cash and cash equivalents and restricted cash** | | | | |
| Beginning | 1,391,728 | 6,565,215 | 716,780 | 1,391,728 |
| Ending | $ 1,120,937 | $ 1,970,147 | $ 659,002 | $ 1,791,878 |
| **Supplemental disclosure of cash flows** | | | | |
| Cash paid during the year for: | | | | |
| Interest expense paid | $ 27,525 | $ 161,741 | $ 5,701 | $ 56,663 |
| Income taxes paid | $ - | $ 1,600 | | |
| **Non-cash financing and investing activities** | | | | |
| Issuance of common stock for conversion of debt | | | $ (681,000) | $ - |
| **Supplemental disclosure of cash flows** | | | | |

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

**ABVC BIOPHARMA, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**
**FOR THE NINE THREE MONTHS ENDED SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022**
**(UNAUDITED)**

| | Common Stock | | Stock | Additional | | Accumulated Other | Treasury Stock | | Non | Total | Common Stock | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares[1] | Amounts[1] | Subscription Receivable | Paid-in Capital[1] | Accumulated Deficit | Comprehensive Income | Number of Shares[1] | Amount | controlling Interest | Equity (Deficit) | Number of shares[1] | Amounts[1] |
| Balance at December 31, 2021 | 2,893,089 | $ 2,893 | $ (2,257,400) | $ 58,139,700 | $ (38,481,200) | $ 539,660 | (27,535) | $ (9,100,000) | $ 26,689 | $ 8,870,342 | | |
| Issuance of common stock for cash | 200,000 | 200 | | 4,466,125 | | | | | | 4,466,325 | | |
| Balance at December 31, 2022 | | | | | | | | | | | 3,286,190 | $ 3,286 |
| Issuance of common stock for consulting service | 138,101 | 138 | - | 3,663,725 | - | - | - | - | - | 3,663,863 | 22,341 | 22 |
| Stock-based compensation | - | - | 451,480 | - | - | - | - | - | - | 451,480 | - | - |
| Net loss for the period | - | - | - | - | (7,854,437) | - | - | - | (180,511) | (8,034,948) | - | - |
| Cumulative transaction adjustments | - | - | - | - | - | (236,560) | - | - | - | (236,560) | - | - |
| Balance at June 30, 2022 | 3,231,190 | $ 3,231 | $ (1,805,920) | $ 66,269,550 | $ (46,335,637) | $ 303,100 | (27,535) | $ (9,100,000) | $ (153,822) | $ 9,180,502 | | |
| Issuance of common stock for consulting service | 32,500 | 33 | - | 253,467 | - | - | - | - | - | 253,500 | | |
| Stock-based compensation | - | - | 225,740 | - | - | - | - | - | - | 225,740 | | |
| Net loss for the period | - | - | - | - | (3,704,864) | - | - | - | (71,660) | (3,776,524) | | |
| Cumulative transaction adjustments | - | - | - | - | - | (190,019) | - | - | - | (190,019) | | |
| Balance at September 30, 2022 | 3,263,690 | $ 3,264 | $ (1,580,180) | $ 66,523,017 | $ (50,040,501) | $ 113,081 | (27,535) | $ (9,100,000) | $ (225,482) | $ 5,693,199 | | |
| Balance at March 31, 2023 | | | | | | | | | | | 3,308,531 | $ 3,308 |

| | Common Stock | | Stock | Additional | | Accumulated Other | Treasury Stock | | Non | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares[1] | Amounts[1] | Subscription Receivable | Paid-in Capital[1] | Accumulated Deficit | Comprehensive Income | Number of Shares[1] | Amount | controlling Interest | Equity (Deficit) |
| Balance at December 31, 2022 | 3,286,190 | $ 3,286 | $ (1,354,440) | $ 67,937,050 | $ (54,904,439) | $ 517,128 | (27,535) | $ (9,100,000) | $ 137,554 | $ 3,236,139 |
| Issuance of common stock for consulting service | 22,341 | 22 | - | 140,727 | - | - | - | - | - | 140,749 |
| Issuance of warrant | - | - | - | 1,729,028 | - | - | - | - | - | 1,729,028 |
| Stock-based compensation | - | - | 451,480 | - | - | - | - | - | - | 451,480 |
| Net loss for the period | - | - | - | | (4,087,206) | - | - | - | (125,249) | (4,212,455) |
| Cumulative transaction adjustments | - | - | - | - | - | 17,077 | - | - | - | 17,077 |
| Balance at June 30, 2023 | 3,308,531 | $ 3,308 | $ (902,960) | $ 69,806,805 | $ (58,991,645) | $ 534,205 | (27,535) | $ (9,100,000) | $ 12,305 | $ 1,362,018 |
| Issuance of common stock for cash | 300,000 | 300 | - | 1,049,700 | - | - | - | - | - | 1,050,000 |
| Issuance of common stock for consulting service | 29,600 | 30 | - | 591,970 | - | - | - | - | - | 592,000 |
| Issuance of common stock for acquiring of Property | 370,000 | 370 | - | 7,399,630 | - | - | - | - | - | 7,400,000 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Issuance of common stock upon exercise of convertible notes | 614,912 | 615 | - | 1,814,185 | - | - | - | - | - | - | 1,814,800 |
| Issuance of pre-funded warrant | - | - | - | 700,000 | - | - | - | - | - | - | 700,000 |
| Exercise of pre-funded warrant | 200,000 | 200 | - | (700,000) | - | - | - | - | - | - | (699,800) |
| Stock-based compensation | - | - | 225,740 | - | - | - | - | - | - | - | 225,740 |
| Net loss for the period | - | - | - | | (3,317,516) | - | - | - | - | (50,564) | (3,368,080) |
| Cumulative transaction adjustments | - | - | - | - | | - | (15,082) | - | - | - | (15,082) |
| Balance at September 30, 2023 | 4,823,043 | $ 4,823 | $ (677,220) | $ 80,662,290 | $ (62,309,161) | | $ 519,123 | (27,535) | $ (9,100,000) | $ (38,259) | $ 9,061,596 |

| | Common Stock | | Stock | Additional | | Accumulated Other | Treasury Stock | | Non | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares[1] | Amounts[1] | Subscription Receivable | Paid-in Capital[1] | Accumulated Deficit | Comprehensive Income | Number of Shares[1] | Amount | controlling Interest | Equity (Deficit) |
| Balance at December 31, 2023 | 7,940,298 | $ 7,940 | $ (451,480) | $ 82,636,966 | $ (65,420,095) | $ 516,387 | (26,553) | $ (8,901,668) | $ (257,078) | $ 8,130,972 |
| Issuance of subsidiaries' common shares for consulting services | - | - | - | 383,500 | - | - | - | - | - | 383,500 |
| Issuance of common shares upon exercise of convertible notes | 751,795 | 752 | - | 680,248 | - | - | - | - | - | 681,000 |
| Issuance of pre-funded warrant | - | - | - | 394,071 | - | - | - | - | - | 394,071 |
| Stock based compensation | 1,302,726 | 1,303 | 225,740 | 1,934,452 | - | - | - | - | - | 2,161,495 |
| Net loss for the period | - | - | - | - | (3,932,976) | - | - | - | (48,043) | (3,981,019) |
| Repurchase of common stock | 703,496 | 703 | - | - | - | - | - | (703) | - | - |
| Cumulative transaction adjustments | - | - | - | - | - | (283,064) | - | - | - | (283,064) |
| Balance at March 31, 2024 | 10,698,315 | $ 10,698 | $ (225,740) | $ 86,029,237 | $ (69,353,071) | $ 233,323 | (26,553) | $ (8,902,371) | $ (305,121) | $ 7,486,955 |

(1) Prior period results have been adjusted to reflect the 1-for-10 reverse stock split effected on July 25, 2023.

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

**ABVC BIOPHARMA, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**

**1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

ABVC BioPharma, Inc. (the "Company"), formerly known as American BriVision (Holding) Corporation, a Nevada corporation, through the Company's operating entity, American BriVision Corporation ("BriVision"), which was incorporated in July 2015 in the State of Delaware, engages in biotechnology to fulfill unmet medical needs and focuses on the development of new drugs and medical devices derived from plants. BriVision develops its pipeline by carefully tracking new medical discoveries or medical device technologies in research institutions in the Asia-Pacific region. Pre-clinical, disease animal model and Phase I safety studies are examined closely by the Company to identify drugs that BriVision believes demonstrate efficacy and safety. Once a drug appears to be a good candidate for development and ultimately commercialization, BriVision licenses the drug or medical device from the original researchers and begins to introduce the drugs clinical plan to highly respected principal investigators in the United States, Australia and Taiwan to conduct a Phase II clinical trial. At present, clinical trials for the Company's drugs and medical devices are being conducted at such world-famous institutions as Memorial Sloan Kettering Cancer Center ("MSKCC") including Stanford University, University of California San Fransisco (UCSF) and MD Anderson Cancer Center. Cedar Sinai Medical Centre (CSMC). BriVision had no predecessor operations prior to its formation on July 21, 2015.

2. LIQUIDITY AND GOING CONCERN

Going Concern

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with U.S. GAAP which contemplates continuation of the Company on a going concern basis. The going concern basis assumes that assets are realized, and liabilities are settled in the ordinary course of business at amounts disclosed in the unaudited interim consolidated financial statements. The Company's ability to continue as a going concern depends upon its ability to market and sell its products to generate positive operating cash flows. For the three and nine months ended September 30, 2023 March 31, 2024, the Company reported net loss of $3,368,080 and $7,580,535, respectively. $3,981,019. As of September 30, 2023 March 31, 2024, the Company's working capital deficit was $2,869,542. $4,839,164. In addition, the Company had net cash outflows of $3,756,385 $473,161 from operating activities for the nine three months ended September 30, 2023 March 31, 2024. These conditions give rise to substantial doubt as to whether the Company will be able to continue as a going concern.

Management's plan is to continue improve operations to generate positive cash flows and raise additional capital through private of public offerings. If the Company is not able to generate positive operating cash flows, and raise additional capital, there is the risk that the Company may not be able to meet its short-term obligations. Management is committed to enhancing operations to generate positive cash flows and plans to secure additional capital through private or public offerings.

**2. 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The unaudited interim consolidated financial statements do not include all the information and footnotes required by the U.S. GAAP for complete financial statements. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with the U.S. GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X. In the opinion of the Company's management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, in normal recurring nature, as necessary for the fair statement of the Company's financial position as of September 30, 2023 March 31, 2024, and results of operations and cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. The unaudited interim consolidated balance sheet as of December 31, 2022 December 31, 2023 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by the U.S. GAAP. Interim results of operations are not necessarily indicative of the results expected for the full fiscal year or for any future period. These financial statements should be read in conjunction with the audited consolidated financial statements as of and for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, and related notes included in the Company's audited consolidated financial statements.

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (the "U.S. GAAP"). All significant intercompany transactions and account balances have been eliminated.

This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Company's unaudited financial statements are expressed in U.S. dollars.

Reclassifications of Prior Year Presentation

Certain prior year unaudited consolidated interim balance sheet and unaudited consolidated cash flow statement amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the amount of revenues and expenses during the reporting periods. Actual results could differ materially from those results.

Forward Stock Split

On March 21, 2016, the Board of Directors of the Company approved an amendment to Articles of Incorporation to effect a forward split at a ratio of 1 to 3.141 and increase the number of our authorized shares of Common Stock, par value $0.001 per share, to 360,000,000, which was effective on April 8, 2016.

Stock Reverse Split

On March 12, 2019, the Board of Directors of the Company by unanimous written consent in lieu of a meeting approved to i) effect a stock reverse split at the ratio of 1-for-18 (the “Reverse Split”) of both the authorized common stock of the Company (the “Common Stock”) and the issued and outstanding Common Stock and ii) to amend the articles of incorporation of the Company to reflect the Reverse Split. The Board approved and authorized the Reverse Split without obtaining approval of the Company’s shareholders pursuant to Section 78.207 of Nevada Revised Statutes. On May 3, 2019, the Company filed a certificate of amendment to the Company’s articles of incorporation (the “Amendment”) to effect the Reverse Split with the Secretary of State of Nevada. The Financial Industry Regulatory Authority (“FINRA”) informed the Company that the Reverse Split was effective on May 8, 2019.

On July 25, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation authorizing a 1-for-10 reverse stock split of the issued and outstanding shares of its common stock. The Company’s stockholders previously approved the Reverse Stock Split at the Company’s Special Shareholder Meeting held on July 7, 2023. The Reverse Stock Split was effected to reduce the number of issued and outstanding shares and to increase the per share trading value of the Company’s common stock, although that outcome is not guaranteed. In turn, the Company believes that the Reverse Stock Split will enable the Company to restore compliance with certain continued listing standards of NASDAQ Capital Market. All shares and related financial information in this Form 10-Q reflect this 1-for-10 reverse stock split.

Fair Value Measurements

FASB ASC 820, “Fair Value Measurements” defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It requires that an entity measure its financial instruments to base fair value on exit price, maximize the use of observable units and minimize the use of unobservable inputs to determine the exit price. It establishes a hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy increases the consistency and comparability of fair value measurements and related disclosures by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liabilities based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy prioritizes the inputs into three broad levels based on the reliability of the inputs as follows:

- Level 1 Inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily and regularly available.
- Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Valuations based on inputs that are unobservable and not corroborated by market data. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

The carrying values of certain assets and liabilities of the Company, such as cash and cash equivalents, restricted cash, accounts receivable, due from related parties, prepaid expenses and other current assets, accounts payable, accrued liabilities, convertible notes payable, and due to related parties approximate fair value due to their relatively short maturities. The carrying value of the Company’s short-term bank loan, convertible notes payable, and accrued interest approximates their fair value as the terms of the borrowing are consistent with current market rates and the duration to maturity is short. The carrying value of the Company’s long-term bank loan approximates fair value because the interest rates approximate market rates that the Company could obtain for debt with similar terms and maturities.

Cash and Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's cash and cash equivalents amounted $500,069 $30,489 and $85,265, $60,155, respectively. Some of the Company's cash deposits are held in financial institutions located in Taiwan where there is currently regulation mandated on obligatory insurance of bank accounts. The Company believes this financial institution is of high credit quality.

Restricted Cash

Restricted cash primarily consist of certificate of deposits as a collateral of short-term loan held in CTBC Bank. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's restricted cash amounted $620,868 $628,513 and $1,306,463, $656,625, respectively.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments in high quality credit institutions, but these investments may be in excess of Taiwan Central Deposit Insurance Corporation and the U.S. Federal Deposit Insurance Corporation's insurance limits. The Company does not enter into financial instruments for hedging, trading or speculative purposes.

The Company performs ongoing credit evaluation of our customers and requires no collateral. An allowance for doubtful accounts is provided based on a review of the collectability of accounts receivable. The Company determines the amount of allowance for doubtful accounts by examining its historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies. Actual credit losses may differ from our estimates.

Concentration of clients

As of September 30, 2023 March 31, 2024, the most major client, who specializes in developing and commercializing of dietary supplements and therapeutics in the dietary supplement industry, accounted for 99.76% of the Company's total account receivables. As of December 31, 2022, the most major client, who specializes in developing and commercializing dietary supplements and therapeutics in the dietary supplement industry, accounted for 71.89% of the Company's total account receivable; the second major client, with its Chairman also having a position as one of the Board of Directors of BioKey, accounted for 16.62% 87.24% of the Company's total account receivable.

For the nine months ended September 30, 2023 As of December 31, 2023, the most major client, specializes in developing and commercializing of dietary supplements and therapeutics in dietary supplement industry, accounted for 87.24% of the Company's total account receivable.

For the three months ended March 31, 2024, one major client, manufactures a wide range of pharmaceutical products, accounted for 100% of the Company's total revenues. For the three months ended March 31, 2023, one major client, manufacturing drugs, dietary supplements, and medical products, accounted for 81.19% 84.78% of the Company's total revenues. For the nine months ended September 30, 2022, one major client, who is a Shareholder of the Company that works in development and commercialization of new drugs in Taiwan, accounted for 79.18% of the Company's total revenues.

Accounts receivable and allowance for expected credit losses accounts

Accounts receivable is recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts.

The Company make estimates of expected credit and collectability trends for the allowance for credit losses and allowance for unbilled receivables based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of customers, current economic conditions reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. The provision is recorded against accounts receivable balances, with a corresponding charge recorded in the consolidated statements of income. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable.

Allowance for expected credit losses accounts was 113,694 $616,448 and 194,957 $616,505 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Revenue Recognition

During the fiscal year 2018, the Company adopted Accounting Standards Codification ("ASC"), Topic 606 (ASC 606), Revenue from Contracts with Customers, using the modified retrospective method to all contracts that were not completed as of January 1, 2018, and applying the new revenue standard as an adjustment to the opening balance of accumulated deficit at the beginning of 2018 for the cumulative effect. The results for the Company's reporting periods beginning on and after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. Based on the Company's review of existing collaborative agreements as of January 1, 2018, the Company concluded that the adoption of the new guidance did not have a significant change on the Company's revenue during all periods presented.

Pursuant to ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines is within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration the Company is entitled to in exchange for the goods or services the Company transfers to the customers. At inception of the contract, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract, determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The following are examples of when the Company recognizes revenue based on the types of payments the Company receives.

**Collaborative Revenues —** The Company recognizes collaborative revenues generated through collaborative research, development and/or commercialization agreements. The terms of these agreements typically include payment to the Company related to one or more of the following: non-refundable upfront license fees, development and commercial milestones, partial or complete reimbursement of research and development costs, and royalties on net sales of licensed products. Each type of payments results in collaborative revenues except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues. To date, the Company has not received any royalty revenues. Revenue is recognized upon satisfaction of a performance obligation by transferring control of a good or service to the collaboration partners.

As part of the accounting for these arrangements, the Company applies judgment to determine whether the performance obligations are distinct, and develop assumptions in determining the stand-alone selling price for each distinct performance obligation identified in the collaboration agreements. To determine the stand-alone selling price, the Company relies on assumptions which may include forecasted revenues, development timelines, reimbursement rates for R&D personnel costs, discount rates and probabilities of technical and regulatory success.

The Company had multiple deliverables under the collaborative agreements, including deliverables relating to grants of technology licenses, regulatory and clinical development, and marketing activities. Estimation of the performance periods of the Company's deliverables requires the use of management's judgment. Significant factors considered in management's evaluation of the estimated performance periods include, but are not limited to, the Company's experience in conducting clinical development, regulatory and manufacturing activities. The Company reviews the estimated duration of its performance periods under its collaborative agreements on an annually basis, and makes any appropriate adjustments on a prospective basis. Future changes in estimates of the performance period under its collaborative agreements could impact the timing of future revenue recognition.

(i) Non-refundable upfront payments

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in an arrangement, the Company recognizes revenue from the related non-refundable upfront payments based on the relative standalone selling price prescribed to the license compared to the total selling price of the arrangement. The revenue is recognized when the license is transferred to the collaboration partners and the collaboration partners are able to use and benefit from the license. To date, the receipt of non-refundable upfront fees was solely for the compensation of past research efforts and contributions made by the Company before the collaborative agreements entered into and it does not relate to any future obligations and commitments made between the Company and the collaboration partners in the collaborative agreements.

(ii) Milestone payments

The Company is eligible to receive milestone payments under the collaborative agreement with collaboration partners based on achievement of specified development, regulatory and commercial events. Management evaluated the nature of the events triggering these contingent payments, and concluded that these events fall into two categories: (a) events which involve the performance of the Company's obligations under the collaborative agreement with collaboration partners, and (b) events which do not involve the performance of the Company's obligations under the collaborative agreement with collaboration partners.

The former category of milestone payments consists of those triggered by development and regulatory activities in the territories specified in the collaborative agreements. Management concluded that each of these payments constitute substantive milestone payments. This conclusion was based primarily on the facts that (i) each triggering event represents a specific outcome that can be achieved only through successful performance by the Company of one or more of its deliverables, (ii) achievement of each triggering event was subject to inherent risk and uncertainty and would result in additional payments becoming due to the Company, (iii) each of the milestone payments is non-refundable, (iv) substantial effort is required to complete each milestone, (v) the amount of each milestone payment is reasonable in relation to the value created in achieving the milestone, (vi) a substantial amount of time is expected to pass between the upfront payment and the potential milestone payments, and (vii) the milestone payments relate solely to past performance. Based on the foregoing, the Company recognizes any revenue from these milestone payments in the period in which the underlying triggering event occurs.

(iii) Multiple Element Arrangements

The Company evaluates multiple element arrangements to determine (1) the deliverables included in the arrangement and (2) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. This evaluation involves subjective determinations and requires management to make judgments about the individual deliverables and whether such deliverables are separate from other aspects of the contractual relationship. Deliverables are considered separate units of accounting provided that: (i) the delivered item(s) has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially within its control. In assessing whether an item under a collaboration has standalone value, the Company considers factors such as the research, manufacturing, and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. The Company also considers whether its collaboration partners can use the other deliverable(s) for their intended purpose without the receipt of the remaining element(s), whether the value of the deliverable is dependent on the undelivered item(s), and whether there are other vendors that can provide the undelivered element(s).

The Company recognizes arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 606 are satisfied for that particular unit of accounting. In the event that a deliverable does not represent a separate unit of accounting, the Company recognizes revenue from the combined unit of accounting over the Company's contractual or estimated performance period for the undelivered elements, which is typically the term of the Company's research and development obligations. If there is no discernible pattern of performance or objectively measurable performance measures do not exist, then the Company recognizes revenue under the arrangement on a straight-line basis over the period the Company is expected to complete its performance obligations. Conversely, if the pattern of performance in which the service is provided to the customer can be determined and objectively measurable performance measures exist, then the Company recognizes revenue under the arrangement using the proportional performance method. Revenue recognized is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the straight-line method or proportional performance method, as applicable, as of the period ending date.

At the inception of an arrangement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (1) the consideration is commensurate with either the Company's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from its performance to achieve the milestone, (2) the consideration relates solely to past performance and (3) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone and the level of effort and investment required to achieve the particular milestone in making this assessment. There is considerable judgment involved in determining whether a milestone satisfies all of the criteria required to conclude that a milestone is substantive. Milestones that are not considered substantive are recognized as earned if there are no remaining performance obligations or over the remaining period of performance, assuming all other revenue recognition criteria are met.

(iv) Royalties and Profit Sharing Payments

Under the collaborative agreement with the collaboration partners, the Company is entitled to receive royalties on sales of products, which is at certain percentage of the net sales. The Company recognizes revenue from these events based on the revenue recognition criteria set forth in ASC 606. Based on those criteria, the Company considers these payments to be contingent revenues, and recognizes them as revenue in the period in which the applicable contingency is resolved.

Revenues Derived from Research and Development Activities Services — Revenues related to research and development and regulatory activities are recognized when the related services or activities are performed, in accordance with the contract terms. The Company typically has only one performance obligation at the inception of a contract, which is to perform research and development services. The Company may also provide its customers with an option to request that the Company provides additional goods or services in the future, such as active pharmaceutical ingredient, API, or IND/NDA/ANDA/510K submissions. The Company evaluates whether these options are material rights at the inception of the contract. If the Company determines an option is a material right, the Company will consider the option a separate performance obligation.

If the Company is entitled to reimbursement from its customers for specified research and development expenses, the Company accounts for the related services that it provides as separate performance obligations if it determines that these services represent a material right. The Company also determines whether the reimbursement of research and development expenses should be accounted for as revenues or an offset to research and development expenses in accordance with provisions of gross or net revenue presentation. The Company recognizes the corresponding revenues or records the corresponding offset to research and development expenses as it satisfies the related performance obligations.

The Company then determines the transaction price by reviewing the amount of consideration the Company is eligible to earn under the contracts, including any variable consideration. Under the outstanding contracts, consideration typically includes fixed consideration and variable consideration in the form of potential milestone payments. At the start of an agreement, the Company's transaction price usually consists of the payments made to or by the Company based on the number of full-time equivalent researchers assigned to the project and the related research and development expenses incurred. The Company does not typically include any payments that the Company may receive in the future in its initial transaction price because the payments are not probable. The Company would reassess the total transaction price at each reporting period to determine if the Company should include additional payments in the transaction price.

The Company receives payments from its customers based on billing schedules established in each contract. Upfront payments and fees may be recorded as contract liabilities upon receipt or when due, and may require deferral of revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the right of the Company to consideration is unconditional. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customers and the transfer of the promised goods or services to the customers will be one year or less.

Property and Equipment

Property and equipment is carried at cost net of accumulated depreciation. Repairs and maintenance are expensed as incurred. Expenditures that improve the functionality of the related asset or extend the useful life are capitalized. When property and equipment is retired or otherwise disposed of, the related gain or loss is included in operating income. Leasehold improvements are depreciated on the straight-line method over the shorter of the remaining lease term or estimated useful life of the asset. Depreciation is calculated on the straight-line method, including property and equipment under capital leases, generally based on the following useful lives:

| | Estimated Life in Years |
|---|---|
| Buildings and leasehold improvements | 5 ~ 50 |
| Machinery and equipment | 5 ~ 10 |
| Office equipment | 3 ~ 6 |

Construction-in-Progress

Construction-in-Progress

The Company acquires constructions that constructs certain of its fixed assets. All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalized as construction-in-progress. No depreciation is provided in respect of construction-in-progress. Construction in progress is transferred to specific fixed asset items and depreciation of these assets commences when they are ready for their intended use.

Impairment of Long-Lived Assets

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates its long-lived assets for impairment annually or more often if events and circumstances warrant. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Long-term Equity Investment

The Company acquires the equity investments to promote business and strategic objectives. The Company accounts for non-marketable equity and other equity investments for which the Company does not have control over the investees as:

- Equity method investments when the Company has the ability to exercise significant influence, but not control, over the investee. Its proportionate share of the income or loss is recognized monthly and is recorded in gains (losses) on equity investments.
- Non-marketable cost method investments when the equity method does not apply.

Significant judgment is required to identify whether an impairment exists in the valuation of the Company's non-marketable equity investments, and therefore the Company considers this a critical accounting estimate. Its yearly analysis considers both qualitative and quantitative factors that may have a significant impact on the investee's fair value. Qualitative analysis of its investments involves understanding the financial performance and near-term prospects of the investee, changes in general market conditions in the investee's industry or geographic area, and the management and governance structure of the investee. Quantitative assessments of the fair value of its investments are developed using the market and income approaches. The market approach includes the use of comparable financial metrics of private and public companies and recent financing rounds. The income approach includes the use of a discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates. The Company's assessment of these factors in determining whether an impairment exists could change in the future due to new developments or changes in applied assumptions.

Other-Than-Temporary Impairment

The Company's long-term equity investments are subject to a periodic impairment review. Impairments affect earnings as follows:

- Marketable equity securities include the consideration of general market conditions, the duration and extent to which the fair value is below cost, and our ability and intent to hold the investment for a sufficient period of time to allow for recovery of value in the foreseeable future. The Company also considers specific adverse conditions related to the financial health of, and the business outlook for, the investee, which may include industry and sector performance, changes in technology, operational and financing cash flow factors, and changes in the investee's credit rating. The Company records other-than-temporary impairments on marketable equity securities and marketable equity method investments in gains (losses) on equity investments.

- Non-marketable equity investments based on the Company's assessment of the severity and duration of the impairment, and qualitative and quantitative analysis of the operating performance of the investee; adverse changes in market conditions and the regulatory or economic environment; changes in operating structure or management of the investee; additional funding requirements; and the investee's ability to remain in business. A series of operating losses of an investee or other factors may indicate that a decrease in value of the investment has occurred that is other than temporary and that shall be recognized even though the decrease in value is in excess of what would otherwise be recognized by application of the equity method. A loss in value of an investment that is other than a temporary decline shall be recognized. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. The Company records other-than-temporary impairments for non-marketable cost method investments and equity method investments in gains (losses) on equity investments. Other-than-temporary impairment of equity investments were $0 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Goodwill

The Company evaluates goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate the carrying value may not be recoverable. In testing goodwill for impairment, the Company may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that goodwill impairment is more likely than not, the Company performs a two-step impairment test. The Company tests goodwill for impairment under the two-step impairment test by first comparing the book value of net assets to the fair value of the reporting units. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. The Company estimates the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future net sales and operating expenses, based primarily on expected category expansion, pricing, market segment share, and general economic conditions.

The Company completed the required testing of goodwill for impairment as of September 30, 2023 March 31, 2024 and December 31, 2023, and determined that goodwill was impaired because of the current financial condition of the Company and the Company's inability to generate future operating income without substantial sales volume increases, which are highly uncertain. Furthermore, the Company anticipates future cash flows indicate that the recoverability of goodwill is not reasonably assured.

Warrants

Convertible Notes

The Company accounts for the convertible notes issued at a discount, by comparing the principal amount and book value, with the calculation of discounted method. The Company assess the discount per month. The amortization period of the promissory note is 18 months.

Convertible Notes

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in FASB ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding. The Company determined that upon further review of the warrant agreement, the Public Warrants issued pursuant to the warrant agreement qualify for equity accounting treatment.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of equity at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as liabilities at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may contain an imbedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Research and Development Expenses

The Company accounts for the cost of using licensing rights in research and development cost according to ASC Topic 730-10-25-1. This guidance provides that absent alternative future uses the acquisition of product rights to be used in research and development activities must be charged to research and development expenses when incurred.

For CDMO business unit, the Company accounts for R&D costs in accordance with Accounting Standards Codification ("ASC") 730, Research and Development ("ASC 730"). Research and development expenses are charged to expense as incurred unless there is an alternative future use in other research and development projects or otherwise. Research and development expenses are comprised of costs incurred in performing research and development activities, including personnel-related costs, facilities-related overhead, and outside contracted services including clinical trial costs, manufacturing and process development costs for both clinical and preclinical materials, research costs, and other consulting services. Non-refundable advance payment for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. In instances where the Company enters into agreements with third parties to provide research and development services, costs are expensed as services are performed.

Post-retirement and post-employment benefits

The Company's subsidiaries in Taiwan adopted the government mandated defined contribution plan pursuant to the Labor Pension Act (the "Act") in Taiwan. Such labor regulations require that the rate of contribution made by an employer to the Labor Pension Fund per month shall not be less than 6% of the worker's monthly salaries. Pursuant to the Act, the Company makes monthly contribution equal to 6% of employees' salaries to the employees' pension fund. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were $2,566 $2,379 and $3,302 $2,804 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $7,825 and $9,948 for the nine months ended September 30, 2023 and 2022, 2023, respectively. Other than the above, the Company does not provide any other post-retirement or post-employment benefits.

Stock-based Compensation

Stock-based Compensation

The Company measures expense associated with all employee stock-based compensation awards using a fair value method and recognizes such expense in the unaudited consolidated financial statements on a straight-line basis over the requisite service period in accordance with FASB ASC Topic 718 "Compensation-Stock Compensation". Total employee stock-based compensation expenses were $0 $1,935,755 and $0 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company accounted for stock-based compensation to non-employees in accordance with FASB ASC Topic 718 "Compensation-Stock Compensation" and FASB ASC Topic 505-50 "Equity-Based Payments to Non-Employees" which requires that the cost of services received from non-employees is measured at fair value at the earlier of the performance commitment date or the date service is completed and recognized over the period the service is provided. Total non-employee stock-based compensation expenses were $817,740 $609,240 and $225,740 $366,489 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Total non-employee stock-based compensation expenses were $1,409,969 and $5,143,483 for the nine months ended September 30, 2023 and 2022, respectively.

Income Taxes

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may contain an imbedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Income Taxes

The Company accounts for income taxes using the asset and liability approach which allows the recognition and measurement of deferred tax assets to be based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will expire before the Company is able to realize their benefits, or future deductibility is uncertain.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefits recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer satisfied. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred. No significant penalty or interest relating to income taxes has been incurred for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023. GAAP also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

On December 22, 2017, the SEC issued Staff Accounting Bulletin (“SAB 118”), which provides guidance on accounting for tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate to be included in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provision of the tax laws that were in effect immediately before the enactment of the Tax Act. While the Company is able to make reasonable estimates of the impact of the reduction in corporate rate and the deemed repatriation transition tax, the final impact of the Tax Act may differ from these estimates, due to, among other things, changes in our interpretations and assumptions, additional guidance that may be issued by the I.R.S., and actions the Company may take. The Company is continuing to gather additional information to determine the final impact.

Valuation of Deferred Tax Assets

A valuation allowance is recorded to reduce the Company's deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for the valuation allowance, management considers, among other things, projections of future taxable income and ongoing prudent and feasible tax planning strategies. If the Company determines that sufficient negative evidence exists, then it will consider recording a valuation allowance against a portion or all of the deferred tax assets in that jurisdiction. If, after recording a valuation allowance, the Company's projections of future taxable income and other positive evidence considered in evaluating the need for a valuation allowance prove, with the benefit of hindsight, to be inaccurate, it could prove to be more difficult to support the realization of its deferred tax assets. As a result, an additional valuation allowance could be required, which would have an adverse impact on its effective income tax rate and results. Conversely, if, after recording a valuation allowance, the Company determines that sufficient positive evidence exists in the jurisdiction in which the valuation allowance was recorded, it may reverse a portion or all of the valuation allowance in that jurisdiction. In such situations, the adjustment made to the deferred tax asset would have a favorable impact on its effective income tax rate and results in the period such determination was made.

Loss Per Share of Common Stock

The Company calculates net loss per share in accordance with ASC Topic 260, "Earnings per Share". Basic loss per share is computed by dividing the net loss by the weighted average number of common stock outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common stock that would have been outstanding if the potential common stock equivalents had been issued and if the additional common stock were dilutive. Diluted earnings per share excludes all dilutive potential shares if their effect is anti-dilutive.

Commitments and Contingencies

The Company has adopted ASC Topic 450 "Contingencies" subtopic 20, in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies are accrued by a charge to income when information available before financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

Foreign-currency Transactions

For the Company's subsidiaries in Taiwan, the foreign-currency transactions are recorded in New Taiwan dollars ("NTD") at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payables are settled, are credited or charged to income in the year of conversion or settlement. On the balance sheet dates, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates and the resulting differences are charged to current income except for those foreign currencies denominated investments in shares of stock where such differences are accounted for as translation adjustments under the Statements of Stockholders' Equity (Deficit).

Translation Adjustment

The accounts of the Company's subsidiaries in Taiwan were maintained, and their financial statements were expressed, in New Taiwan Dollar ("NT$"). Such financial statements were translated into U.S. Dollars ("$" or "USD") in accordance ASC 830, "Foreign Currency Matters", with the NT$ as the functional currency. According to the Statement, all assets and liabilities are translated at the current exchange rate, stockholder's deficit are translated at the historical rates and income statement items are translated at an average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income (loss) as a component of stockholders' equity (deficit).

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for convertible debt by eliminating the beneficial conversion and cash conversion accounting models. Upon adoption of ASU 2020-06, convertible debt, unless issued with a substantial premium or an embedded conversion feature that is not clearly and closely related to the host contract, will no longer be allocated between debt and equity components. This modification will reduce the issue discount and result in less non-cash interest expense in financial statements. ASU 2020-06 also updates the earnings per share calculation and requires entities to assume share settlement when the convertible debt can be settled in cash or shares. For contracts in an entity's own equity, the type of contracts primarily affected by ASU 2020-06 are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and only if adopted as of the beginning of such fiscal year. The Company is currently evaluating the impact that the standard will have on its unaudited consolidated financial statements.

**3.4. COLLABORATIVE AGREEMENTS**

**Collaborative agreements with BHK, a related party**

(i) On February 24, 2015, BioLite Taiwan and BioHopeKing Corporation (the "BHK") entered into a co-development agreement, (the "BHK Co-Development Agreement"), pursuant to which it is collaborative with BHK to develop and commercialize BLI-1401-2 (Botanical Drug) Triple Negative Breast Cancer (TNBC) Combination Therapy (BLI-1401-2 Products) in Asian countries excluding Japan for all related intellectual property rights, and has developed it for medicinal use in collaboration with outside researchers. The development costs shall be shared 50/50 between BHK and the Company. The BHK Co-Development Agreement will remain in effect for fifteen years from the date of first commercial sale of the Product in in Asia excluding Japan.

On July 27, 2016, BioLite Taiwan and BHK agreed to amend the payment terms of the milestone payment in an aggregate amount of $10 million based on the following schedule:

- Upon the signing of the BHK Co-Development Agreement: $1 million, or 10% of total payment
- Upon the first Investigational New Drug (IND) submission and BioLite Taiwan will deliver all data to BHK according to FDA Reviewing requirement: $1 million, or 10% of total payment
- At the completion of first phase II clinical trial: $1 million, or 10% of total payment
- At the initiation of phase III of clinical trial research: $3 million, or 30% of total payment
- Upon the New Drug Application (NDA) submission: $4 million, or 40% of total payment

In December 2015, BHK has paid a non-refundable upfront cash payment of $1 million, or 10% of $10,000,000, upon the signing of BHK Co-Development Agreement. The Company concluded that the deliverables are considered separate units of accounting as the delivered items have value to the customer on a standalone basis and recognized this cash receipt as collaboration revenue when all research, technical, and development data was delivered to BHK in 2015. The receipt is for the compensation of past research efforts and contributions made by BioLite Taiwan before this collaborative agreement was signed and it does not relate to any future commitments made by BioLite Taiwan and BHK in this collaborative agreement. In August 2016, the Company has received the second milestone payment of NT$31,649,000, approximately equivalent to $1 million, and recognized collaboration revenue for the year ended December 31, 2016. As of the date of this report, the Company has not completed the first phase II clinical trial.

In addition to the milestone payments, BioLite Taiwan is entitled to receive royalty on 12% of BHK's net sales related to BLI-1401-2 Products. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company has not earned the royalty under the BHK Co-Development Agreement.

(ii) On December 9, 2015, BioLite Taiwan entered into another two collaborative agreements (the "BHK Collaborative Agreements"), pursuant to which it is collaborative with BHK to co-develop and commercialize BLI-1005 for "Targeting Major Depressive Disorder" (BLI-1005 Products) and BLI-1006 for "Targeting Inflammatory Bowel Disease" (BLI-1006 Products) in Asia excluding Japan for all related intellectual property rights, and has developed it for medicinal use in collaboration with outside researchers. The development costs shall be shared 50/50 between BHK and the Company. The BHK Co-Development Agreement will remain in effect for fifteen years from the date of first commercial sale of the Product in in Asia excluding Japan.

In 2015, the Company recognized the cash receipt in a total of NT$50 million, approximately equivalent to $1.64 million, as collaboration revenue when all research, technical, and development data was delivered to BHK. The Company concluded that the deliverables are considered separate units of accounting as the delivered items have value to the customer on a standalone basis and recognized this payment as collaboration revenue when all research, technical, data and development data was delivered to BHK. The cash receipt is for the compensation of past research efforts and contributions made by BioLite Taiwan before this BHK Collaborative Agreements was signed and it does not relate to any future commitments made by BioLite Taiwan and BHK in this BHK Collaborative Agreements.

In addition to the total of NT$50 million, approximately equivalent to $1.64 million, BioLite Taiwan is entitled to receive 50% of the future net licensing income or net sales profit. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company has not earned the royalty under the BHK Collaborative Agreements.

**Co-Development agreement with Rgene Corporation, a related party**

On May 26, 2017, BriVision entered into a co-development agreement (the "Co-Dev Agreement") with Rgene Corporation (the "Rgene"), a related party under common control by controlling beneficiary shareholder of YuanGene Corporation and the Company (See Note 8). Pursuant to Co-Dev Agreement, BriVision and Rgene agreed to co-develop and commercialize ABV-1507 HER2/neu Positive Breast Cancer Combination Therapy, ABV-1511 Pancreatic Cancer Combination Therapy and ABV-1527 Ovary Cancer Combination Therapy. Under the terms of the Co-Dev Agreement, Rgene is required to pay the Company $3,000,000 in cash or stock of Rgene with equivalent value by August 15, 2017. The payment is for the compensation of BriVision's past research efforts and contributions made by BriVision before the Co-Dev Agreement was signed and it does not relate to any future commitments made by BriVision and Rgene in this Co-Dev Agreement. In addition to $3,000,000, the Company is entitled to receive 50% of the future net licensing income or net sales profit earned by Rgene, if any, and any development costs shall be equally shared by both BriVision and Rgene.

On June 1, 2017, the Company has delivered all research, technical, data and development data to Rgene. Since both Rgene and the Company are related parties and under common control by a controlling beneficiary shareholder of YuanGene Corporation and the Company, the Company has recorded the full amount of $3,000,000 in connection with the Co-Dev Agreement as additional paid-in capital during the year ended December 31, 2017. During the year ended December 31, 2017, the Company has received $450,000 in cash. On December 24, 2018, the Company received the remaining balance of $2,550,000 in the form of newly issued shares of Rgene's Common Stock, at the price of NT$50 (approximately equivalent to $1.64 per share), for an aggregate number of 1,530,000 shares, which accounted for equity method long-term investment as of December 31, 2018. During the year ended December 31, 2018, the Company has recognized investment loss of $549. On December 31, 2018, the Company determined to fully write off this investment based on the Company's assessment of the severity and duration of the impairment, and qualitative and quantitative analysis of the operating performance of the investee, adverse changes in market conditions and the regulatory or economic environment, changes in operating structure of Rgene, additional funding requirements, and Rgene's ability to remain in business. All projects that have been initiated will be managed and supported by the Company and Rgene.

The Company and Rgene signed an amendment to the Co-Dev Agreement on November 10, 2020, pursuant to which both parties agreed to delete AB-1507 HER2/neu Positive Breast Cancer Combination Therapy and AB 1527 Ovary Cancer Combination Therapy and add ABV-1519 EGFR Positive Non-Small Cell Lung Cancer Combination Therapy and ABV-1526 Large Intestine / Colon / Rectal Cancer Combination Therapy to the products to be co-developed and commercialized. Other provisions of the Co-Dev Agreement remain in full force and effect.
On June 10, 2022, the Company expanded its co-development partnership with Rgene. On that date, BioKey, ABVC has entered into a Clinical Development Service Agreement with Rgene to guide three Rgene drug products, RGC-1501 for the treatment of Non-Small Cell Lung Cancer (NSCLC), RGC-1502 for the treatment of pancreatic cancer and RGC 1503 for the treatment of colorectal cancer patients, through completion of Phase II clinical studies under the U.S. FDA IND regulatory requirements. Under the terms of the new Services Agreement, BioKey is eligible to receive payments totaling $3.0 million over a 3-year period with each payment amount to be determined by certain regulatory milestones obtained during the agreement period. The Service Agreement shall remain in effect until the expiration date of the last patent and automatically renew for 5 more years unless terminated earlier by either party with six months written notice. Either party may terminate the Service Agreement for cause by providing 30 days written notice.
Through a series of transactions over the past 5 years, the Company and Rgene have co-developed the three drug products covered by the Service Agreement, which has resulted in the Company owning 31.62% of Rgene.

As part of the Rgene Studies, the Company agreed to loan $1.0 million to Rgene, for which Rgene has provided the Company with a 5% working capital convertible loan (the “Note”). If the Note is fully converted, the Company will own an additional 6.4% of Rgene. The Company is expected to receive the outstanding loan from the related party by the 2023 Q4, either by cash or conversion of shares of Rgene. The Company may convert the Note at any time into shares of Rgene’s common stock at either (i) a fixed conversion price equal to $1.00 per share or (ii) 20% discount of the stock price of the then most recent offering, whichever is lower; the conversion price is subject to adjustment as set forth in the Note. The Note includes standard events of default, as well as a cross default provision pursuant to which a breach of the Service Agreement will trigger an event of default under the Note if not cured after 5 business days of written notice regarding the breach is provided. Upon an event of default, the outstanding principal and any accrued and unpaid interest shall be immediately due and payable.

The Service Agreement shall remain in effect until the expiration date of the last patent and automatically renew for 5 more years unless terminated earlier by either party with six months written notice. Either party may terminate the Service Agreement for cause by providing 30 days written notice.

Rgene has further agreed, effective July 1, 2022, to provide the Company with a seat on Rgene's Board of Directors until the loan is repaid in full. The Company has nominated Dr. Jiang, its Chief Strategy Officer and Director to occupy that seat; Dr. Jiang is also one of the Company's largest shareholders, owning 12.8% of the Company.

The Rgene Studies is a related party transaction.

**Collaborative agreement with BioFirst Corporation, a related party**

On July 24, 2017, BriVision entered into a collaborative agreement (the "BioFirst Collaborative Agreement") with BioFirst Corporation ("BioFirst"), pursuant to which BioFirst granted the Company the global licensing right for medical use of the product (the "Product"): BFC-1401 Vitreous Substitute for Vitrectomy. BioFirst is a related party to the Company because a controlling beneficiary shareholder of YuanGene Corporation and the Company is one of the directors and Common Stock shareholders of BioFirst (See Note 8).

Pursuant to the BioFirst Collaborative Agreement, the Company will co-develop and commercialize the Product with BioFirst and pay BioFirst in a total amount of $3,000,000 in cash or stock of the Company before September 30, 2018. The amount of $3,000,000 is in connection with the compensation for BioFirst's past research efforts and contributions made by BioFirst before the BioFirst Collaborative Agreement was signed and it does not relate to any future commitments made by BioFirst and BriVision in this BioFirst Collaborative Agreement. In addition, the Company is entitled to receive 50% of the future net licensing income or net sales profit, if any, and any development cost shall be equally shared by both BriVision and BioFirst.

On September 25, 2017, BioFirst has delivered all research, technical, data and development data to BriVision. The Company determined to fully expense the entire amount of $3,000,000 since currently the related licensing rights do not have alternative future uses. According to ASC 730-10-25-1, absent alternative future uses the acquisition of product rights to be used in research and development activities must be charged to research and development expenses immediately. Hence, the entire amount of $3,000,000 is fully expensed as research and development expense during the year ended December 31, 2017.

On June 30, 2019, BriVision entered into a Stock Purchase Agreement (the "Purchase Agreement") with BioFirst Corporation. Pursuant to the Purchase Agreement, the Company issued 428,571 shares of the Company's common stock to BioFirst in consideration for $3,000,000 owed by the Company to BioFirst (the "Total Payment") in connection with a certain collaborative agreement between the Company and BioFirst dated July 24, 2017 (the "Collaborative Agreement"). Pursuant to the Collaborative Agreement, BioFirst granted the Company the global licensing right to co-develop BFC-1401 or ABV-1701 Vitreous Substitute for Vitrectomy for medical purposes in consideration for the Total Payment.

On August 5, 2019, BriVision entered into a second Stock Purchase Agreement ("Purchase Agreement 2") with BioFirst Corporation. Pursuant to Purchase Agreement 2, the Company issued 414,702 shares of the Company's common stock to BioFirst in consideration for $2,902,911 owed by the Company to BioFirst in connection with a loan provided to BriVision from BioFirst.

On November 4, 2020, the Company executed an amendment to the BioFirst Agreement with BioFirst to add ABV-2001 Intraocular Irrigation Solution and ABV-2002 Corneal Storage Solution to the agreement. ABV-2002 is utilized during a corneal transplant procedure to replace a damaged or diseased cornea while ABV-2001 has broader utilization during a variety of ocular procedures.

Initially the Company will focus on ABV-2002, a solution utilized to store a donor cornea prior to either penetrating keratoplasty (full thickness cornea transplant) or endothelial keratoplasty (back layer cornea transplant). ABV-2002 is a solution comprised of a specific poly amino acid that protects ocular tissue from damage caused by external osmolarity exposure during pre-surgery storage. The specific polymer in ABV-2002 can adjust osmolarity to maintain a range of 330 to 390 mOsM thereby permitting hydration within the corneal stroma during the storage period. Stromal hydration results in (a) maintaining acceptable corneal transparency and (b) prevents donor cornea swelling. ABV-2002 also contains an abundant phenolic phytochemical found in plant cell walls that provides antioxidant antibacterial properties and neuroprotection.

Early testing by BioFirst indicates that ABV-2002 may be more effective for protecting the cornea and retina during long-term storage than other storage media available today and can be manufactured at lower cost. Further clinical development was put on hold due to the lack of funding.

In addition, BioFirst was incorporated on November 7, 2006, focusing on the R&D, manufacturing, and sales of innovative patented pharmaceutical products. The technology of BioFirst comes from the global exclusive licensing agreements BioFirst maintains with domestic R & D institutions. Currently, BioFirst's main research and development product is the vitreous substitute (Vitargus®), licensed by the National Health Research Institutes. Vitargus is the world's first bio-degradable vitreous substitute and offers a number of advantages over current vitreous substitutes by minimizing medical complications and reducing the need for additional surgeries.

Vitargus has started the construction of a GMP factory in Hsinchu Biomedical Science Park, Taiwan, with the aim at building a production base to supply the global market, and promote the construction of bio-degradable vitreous substitute manufacturing centers in Taiwan. Completion of this factory would allow ABVC to manufacture Vitargus with world-class technology in a GMP certified pharmaceutical factory. BioFirst is targeting to complete the construction in 2024.

The above-mentioned equity is before the reverse stock split in 2023.

**4. 5. PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Land | $ 344,522 | $ 361,193 | $ 347,856 | $ 363,416 |
| Construction-in-Progress | 7,400,000 | - | 7,400,000 | 7,400,000 |
| Buildings and leasehold improvements | 2,221,105 | 2,226,687 | 2,222,222 | 2,227,431 |
| Machinery and equipment | 1,132,876 | 1,116,789 | 1,133,899 | 1,138,675 |
| Office equipment | 166,027 | 173,766 | 167,575 | 174,797 |
| | 11,264,530 | 3,878,435 | 11,271,552 | 11,304,319 |
| Less: accumulated depreciation | (3,310,594) | (3,304,457) | (3,322,402) | (3,335,041) |
| Property and equipment, net | $ 7,953,936 | $ 573,978 | $ 7,949,150 | $ 7,969,278 |

Construction-in-progress consists of the property recently acquired in Chengdu, China. The Company entered into a cooperation agreement on August 14, 2023, with Zhong Hui Lian He Ji Tuan, Ltd. (the "Zhonghui"). Pursuant thereto, the Company acquired 20% of the ownership of certain property and a parcel of the land, with a view to jointly develop the property into a healthcare center for senior living, long-term care, and medical care in the areas of ABVC's special interests, such as Ophthalmology, Oncology, and Central Nervous Systems. The plan is to establish a base for the China market and global development of these interests.

The valuation of such property is US$37,000,000; based on the Company's 20% ownership, the Company acquired the value of US$7,400,000. In exchange, the Company issued to Zhonghui an aggregate of 370,000 shares (the "Shares") of common stock, at a per share price of $20.0. The Shares are subject to a lock-up period of one year following the closing date of the transaction. In addition, the parties agreed that, after one year following the closing of the transaction, if the market value of the Shares or the value of the Property increases or decreases, the parties will negotiate in good faith to make reasonable adjustments.

The asset ownership certification is in the application process. However, the Company's Company's ownership rights to the property and the associated land parcel, or a suitable replacement property, are safeguarded under the terms of the cooperation agreement, which is legally binding and enforceable.

The Construction-in-progress is planned to finish before the end of 2024.
Depreciation expenses were $7,459 $1,286 and $6,462 $6,493 for three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.
Depreciation expenses were $20,949 and $17,364 for nine months ended September 30, 2023 and 2022, respectively.

**5. 6. LONG-TERM INVESTMENTS**

(1) The ownership percentages of each investee are listed as follows:

| | Ownership percentage | | | Ownership percentage | | |
|---|---|---|---|---|---|---|
| **Name of related party** | **September 30, 2023** | **December 31, 2022** | **Accounting treatments** | **March 31, 2024** | **December 31, 2023** | **Accounting treatments** |
| Braingenesis Biotechnology Co., Ltd. | 0.22% | 0.22% | Cost Method | 0.17% | 0.17% | Cost Method |
| Genepharm Biotech Corporation | 0.92% | 0.92% | Cost Method | 0.67% | 0.67% | Cost Method |
| BioHopeKing Corporation | 8.03% | 8.03% | Cost Method | 5.90% | 5.90% | Cost Method |
| BioFirst Corporation | 23.53% | 21.77% | Equity Method | 18.68% | 18.68% | Equity Method |
| Rgene Corporation | 28.85% | 28.85% | Equity Method | 26.65% | 26.65% | Equity Method |

(2) The extent the investee relies on the company for its business are summarized as follows:

| Name of related party | The extent the investee relies on the Company for its business |
|---|---|
| Braingenesis Biotechnology Co., Ltd. | No specific business relationship |
| Genepharm Biotech Corporation | No specific business relationship |
| BioHopeKing Corporation | Collaborating with the Company to develop and commercialize drugs |
| BioFirst Corporation | Loaned from investee and provides research and development support service |
| Rgene Corporation | Collaborating with the Company to develop and commercialize drugs |

(3) Long-term investment mainly consists of the following:

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Non-marketable Cost Method Investments, net | | | | |
| Braingenesis Biotechnology Co., Ltd. | $ 6,838 | $ 7,169 | $ 6,904 | $ 7,213 |
| Genepharm Biotech Corporation | 20,876 | 21,887 | 21,078 | 22,021 |
| BioHopeKing Corporation | 775,491 | 813,014 | 782,995 | 818,018 |
| Sub total | 803,205 | 842,070 | 810,977 | 847,252 |
| Equity Method Investments, net | | | | |
| BioFirst Corporation | 1,874,190 | - | 1,663,537 | 1,680,488 |
| Rgene Corporation | - | - | - | - |
| Total | $ 2,677,395 | $ 842,070 | $ 2,474,514 | $ 2,527,740 |

(a) BioFirst Corporation (the "BioFirst"):

The Company holds an equity interest in BioFirst Corporation, accounting for its equity interest using the equity method to accounts for its equity investment as prescribed in ASC 323, Investments—Equity Method and Joint Ventures ("ASC 323"). Equity method adjustments include the Company's proportionate share of investee's income or loss and other adjustments required by the equity method. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company owns 23.53% 18.68% and 21.77% 18.68% common stock shares of BioFirst, respectively. The Company made a prepayment for equity investment in BioFirst to purchase additional 317,000 shares to be issued by BioFirst in the aggregate amount of $618,150, $2,688,578, recorded as prepayment for long-term investments as of December 31, 2022. On July 19, 2023, the Company successfully completed the registration process for this Investment. investment. The initial prepayment amounted to $589,620, transferred was $1,895,556, which is a portion of the prepayment as of December 31, 2022, and was converted into 317,000 shares. In addition, The Company also converted a loan of $1,284,570 into 677,450 994,450 shares of BioFirst.BioFirst stock. As of March 31, 2024, the amount of prepayment for long-term investments in BioFirst is $1,124,842.

Summarized financial information for the Company's equity method investee, BioFirst, is as follows:

*Balance Sheets*

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Current Assets | $ 1,690,060 | $ 1,543,152 | $ 1,439,444 | $ 1,451,877 |
| Non-current Assets | 651,221 | 739,472 | 651,560 | 686,206 |
| Current Liabilities | 2,236,708 | 2,663,051 | 2,663,111 | 2,286,058 |
| Non-current Liabilities | 366,634 | 103,447 | 101,908 | 347,193 |
| Stockholders' Equity (Deficit) | (262,061) | (483,874) | (674,015) | (495,168) |

*Statement of Operations*

| | Three months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (Unaudited) | |
| Net sales | $ 363 | $ - |
| Gross profit | 220 | - |
| Net loss | (203,077) | (406,233) |
| Share of losses from investments accounted for using the equity method | - | - |

| | Nine months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Net sales | $ 739 | $ 23,079 |
| Gross profit | 291 | 5,747 |
| Net loss | (986,181) | (993,643) |
| Share of losses from investments accounted for using the equity method | - | - |

(b) Rgene Corporation (the "Rgene")

Both Rgene and the Company are under common control by Dr. Tsung-Shann Jiang, the CEO and Chairman of the BioLite Inc. Since Dr. Tsung-Shann Jiang is able to exercise significant influence, but not control, over the Rgene, the Company determined to use the equity method to account for its equity investment as prescribed in ASC 323, Investments—Equity Method and Joint Ventures ("ASC 323"). Equity method adjustments include the Company's proportionate share of investee's income or loss and other adjustments required by the equity method. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company owns 28.85% 26.65% and 28.85% 26.65% Common Stock shares of Rgene, respectively. On March 31, 2023, Dr. Tsung-Shann Jiang has been elected to become the Chairman of Rgene.

Summarized financial information for the Company's equity method investee, Rgene, is as follows:

*Balance Sheets*

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Current Assets | $ 56,091 | $ 68,302 | $ 49,496 | $ 50,538 |
| Non-current Assets | 239,594 | 303,893 | 238,193 | 250,716 |
| Current Liabilities | 2,407,204 | 2,478,868 | 2,535,581 | 2,591,960 |
| Non-current Liabilities | 1,465 | 2,441 | 1,194 | 811 |
| Shareholders' Deficit | (2,112,984) | (2,109,114) | (2,249,086) | (2,291,517) |

*Statement of Operations*

| | Nine months Ended September 30, | | Three months Ended March 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2024 | 2023 |
| | (Unaudited) | | (Unaudited) | |
| Net sales | $ - | $ - | $ - | $ - |
| Gross Profit | - | - | - | - |
| Net loss | (231,445) | (450,995) | (56,567) | (81,842) |
| Share of loss from investments accounted for using the equity method | - | - | - | - |

(4) Disposition of long-term investment

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, there is no disposition of long-term investment.

(5) Losses on Equity Investments

The components of losses on equity investments for each period were as follows:

| | Nine months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Share of equity method investee losses | $ - | $ - |

| | Three months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (Unaudited) | |
| Share of equity method investee losses | $ - | $ - |

**6. 7. CONVERTIBLE NOTES PAYABLE**

On February 23, 2023, the Company entered into a securities purchase agreement (the "Lind Securities Purchase Agreement") with Lind Global Fund II, LP ("Lind"), pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $3,704,167 (the "Lind Offering"), for a purchase price of $3,175,000 (the "Lind Note"), that is convertible into shares of the Company's common stock at an initial conversion price of $1.05 per share, subject to adjustment (the "Note Shares"). The Company also issued Lind a common stock purchase warrant (the "Lind Warrant") to purchase up to 5,291,667 shares of the Company's common stock at an initial exercise price of $1.05 per share, subject to adjustment (each, a "Warrant Share," together with the Note, Note Shares and Warrants, the "Lind Securities").

Beginning with the date that is six months from the issuance date of the Lind Note and on each one (1) month anniversary thereafter, the Company shall pay Lind an amount equal to $308,650.58, until the outstanding principal amount of the Lind Note has been paid in full prior to or on the Maturity Date or, if earlier, upon acceleration, conversion or redemption of the Lind Note in accordance with the terms thereof (the "Monthly Payments"). At the Company's discretion, the Monthly Payments shall be made in (i) cash, (ii) shares of the Company's common stock, or (iii) a combination of cash and Shares; if made in shares, the number of shares shall be determined by dividing (x) the principal amount being paid in shares by (y) 90% of the average of the 5 lowest daily VWAPs during the 20 trading days prior to the applicable payment date. The Lind Notes sets forth certain conditions that must be satisfied before the Company may make any Monthly Payments in shares of common stock. If the Company makes a Monthly Payment in cash, the Company must also pay Lind a cash premium of 5% of such Monthly Payment.

Upon the occurrence of any Event of Default (as defined in the Lind Note), the Company must pay Lind an amount equal to 120% of the then outstanding principal amount of the Lind Note (the "Mandatory Default Amount"), in addition to any other remedies under the Note or the other Transaction Documents. The Company and Lind entered into a letter agreement on September 12, 2023, pursuant to which the Mandatory Default Amount was reduced to 115% of the then outstanding principal amount of the Lind Note; pursuant to the letter agreement, Lind also agreed to waive any default associated with the Company's market capitalization being below $12.5 million for 10 consecutive days through February 23, 2024, but retained its right to convert its Note. In addition, if the Company is unable to increase its market capitalization and is unable to obtain a further waiver or amendment to the Lind Note, then the Company could experience an event of default under the Lind Note, which could have a material adverse effect on the Company's liquidity, financial condition, and results of operations. The Company cannot make any assurances regarding the likelihood, certainty, or exact timing of the Company's ability to increase its market capitalization, as such metric is not within the immediate control of the Company and depends on a variety of factors outside the Company's control.

The Lind Warrant may be exercised via cashless exercise.

During July 2023, the The warrant exercise price was reset to $3.5 in accordance to the issuance of common stock in relation to securities purchase agreement on July 2023.

On November 17, 2023, the Company entered another securities purchase agreement with Lind, pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,200,000, for a purchase price of $1,000,000, that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 and (ii) 90% of the average of the three lowest VWAPs during the 20 trading days prior to conversion. Lind will also receive a 5-year, common stock purchase warrant to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2 per share for a period of 5 years. The warrants were valued using the Black-Scholes model. The fair value of the warrants was determined to be $480,795, which was recorded to debt discount. An amendment was filed on February 29, 2024 to disclose that due to Nasdaq requirements, the parties entered into an amendment to the Note, pursuant to which the conversion price shall have a floor price of $1.00 (the "Amendment"). Additionally, the Amendment requires the Company to make a cash payment to Lind if in connection with a conversion, the conversion price is deemed to be the floor price.

On January 17, 2024, the Company entered another securities purchase agreement with Lind, pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,000,000, for a purchase price of $833,333, that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 and (ii) 90% of the average of the three lowest VWAPs during the 20 trading days prior to conversion. Lind will also receive a 5-year, common stock purchase warrant to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2 per share. The warrants were valued using the Black-Scholes model. The fair value of the warrants was determined to be $394,071, which was recorded to debt discount.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the aggregate carrying values of the convertible debentures were $1,654,004 $842,567 and $0, $569,456, respectively.

Total interest expenses in connection with the above convertible note payable were $1,323,032 $672,016 and $0 $31,587 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, respectively. 2023, respectively.

**8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following as of the periods indicated:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Accrued research and development expense | $ 1,799,583 | $ 1,799,583 |
| Accrued compensation and employee benefits | 1,061,083 | 1,184,505 |
| Accrued royalties | 262,296 | 274,028 |
| Others | 927,883 | 438,264 |
| Total | **$ 4,050,845** | **$ 3,696,380** |

**7. 9. BANK LOANS**

(1) Short-term bank loan consists of the following:

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Cathay United Bank | $ 232,500 | $ 243,750 | $ 234,750 | $ 245,250 |
| CTBC Bank | 620,000 | 650,000 | 626,000 | 654,000 |
| Cathay Bank | - | 1,000,000 | | |
| Total | $ 852,500 | $ 1,893,750 | $ 860,750 | $ 899,250 |

Cathay United Bank

On June 28, 2016, BioLite Taiwan and Cathay United Bank entered into a one-year bank loan agreement (the "Cathay United Loan Agreement") in a credit limit amount of NT$7,500,000, equivalent to $232,500. $234,750. The term started June 28, 2016 with maturity date at June 28, 2017. The loan balance bears interest at a floating rate of prime rate plus 1.15% 1.31%. The prime rate is based on term deposit saving interest rate of Cathay United Bank. The Company renews the agreement with the bank every year. On September 6, 2022, BioLite Taiwan extended the Cathay United Loan Agreement with the same principal amount of NT$7,500,000, equivalent to $232,500 $234,750 for one year, which is due on September 6, 2023. On September 6, 2023, BioLite Taiwan extended the Cathay United Loan Agreement with the same principal amount of NT$7,500,000, equivalent to $232,500 $234,750 for one year, which is due on September 6, 2024. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the effective interest rates per annum was 2.85% 2.92% and 2.67% 2.87%, respectively. The loan is collateralized by the building and improvement of BioLite Taiwan, and is also personal guaranteed by the Company's chairman.

Interest expenses were $1,742 $1,736 and $1,604 $1,649 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Interest expenses were $5,136 and $4,401 for the nine months ended September 30, 2023 and 2022, respectively.

CTBC Bank

On June 12, 2017 and July 19, 2017, BioLite Taiwan and CTBC Bank entered into two short-term saving secured bank loan agreements (the “CTBC Loan Agreements”) in a credit limit amount of NT$10,000,000, equivalent to $310,000, $313,000, and NT$10,000,000, equivalent to $310,000, $313,000, respectively. Both two loans with the same maturity date at January 19, 2018. In February 2018, BioLite Taiwan combined two loans and extended the loan contract with CTBC for one year. The Company renews the agreement with the bank every year. The loan balances bear interest at a fixed rate of 2.5% per annum. The loan is secured by the money deposited in a savings account with the CTBC Bank. This loan was also personal guaranteed by the Company’s chairman and BioFirst. During the year ended December 31, 2020, BioLite Taiwan has opened a TCD account with CTBC bank to guarantee the loan going forward.

Interest expenses were $3,752 $3,964 and $3,289 $3,831 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Interest expenses were $11,681 and $9,002 for the nine months ended September 30, 2023 and 2022, respectively.

Cathay Bank

On January 21, 2019, the Company received a loan in the amount of $500,000 from Cathay Bank (the “Bank”) pursuant to a business loan agreement (the “Loan Agreement”) entered by and between the Company and Bank on January 8, 2019 and a promissory note (the “Note”) executed by the Company on the same day. The Loan Agreement provides for a revolving line of credit in the principal amount of $1,000,000 with a maturity date (the “Maturity Date”) of January 1, 2020. The Note executed in connection with the Loan Agreement bears an interest rate (the “Regular Interest Rate”) equal to the sum of one percent (1%) and the prime rate as published in the Wall Street Journal (the “Index”) and the accrued interest shall become payable each month from February 1, 2019. Pursuant to the Note, the Company shall pay the entire outstanding principal plus accrued unpaid interest on the Maturity Date and may prepay portion or all of the Note before the Maturity Date without penalty. If the Company defaults on the Note, the default interest rate shall become five percent (5%) plus the Regular Interest Rate.

In connection with the Note and Loan Agreement, on January 8, 2019, each of Dr. Tsung Shann Jiang and Dr. George Lee, executed a commercial guaranty (the “Guaranty”) to guaranty the loans for the Company pursuant to the Loan Agreement and Note, severally and individually, in the amount not exceeding $500,000 each until the entire Note plus interest are fully paid and satisfied. Dr. Tsung Shann Jiang is the Chairman and Chief Executive Officer of BioLite Holding, Inc. and Dr. George Lee serves as the Chairman of the board of directors of BioKey. On December 29, 2020, the Company entered into a new loan extension agreement and assignment of deposit account with the Bank, which allowed Dr. Tsung Shann Jiang and Dr. George Lee to be removed as guarantees from the list of Guaranty.

In addition, on January 8, 2019, each of the Company and BioKey, a wholly-owned subsidiary of the Company, signed a commercial security agreement (the “Security Agreement”) to secure the loans under the Loan Agreement and the Note. Pursuant to the Security Agreements, each of the Company and BioKey (each, a “Grantor”, and collectively, the “Grantors”) granted security interest in the collaterals as defined therein, comprised of almost all of the assets of each Grantor, to secure such loans for the benefit of the Bank. On June 30, 2020, the Company extended the Loan Agreement with the same term for seven months, which is due on October 31, 2020. On April 8, 2020 and October 3, 2020, the Company repaid an aggregated principal amount of $350,000. On December 3, 2020, the Company renewed the Loan Agreement with the principal amount of $650,000 for ten months, which is due on October 31, 2021. On October 31, 2021, the Company renewed the Loan Agreement with the principal amount of $650,000 for twelve months, which is due on October 30, 2022. On September 24, 2021, the Cathay Bank has increased the line of credit to $1,000,000 from $650,000. The Loan Agreement was further extended and due on December 31, 2022. The outstanding loan balance was $1,000,000 as of December 31, 2022. On February 23, 2023, the bank loan from Cathay Bank was fully repaid. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the effective interest rates per annum was 0% and 8% 0%, respectively and the outstanding loan balance were $0 and $1,000,000.$0.

Interest expenses were $0 $1,736 and $12,446 $10,209 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Interest expenses were $10,209 and $28,109 for the nine months ended September 30, 2023 and 2022, respectively.

**8. 10. RELATED PARTIES TRANSACTIONS**

The related parties of the company Company with whom transactions are reported in these financial statements are as follows:

| Name of entity or Individual | Relationship with the Company and its subsidiaries |
|---|---|
| BioFirst Corporation (the "BioFirst") | Entity controlled by controlling beneficiary shareholder of YuanGene |
| BioFirst (Australia) Pty Ltd. (the "BioFirst (Australia)") | 100% owned by BioFirst; Entity controlled by controlling beneficiary shareholder of YuanGene |
| Rgene Corporation (the "Rgene") | Shareholder of the Company; Entity controlled by controlling beneficiary shareholder of YuanGene; the Chairman of Rgene is Mr. Tsung-Shann Jiang |
| YuanGene Corporation (the "YuanGene") | Controlling beneficiary shareholder of the Company |
| AsiaGene Corporation (the "AsiaGene") | Shareholder; entity controlled by controlling beneficiary shareholder of YuanGene |
| Eugene Jiang | Former President and Chairman |
| Keypoint Technology Ltd. (the "Keypoint') | The Chairman of Keypoint is Eugene Jiang's mother. |
| Lion Arts Promotion Inc. (the "Lion Arts") | Shareholder of the Company |
| Yoshinobu Odaira (the "Odaira") | Director of the Company |
| GenePharm Inc. (the "GenePharm") | Dr. George Lee, Board Director of BioKey, is the Chairman of GenePharm. |
| Euro-Asia Investment & Finance Corp Ltd. (the "Euro-Asia") | Shareholder of the Company |
| LBG USA, Inc. (the "LBG USA") | 100% owned by BioFirst; Entity controlled by controlling beneficiary shareholder of YuanGene |
| LionGene Corporation (the "LionGene") | Shareholder of the Company; Entity controlled by controlling beneficiary shareholder of YuanGene |
| Kimho Consultants Co., Ltd. (the "Kimho") | Shareholder of the Company |
| The Jiangs | Mr. Tsung-Shann Jiang, the controlling beneficiary shareholder of the Company; the Chairman of Rgene; the Chairman and CEO of the BioLite Holding Inc. and BioLite Inc. and the President and a member of board of directors of BioFirst<br><br>Ms. Shu-Ling Jiang, Mr. Tsung-Shann Jiang's wife, is the Chairman of Keypoint; and a member of board of directors of BioLite Inc.<br><br>Mr. Eugene Jiang is Mr. and Ms. Jiang's son. Mr. Eugene Jiang is the chairman, and majority shareholder of the Company and a member of board of directors of BioLite Inc.<br><br>Mr. Chang-Jen Jiang is Mr. Tsung-Shann Jiang's sibling and the director of the Company.<br><br>Ms. Mei-Ling Jiang is Ms. Shu-Ling Jiang's sibling. |
| Zhewei Xu | Shareholder of the Company |
| BioHopeKing Corporation | Entity controlled by controlling beneficiary shareholder of ABVC |
| Jaimes Vargas Russman | CEO of AiBtl BioPharma Inc |
| Amkey Ventures, LLC ("Amkey") | An entity controlled by Dr. George Lee, who serves as one of the board directors of BioKey, Inc |
| BioLite Japan | Entity controlled by controlling beneficiary shareholder of ABVC |
| BioHopeKing Corporation | Entity controlled by controlling beneficiary shareholder of ABVC |
| ABVC BioPharma (HK), Limited | An entity 100% owned by Mr. Tsung-Shann Jiang |

Accounts receivable - related parties

Accounts receivable due from related parties consisted of the following as of the periods indicated:

| | September 30, 2023 (Unaudited) | December 31, 2022 | March 31, 2024 (Unaudited) | December 31, 2023 |
|---|---|---|---|---|
| GenePharm Inc. | $ - | $ 142,225 | | |
| Rgene | 624,373 | 615,118 | $ 10,463 | $ 10,463 |
| Total | **$ 624,373** | **$ 757,343** | **$ 10,463** | **$ 10,463** |

Revenue - related parties

Revenue due from related parties consisted of the following as of the periods indicated:

| | September 30, 2023 (Unaudited) | September 30, 2022 (Unaudited) |
|---|---|---|
| Rgene | $ 1,900 | $ 307,788 |
| Total | **$ 1,900** | **$ 307,788** |

Due from related parties

Amount due from related parties consisted of the following as of the periods indicated:

Due from related–party - Current

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Rgene | $ 535,046 | $ 513,819 | $ 541,372 | $ 541,486 |
| BioFirst | | | 346,565 | 206,087 |
| Total | **$ 535,046** | **$ 513,819** | **$ 887,937** | **$ 747,573** |

Due from related parties – Non-Current

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | | |
| BioFirst (Australia) | $ 822,781 | $ 752,655 | $ 839,983 | $ 839,983 |
| BioHopeKing Corporation | 107,615 | 112,822 | 123,363 | 113,516 |
| Total | **$ 930,396** | **$ 865,477** | **963,346** | **953,499** |
| Less: allowance for expected credit losses accounts | | | (839,983) | (839,983) |
| Net | | | **$ 123,363** | **$ 113,516** |

(1) On June 16, 2022, the Company entered into a one-year convertible loan with Rgene, with a principal amount of $1,000,000 to Rgene which bears interest at 5% per annum for the use of working capital that, if fully converted, would result in ABVC owning an additional 6.4% of Rgene. The Company may convert the Note at any time into shares of Rgene's common stock at either (i) a fixed conversion price equal to $1.00 per share or (ii) 20% discount of the stock price of the then most recent offering, whichever is lower; the conversion price is subject to adjustment as set forth in the Note. The Note includes standard events of default, as well as a cross default provision pursuant to which a breach of the Service Agreement will trigger an event of default under the convertible note if not cured after 5 business days of written notice regarding the breach is provided.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the outstanding loan balance were both $500,000; and accrued interest was $32,518 as of September 30, 2023; while the accrued interest as of December 31, 2022 was $13,819.$38,819 and $38,819, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company has other receivables of $2,528 amounted $2,553 and $0, $2,667 from Rgene due to daily operations, respectively.

(2) On July 1, 2020, the Company entered into a loan agreement withThe balances mainly represent advances to BioFirst (Australia) for $361,487 to properly record R&D cost research and tax refund allocation based on co-development contract executed on July 24, 2017. development purposes. The loan was originally set to be mature on September 30, 2021 with an interest rate business conditions of 6.5% per annum, but on September 7, 2021, BioFirst (Australia) deteriorated and, as a result, the Company entered into a loan agreement with BioFirst (Australia) recognized expected credit losses of $839,983 for $67,873 to meet its new project needs. On July 27, 2021, the Company repaid a loan 249,975 to BioFirst (Australia) year ended December 31, 2023. On December 1, 2021, the Company entered into a loan agreement with BioFirst (Australia) for $250,000 to increase the cost for upcoming projects. The loan will be matured on November 30, 2022 with an interest rate of 6.5% per annum. In 2022, the Company entered into several loan agreements with BioFirst (Australia) for a total amount of $507,000 to increase the cost for upcoming projects. During the first quarter of 2023, the Company entered into several loan agreements with BioFirst (Australia) for a total amount of $88,091 to increase the cost for upcoming projects. During the second quarter of 2023, the Company entered into several loan agreements with BioFirst (Australia) for a total amount of $25,500 to increase the cost for upcoming projects. All the loans period was twelve months with an interest rate of 6.5% per annum. For accounting purpose, the due from and due to related party balances was being net off. As of September 30, 2023 and December 31, 2022, the outstanding loan balance and allocated research fee was $681,185 and $660,484, respectively; and accrued interest was $141,596 and $92,171, respectively. The Company is expected to receive the outstanding amount in full by 2023 Q4.

(3) On February 24, 2015, BioLite Taiwan and BioHopeKing Corporation (the "BHK") entered into a co-development agreement, (the "BHK Co-Development Agreement", see Note 3). The development costs shall be shared 50/50 between BHK and the Company. Under the term of the agreement, BioLite issued relevant development cost to BHK. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, due from BHK was $107,615 $123,363 and $112,822, $113,516, respectively. The Company made an impairment to write off the amount due from BHK.

(4) On December 31, 2023, the Company entered into a loan agreement with BioFirst, with a principal amount of $346,565 to BioFirst which bears interest at 12% per annum for the use of working capital. As of March 31, 2024 and December 31, 2023, the outstanding loan balance was $346,565 and $206,087, respectively; accrued interest was $0 and $0, respectively.

Due to related parties

Amount due to related parties consisted of the following as of the periods indicated:

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| BioFirst Corporation | $ 315,947 | $ 188,753 | | |
| The Jiangs | 19,789 | 19,789 | $ 152,501 | $ 19,789 |
| Due to shareholders | 144,460 | 151,450 | 145,858 | 152,382 |
| Due to a Director | | | 3,613 | 961 |
| Total | **$ 480,196** | **$ 359,992** | **$ 301,972** | **$ 173,132** |

(1) Since 2019, BioFirst has advanced funds to the Company for working capital purpose. The advances bear interest 1% per month (or equivalent to 12% per annum). As of September 30, 2023 and December 31, 2022, the aggregate amount of outstanding balance and accrued interest is $315,947 and $188,753, respectively. Interest expenses in connection with these loans were$9,327 and $0 for the three months ended September 30, 2023 and 2022, respectively.

Interest expenses in connection with these loans were $24,400 and $0 for the nine months ended September 30, 2023 and 2022, respectively.

(2) Since 2019, the Jiangs advanced funds to the Company for working capital purpose. As of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, the outstanding balance due to the Jiangs amounted to $19,789 $152,501 and $19,789, respectively. These loans bear interest rate of 0% to 1% per month, and are due on demand.

Interest expenses in connection with these advanced funds were$499 and $0 for the nine months ended September 30, 2023 and 2022, respectively.

(3) (2) Since 2018, the Company's shareholders have advanced funds to the Company for working capital purpose. The advances bear interest rate of 12% per annum. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the outstanding principal and accrued interest was $144,460 $145,858 and $151,450, $152,382, respectively. Interest expenses in connection with these loans were $5,015 $5,938 and $5,208 $4,896 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Interest expenses in connection with these loans were $15,082

(3) The Director of AiBtl has been paying on behalf of the company for setup fees. As of March 31, 2024, and $15,922 for December 31, 2023, the nine months ended September 30, 2023 outstanding balance due to the Director amounted to $3,613 and 2022, $961, respectively.

**9. 11. INCOME TAXES**

Income tax expense for the nine-month period ended September 30, 2023 and 2022 consisted of the following:

| | Nine months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Current: | | |
| Federal | $ - | $ - |
| State | - | 1,600 |
| Foreign | - | - |
| Total Current | $ - | $ 1,600 |
| Deferred: | | |
| Federal | $ - | $ - |
| State | - | - |
| Foreign | 80,696 | (166,696) |
| Total Deferred | $ 80,696 | $ (166,696) |
| Total provision for (benefit from) income taxes | $ 80,696 | $ (165,096) |

Deferred tax assets (liability) as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consist approximately of:

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| Loss on impairment of Assets | 679,428 | 709,961 | 644,978 | 713,223 |
| Net operating loss carryforwards | 5,713,161 | 5,866,623 | 5,607,804 | 5,568,391 |
| Operating lease liabilities | 213,482 | 213,482 | 213,482 | 213,482 |
| Operating lease assets | (213,482) | (213,482) | (213,482) | (213,482) |
| Deferred tax assets, Gross | 6,392,589 | 6,576,584 | 6,252,782 | 6,281,614 |
| Valuation allowance | (6,358,333) | (6,459,474) | (6,252,782) | (6,281,614) |
| Deferred tax assets, net | **$ 34,256** | **$ 117,110** | **$ -** | **$ -** |

**10. 12. EQUITY**

In January 2022, the Company agreed to pay the deferred service fees related to Public Offering amounted $4,296,763 by issuing 1,306,007 shares of unrestricted common stock, valued at $3.29 per share on the grant date. These shares have been issued in January 2022.

In March 2022, the Company issued 75,000 common stock to BarLew Holdings, LLC for consulting and advisory services amounted to $169,500, valued at $2.26 per share.

In May 2022, the Company and an institutional investor entered into certain securities purchase agreement relating to the offer and sale of 2,000,000 shares of common stock at an offering price of $2.11 per share in a registered direct offering. The shares of the Company's common stock were issued for gross proceeds of $4,220,000, before placement agent fees and legal fees of $556,075. Pursuant to the offering, the Company will also issue 5-year warrants to purchase 2,000,000 shares of common stock, exercisable at a price of $2.45 per share. As of September 30, 2023, these warrants have been issued but not exercised.

On July 10, 2022, the Board approved the issuance of 75,000 shares of common stock to Barlew Holdings, LLC pursuant to the consulting agreement by and between Barlew Holdings, LLC and the Company dated July 1, 2022, and 250,000 shares of common stock to Inverlew Advisors, LLC, in accordance with the consulting agreement by and between Inverlew Advisors, LLC and the Company dated July 1, 2022.

On December 1, 2022, the Company issued 125,000 and 100,000 common stock to Euro-Asia Investment & Finance Corp Ltd. and Thalia Media Ltd. for consulting and advisory services.

On January 3, 2023, the Company issued 223,411 shares of common stock to a consultant for providing consulting services on listing to NASDAQ in 2021.

On February 23, 2023, the Company entered into a securities purchase agreement with Lind Global Fund II, LP ("Lind"), pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $3,704,167, for a purchase price of $3,175,000, that is convertible into shares of the Company's common stock at an initial conversion price of $1.05 per share, subject to adjustment. The Company also issued Lind a common stock purchase warrant to purchase up to 5,291,667 shares of the Company's common stock at an initial exercise price of $1.05 per share, subject to adjustment. During the period ended September 30, 2023 March 31, 2024, the Company has been repaying Lind with securities for 614,912 751,795 shares, totaling $1,814,800. $681,000. During July 2023, the warrant exercise price was reset to $3.5 in accordance to the issuance of common stock in relation to securities purchase agreement on July 2023. As of September 30, 2023 March 31, 2024, the warrant has not yet been exercised.

On July 27, 2023, the Company entered into that certain securities purchase agreement. relating to the offer and sale of 300,000 shares of common stock, par value $0.001 per share and 200,000 pre-funded warrants, at an exercise price of $0.001 per share, in a registered direct offering. Pursuant to the Purchase Agreement, the Company agreed to sell the Shares and/or Pre-funded Warrants at a per share purchase price of $3.50, for gross proceeds of $1,750,000, before deducting any estimated offering expenses. On August 1, 2023, the pre-funded warrants were exercised.

The above-mentioned equity is before the reverse stock split in 2023.

On August 14, 2023, the Company entered into a cooperation agreement with Zhonghui. Pursuant thereto, the Company acquired 20% of the ownership of a property and the parcel of the land owned by Zhonghui in Leshan, Sichuan, China. During the third quarter of 2023, the Company issued to Zhonghui, an aggregate of 370,000 shares of the Company's common stock, at a per share price of $20.

The above-mentioned equity is before the reverse stock split in 2023.

On November 17, 2023, the Company entered another securities purchase agreement with Lind, pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,200,000, for a purchase price of $1,000,000, that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 and (ii) 90% of the average of the three lowest VWAPs during the 20 trading days prior to conversion. Lind will also receive a 5-year, common stock purchase warrant to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2 per share for a period of 5 years. The warrants were valued using the Black-Scholes model. The fair value of the warrants was determined to be $480,795, which was recorded to debt discount. An amendment was filed on February 29, 2024 to disclose that due to Nasdaq requirements, the parties entered into an amendment to the Note, pursuant to which the conversion price shall have a floor price of $1.00 (the "Amendment"). Additionally, the Amendment requires the Company to make a cash payment to Lind if in connection with a conversion, the conversion price is deemed to be the floor price.

On January 17, 2024, the Company entered another securities purchase agreement with Lind, pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,000,000, for a purchase price of $833,333, that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 and (ii) 90% of the average of the three lowest VWAPs during the 20 trading days prior to conversion. Lind will also receive a 5-year, common stock purchase warrant to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2 per share.

On January 27, 2024, the Company granted 1,241,615 restricted shares to its employees and directors under the 2016 Equity Incentive Plan, with an issuance date of February 2, 2024. These shares are subject to a three-year restriction period.

**11.**

**13. STOCK OPTIONS**

On October 30, 2020, the Company issued an aggregate of 545,182 shares of common stock in lieu of unpaid salaries of certain employees and unpaid consulting fees under the 2016 Equity Incentive Plan, as amended, at a conversion price of $2 per share; the total amount of converted salaries and consulting fees was $1,090,361. On November 21, 2020, the Company entered into acknowledgement agreements and stock option purchase agreements with these employees and consultant; pursuant to which the Company granted stock options to purchase 545,182 shares of the Company's common stock in lieu of common stock. The options were vested at the grant date and become exercisable for 10 years from the grant date.

On October 15, 2021, the Company entered into stock option agreements with 11 directors and 3 employees, pursuant to which the Company granted options to purchase an aggregate of 1,280,002 shares of common stock under the 2016 Equity Incentive Plan, as amended, at an exercise price of $3 per share. The options were vested at the grant date and become exercisable for 10 years from the grant date.

On April 16, 2022, the Company entered into stock option agreements with 5 directors, pursuant to which the Company agreed to grant options to purchase an aggregate of 761,920 shares of common stock under the 2016 Equity Incentive Plan, at an exercise price of $3 per share, exercisable for 10 years from the grant date. As of September 30, 2023 March 31, 2024, these stock options have not been granted.

Options issued and outstanding as of December 31, 2022 December 31, 2023, and their activities during the year then ended are as follows:

| | Number of Underlying Shares | Weighted-Average Exercise Price Per Share | Weighted-Average Contractual Life Remaining in Years | Aggregate Intrinsic Value | Number of Underlying Shares | Weighted-Average Exercise Price Per Share | Weighted-Average Contractual Life Remaining in Years | Aggregate Intrinsic Value |
|---|---|---|---|---|---|---|---|---|
| Outstanding as of January 1, 2022 | 1,825,184 | $ 2.70 | | $ - | | | | |
| Outstanding as of January 1, 2023 | | | | | 2,587,104 | $ 2.79 | 8.74 | $ - |
| Granted | 761,920 | 3.00 | | | - | - | - | - |
| Forfeited | - | - | | | - | - | - | - |
| Outstanding as of December 31, 2022 | 2,587,104 | 2.79 | 8.74 | $ - | | | | |
| Exercisable as of December 31, 2022 | 2,587,104 | 2.79 | 8.74 | $ - | | | | |
| Outstanding as of December 31, 2023 | | | | | 2,587,104 | 2.79 | 7.74 | $ - |
| Exercisable as of December 31, 2023 | | | | | 2,587,104 | 2.79 | 7.74 | $ - |
| Vested and expected to vest | 2,587,104 | $ 2.79 | 8.74 | $ - | 2,587,104 | $ 2.79 | 7.74 | $ - |

The fair value of stock options granted for the year ended December 31, 2022 December 31, 2023 was calculated using the Black-Scholes option-pricing model applying the following assumptions:

| | Year ended December 31, 2023 / December 31, 2022 |
|---|---|
| Risk free interest rate | 2.79% |
| Expected term (in years) | 5.00 |
| Dividend yield | 0% |
| Expected volatility | 83.86% |

The weighted average grant date fair value of options granted during the years ended December 31, 2022 December 31, 2023 was $2.79. There are 3,860,211 options available for grant under the 2016 Equity Incentive Plan as of December 31, 2022 December 31, 2023. Compensation costs associated with the Company's stock options are recognized, based on the grant-date fair values of these options over vesting period. Accordingly, the Company recognized stock-based compensation expense of $0 and $0 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. There were no options exercised during the nine three months ended September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, there were no unvested options.

The above-mentioned equity is before the reverse stock split in 2023.

**12. 14. LOSS PER SHARE**

Basic loss per share is computed by dividing net loss by the weighted-average number of common stock outstanding during the year. Diluted loss per share is computed by dividing net loss by the weighted-average number of common stock and dilutive potential common stock outstanding during the three and nine months ended September 30, 2023 March 31, 2024 and 2022.2023.

| | For the Three Months Ended | |
|---|---|---|
| | September 30, 2023 | September 30, 2022 |
| | (Unaudited) | |
| Numerator: | | |
| Net loss attributable to ABVC's common stockholders | $ (3,317,516) | $ (3,704,864) |
| Denominator: | | |
| Weighted-average shares outstanding: | | |
| Weighted-average shares outstanding - Basic | 4,055,345 | 3,257,912 |
| Stock options | – | – |
| Weighted-average shares outstanding - Diluted | 4,055,345 | 3,257,912 |
| Loss per share | | |
| -Basic | $ (0.82) | $ (1.14) |
| -Diluted | $ (0.82) | $ (1.14) |

| | For the Nine Months Ended | | For the Three Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | September 30, 2022 | March 31, 2024 | March 31, 2023 |
| | (Unaudited) | | (Unaudited) | |
| Numerator: | | | | |
| Net loss attributable to ABVC's common stockholders | $ (7,404,722) | $ (11,559,301) | $ (3,932,976) | $ (1,823,695) |
| Denominator: | | | | |
| Weighted-average shares outstanding: | | | | |
| Weighted-average shares outstanding - Basic | 3,555,474 | 3,119,795 | 9,736,150 | 3,307,577 |
| Stock options | – | – | – | – |
| Weighted-average shares outstanding - Diluted | 3,555,474 | 3,119,795 | 9,736,150 | 3,307,577 |
| Loss per share | | | | |
| -Basic | $ (2.08) | $ (3.71) | $ (0.40) | $ (0.55) |
| -Diluted | $ (2.08) | $ (3.71) | $ (0.40) | $ (0.55) |

Diluted loss per share takes into account the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised and converted into Common Stock.

**13. 15. LEASE**

The Company adopted FASB Accounting Standards Codification, Topic 842, Leases ("ASC 842") using the modified retrospective approach, electing the practical expedient that allows the Company not to restate its comparative periods prior to the adoption of the standard on January 1, 2019.

The Company applied the following practical expedients in the transition to the new standard and allowed under ASC 842:

- Reassessment of expired or existing contracts: The Company elected not to reassess, at the application date, whether any expired or existing contracts contained leases, the lease classification for any expired or existing leases, and the accounting for initial direct costs for any existing leases.
- Use of hindsight: The Company elected to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of right-to-use assets.
- Reassessment of existing or expired land easements: The Company elected not to evaluate existing or expired land easements that were not previously accounted for as leases under ASC 840, as allowed under the transition practical expedient. Going forward, new or modified land easements will be evaluated under ASU No. 2016-02.
- Separation of lease and non- lease components: Lease agreements that contain both lease and non-lease components are generally accounted for separately.
- Short-term lease recognition exemption: The Company also elected the short-term lease recognition exemption and will not recognize ROU assets or lease liabilities for leases with a term less than 12 months.

The new leasing standard requires recognition of leases on the consolidated balance sheets as right-of-use ("ROU") assets and lease liabilities. ROU assets represent the Company's right to use underlying assets for the lease terms and lease liabilities represent the Company's obligation to make lease payments arising from the leases. Operating lease ROU assets and operating lease liabilities are recognized based on the present value and future minimum lease payments over the lease term at commencement date. The Company's future minimum based payments used to determine the Company's lease liabilities mainly include minimum based rent payments. As most of Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company recognized lease liabilities, with corresponding ROU assets, based on the present value of unpaid lease payments for existing operating leases longer than twelve months. The ROU assets were adjusted per ASC 842 transition guidance for existing lease-related balances of accrued and prepaid rent, unamortized lease incentives provided by lessors, and restructuring liabilities. Operating lease cost is recognized as a single lease cost on a straight-line basis over the lease term and is recorded in Selling, general and administrative expenses. Variable lease payments for common area maintenance, property taxes and other operating expenses are recognized as expense in the period when the changes in facts and circumstances on which the variable lease payments are based occur.

The Company has no finance leases. The Company's leases primarily include various office and laboratory spaces, copy machine, and vehicles under various operating lease arrangements. The Company's operating leases have remaining lease terms of up to approximately five years.

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| **ASSETS** | | | | |
| Operating lease right-of-use assets | $ 899,817 | $ 1,161,141 | $ 708,023 | $ 809,283 |
| **LIABILITIES** | | | | |
| Operating lease liabilities (current) | 392,666 | 369,314 | 389,870 | 401,826 |
| Operating lease liabilities (non-current) | 507,151 | 791,827 | 318,153 | 407,457 |

***Supplemental Information***

The following provides details of the Company's lease expenses:

| | Three Months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Operating lease expenses | $ 96,875 | $ 87,367 |

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Operating lease expenses | $ 288,751 | $ 261,494 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (Unaudited) | |
| Operating lease expenses | $ 98,502 | $ 94,299 |

Other information related to leases is presented below:

| | Nine months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (Unaudited) | |
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 288,751 | $ 261,494 |

| | Three months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (Unaudited) | |
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 98,502 | $ 94,299 |

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Weighted Average Remaining Lease Term: | | | | |
| Operating leases | 2.04 years | 2.48 years | 1.42 years | 1.73 years |
| Weighted Average Discount Rate: | | | | |
| Operating leases | 1.53% | 1.49% | 1.46% | 1.5% |

The minimum future annual payments under non-cancellable leases during the next five years and thereafter, at rates now in force, are as follows:

| | Operating leases | Operating leases |
|---|---|---|
| 2023 (excluding nine months ended September 30, 2023) | $ 96,585 | |
| 2024 | 400,432 | |
| 2024 (excluding three months ended March 31, 2024) | | $ 303,008 |
| 2025 | 350,693 | 350,809 |
| 2026 | 56,916 | 56,916 |
| Thereafter | - | - |
| Total future minimum lease payments, undiscounted | 904,626 | 710,733 |
| Less: Imputed interest | (4,809) | (2,711) |
| Present value of future minimum lease payments | $ 899,817 | $ 708,022 |

**14. 16. SUBSEQUENT EVENTS**

During the period from Oct 1, 2023 until the date of this report, the Company has been repaying Lind, pursuant to the securities purchase agreement executed on February 23, 2023, with securities for 2,329,495 shares, totaling an amount of $1,572,600.

In November 2023, the Company and one of its subsidiaries, BioLite, Inc. ("BioLite") each entered into a multi-year, global licensing agreement with AIBL for the Company and BioLite's CNS drugs with the indications of MDD (Major Depressive Disorder) and ADHD (Attention Deficit Hyperactivity Disorder) (the "Licensed Products"). The potential license will cover the Licensed Products' clinical trial, registration, manufacturing, supply, and distribution rights. The Licensed Products for MDD and ADHD, owned by ABVC and BioLite, were valued at $667M by a third-party evaluation. The parties are determined to collaborate on the global development of the Licensed Products. The parties are also working to strengthen new drug development and business collaboration, including technology, interoperability, and standards development. As per each of the respective agreements, each of ABVC and BioLite shall receive 23 million shares of AIBL stock at $10 per share, and if certain milestones are met, $3,500,000 and royalties equaling 5% of net sales, up to $100 million.

The Company has evaluated subsequent events and transactions that occurred after September 30, 2023 March 31, 2024 up through the date the Company issued these unaudited consolidated financial statements on November 15, 2023 May 17, 2024. All subsequent events requiring recognition as of September 30, 2023 March 31, 2024 have been incorporated into these unaudited consolidated financial statements and there are no other subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Caution Regarding Forward-Looking Information**

FORWARD-LOOKING INFORMATION

The following information should be read in conjunction with ABVC BioPharma, Inc. and its subsidiaries ("we", "us", "our", or the "Company") condensed unaudited financial statements and the notes thereto contained elsewhere in this report. Information in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q that does not consist of historical facts, are "forward-looking statements." Statements accompanied or qualified by, or containing words such as "may," "will," "should," "believes," "expects," "intends," "plans," "projects," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume," and "assume" constitute forward-looking statements, and as such, are not a guarantee of future performance.

Forward-looking statements are subject to risks and uncertainties, certain of which are beyond our control. Actual results could differ materially from those anticipated as a result of the factors described in the "Risk Factors" and detailed in our other Securities and Exchange Commission ("SEC") filings. Risks and uncertainties can include, among others, international, national and local general economic and market conditions: demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to obtain sufficient financing to continue and expand business operations; the ability to develop technology and products; changes in technology and the development of technology and intellectual property by competitors; the ability to protect technology and develop intellectual property; and other factors referenced in this and previous filings. Consequently, investors should not place undue reliance on forward-looking statements as predictive of future results.

Because of these risks and uncertainties, the forward-looking events and circumstances discussed in this report or incorporated by reference might not transpire. Factors that cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described elsewhere in this report and in the "Risk Factors" section of our annual report on form 10-K.

The Company disclaims any obligation to update the forward-looking statements in this report.

**Overview**

ABVC BioPharma Inc., which was incorporated under the laws of the State of Nevada on February 6, 2002, is a clinical stage biopharmaceutical company focused on development of new drugs and medical devices, all of which are derived from plants.

Medicines derived from plants have a long history of relieving or preventing many diseases and, typically, have exhibited fewer side effects than drugs developed from animals or chemical ingredients. Perhaps the most famous example is aspirin, which evolved from a compound found in the bark and leaves of the willow tree and was later marketed by Bayer starting in 1899. Aspirin has very few serious side effects and has proven to be one of the most successful drugs in medical history. Some 50 years later, scientists identified anticancer compounds in the rosy periwinkle, which Eli Lilly subsequently produced for the treatment of leukemia and Hodgkins disease. Other well-known examples of successful botanical drugs include the cancer-fighting Taxol, isolated from the Pacific yew tree.

The Company develops its pipeline by carefully tracking new medical discoveries or medical device technologies in research institutions in the Asia-Pacific region. Pre-clinical, disease animal model and Phase I safety studies are examined closely by the Company's scientists and other specialists known to the Company to identify drugs that it believes demonstrate efficacy and safety based on the Company's internal qualifications. Once a drug is shown to be a good candidate for further development and ultimately commercialization, BriVision licenses the drug or medical device from the original researchers and begins to introduce the drugs clinical plan to highly respected principal investigators in the United States, Australia and Taiwan. In almost all cases, we have found that research institutions in each of those countries are eager to work with the Company to move forward with Phase II clinical trials.

Currently, institutions Institutions that have or are now conducting phase II clinical trials in partnership with ABVC include:

- Medical Device: ABV-1701, Vitargus® in vitrectomy surgery, Drug: ABV-1504, Major Depressive Disorder (MDD), Phase II Study in Australia completed. NCE drug Principal Investigators: Charles DeBattista M.D. and Thailand, Principal Investigator: Professor/Dr. Matthew Simunovic, Sydney Eye Hospital; Dr. Elvis Ojaimi, East Melbourne Eye Group & East Melbourne Retina, Duangnate Rojanaporn, M.D., Ramathibodi Alan F. Schatzberg, MD, Stanford University Medical Center, Cheng-Ta Li, MD, Ph.D - Taipei Veterans General Hospital Thailand; and Thuss Sanguansak, M.D., Srinagarind Hospital, Thailand[1].
- Drug: ABV-1505, Adult Attention-Deficit Hyperactivity Disorder (ADHD), Phase II Part II, NCE drug 1 completed. Principal Investigators: Keith McBurnett, Ph.D. and Linda Pfiffner, Ph.D., University of California San Francisco (UCSF), School of Medicine Medicine. Phase II, Part 2 clinical study sites include UCSF and five (5) major hospitals 5 locations in Taiwan. The Principal Investigators are Keith McBurnett, Ph.D. and Linda Pfiffner, Ph.D., University of California San Francisco (UCSF), School of Medicine; Susan Shur-Fen Gau, M.D., National Taiwan University Hospital; Xinzhang Ni, M.D. Linkou Chang Gung Memorial Hospital; Wenjun Xhou, M.D.; Kaohsiung Chang Gung Memorial Hospital; Ton-Ping Su, M.D., Cheng Hsin General Hospital; Cheng-Ta Li, M.D., Taipei Veterans General Hospital. Phase II, Part 2 began in the 1st quarter of 2022 at the 5 Taiwan sites. The UCSF site joined the study in the 2nd quarter of 2023. The subjects enrolled in the study has reached the number for interim analysis in 2023 December, and the interim analysis of the study is in progress.
- Drug: ABV-1601, Major Depression in Cancer Patients, Phase I/II, NCE drug Principal Investigator: Scott Irwin, MD, Ph.D. – - Cedars Sinai Medical Center (CSMC). The Phase I clinical study will be initiated in the 2nd quarter of 2024.
- Medical Device: ABV-1701, Vitargus® in vitrectomy surgery, Phase II Study has been initiated in Australia and Thailand, Principal Investigator: Duangnate Rojanaporn, M.D., Ramathibodi Hospital; Thuss Sanguansak, M.D., Srinagarind Hospital of the two Thailand Sites and Professor/Dr. Matthew Simunovic, Sydney Eye Hospital; Dr. Elvis Ojaimi, East Melbourne Eye Group & East Melbourne Retina. The Phase II study started in the 2nd quarter of 2023, and the company is working on improvements to the Vitargus Product through the new batch of investigational product.

The following trials are expected to begin in the third quarter of 2024:

- Drug: ABV-1519, Non-Small Cell Lung Cancer treatment, Phase I/II Study in Taiwan, Principal Investigator: Dr. Yung-Hung Luo, M.D., Taipei Veterans General Hospital (TVGH)
- Drug: ABV-1703, Advanced Inoperable or Metastatic Pancreatic Cancer, Phase II, NCE drug Principal Investigator: Andrew E. Hendifar, MD – - Cedars Sinai Medical Center (CSMC)
- Drug: ABV-1519, A Phase I/II, Open Label Study to Evaluate the Safety and Efficacy of BLEX 404 Oral Liquid Combined with Pemetrexed + Carboplatin Therapy in Patients with Advanced Inoperable or Metastatic EGFR wild-type Non-Small Cell Lung Cancer Patients received the “STUDY MAY PROCEED” letter from FDA on December 30, 2023. The study will be conducted in Taiwan. The study is still waiting Taiwan FDA approval.

Upon successful completion of the a Phase II trial, the Company ABVC will seek a partner, – typically a large pharmaceutical company, – to complete a Phase III study submit the New Drug Application (NDA), and commercialize the drug or medical device upon approval by the US FDA, Taiwan TFDA and Taiwan FDAs. The Company expects to seek its first commercialization partner in 2023 for Vitargus, its vitreous substitute that helps to maintain a round shape and retinal location during vitrectomy surgery.other country regulatory authorities.

Another part of the Company’s business is conducted by BioKey, a wholly-owned subsidiary, that is engaged in a wide range of services, including, API characterization, pre-formulation studies, formulation development, analytical method development, stability studies, IND/NDA/ANDA/510K submissions, and manufacturing clinical trial materials (phase I through phase III) and commercial manufacturing.

On February 8, 2019, the Company, BioLite Holding, Inc. (“BioLite”), BioKey, Inc. (“BioKey”), BioLite Acquisition Corp., a direct wholly-owned subsidiary of the Company (“Merger Sub 1”), and BioKey Acquisition Corp., a direct wholly-owned subsidiary of the Company (“Merger Sub 2”) (collectively referred to as the “Parties”) completed the business combination pursuant to that certain Agreement and Plan of Merger (the “Merger Agreement”), dated January 31, 2018, pursuant to which the Company acquired BioLite and BioKey via issuing shares of the Company’s Common Stock to the shareholders of BioLite and BioKey. As a result, BioLite and BioKey became two wholly-owned subsidiaries of the Company on February 8, 2019. The Company issued an aggregate of 104,558,777 shares of Common Stock (prior to the reverse stock split in 2019 and 2023) to the shareholders of both BioLite and BioKey under a registration statement on Form S-4 (file number 333-226285), which became effective by operation of law on or about February 5, 2019.

On July 25, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation authorizing a 1-for-10 reverse stock split of the issued and outstanding shares of its common stock (the "2023 Split"). The Company's stockholders previously approved the Reverse Stock Split at the Company's Special Shareholder Meeting held on July 7, 2023. The Reverse Stock Split was effected to reduce the number of issued and outstanding shares and to increase the per share trading value of the Company's common stock, although that outcome is not guaranteed. In turn, the Company believes that the Reverse Stock Split will enable the Company to restore compliance with certain continued listing standards of NASDAQ Capital Market.

BioLite was incorporated under the laws of the State of Nevada on July 27, 2016, with 500,000,000 shares authorized, par value $0.0001. BioLite's key subsidiaries include BioLite BVI, Inc. ("BioLite BVI"), which was incorporated in the British Virgin Islands on September 13, 2016 and BioLite, Inc. ("BioLite Taiwan"), a Taiwanese corporation that was founded in February 2006. BioLite Taiwan has been in the business of developing new drugs for over ten years.

BioLite and BioLite BVI are holding companies and have not carried out substantive business operations of their own.

In January 2017, BioLite, BioLite BVI, BioLite Taiwan, and certain shareholders of BioLite Taiwan entered into a share purchase / exchange agreement (the "BioLite Share Purchase / Exchange Agreement"). Pursuant to the BioLite Share Purchase / Exchange Agreement, the shareholder participants to the BioLite Share Purchase / Exchange Agreement sold their equity in BioLite Taiwan and used the proceeds from such sales to purchase shares of Common Stock of BioLite at the same price per share, resulting in share ownership in BioLite Common Stock equal to the number of shares they had held in BioLite Taiwan Common Stock. Upon closing of the Share Purchase/ Exchange Agreement in August 2017, BioLite owned, via BioLite BVI, approximately 73% of BioLite Taiwan. The other shareholders who did not enter this Share Purchase/ Exchange Agreement retained their equity ownership in BioLite Taiwan.

BioKey was incorporated on August 9, 2000 in the State of California. It is engaged primarily in research and development, manufacturing, and distribution of generic drugs and nutraceuticals with strategic partners. BioKey provides a wide range of services, including, API characterization, pre-formulation studies, formulation development, analytical method development, stability studies, IND/NDA/ANDA/510K submissions, and manufacturing clinical trial materials (phase 1 through phase 3) and commercial manufacturing. It also licenses out its technologies and initiates joint research and development processes with other biotechnology, pharmaceutical, and nutraceutical companies.

[1] The Vitargus® Phase II study was put on hold due to Serious Adverse Events (SAEs) observed in patients with retinal detachment treated with either Vitargus or SF6 comparator after vitrectomy surgeries at the Thailand sites. By comparing the Thailand study with the First-in-Human (FIH) study completed in Australia in 2018, the SAEs derived from the patients in the Thailand study may be due to the modified *in-situ* hydrogel procedure which allows a longer surgical time window for the study. The Company is investigating the root causes of the events and is working towards developing a safe device *in-situ* procedure before reinstating the study.

As of June 21, 2023, Dr. Howard Doong resigned as the Company's CEO and was replaced by Dr. Uttam Patil.

On August 14, 2023, the Company entered into a cooperation agreement (the "**Agreement**", the transaction contemplated therein the "**Transaction**") with Zhonghui United Technology (Chengdu) Group Co., Ltd., a Company established under the Law of People's Republic of China ("**Zhonghui**"). Pursuant thereto, the Company acquired 20% of the ownership of a property and the parcel of the land (the "**Property**") owned by Zhonghui in Leshan, Sichuan, China. The valuation of the Property as of April 18, 2023, which was assessed by an independent third party, is estimated to be approximately CNY 264,299,400 or approximately US$37,000,000. In exchange, the Company agreed to issue to Zhonghui, an aggregate of 370,000 shares of the Company's common stock, at a per share price of $20 (the "**Zhonghui Shares**"). On September 4, 2023, the Company and Zhonghui entered into an amendment to the Agreement to clarify that, in no event will the Company issue to Zhonghui shares of common stock, in connection with the Transaction, in an amount exceeding 19.99% of the issued and outstanding shares as of the date of the Agreement.

The Company and Zhonghui plan to jointly develop the Property into a healthcare center for senior living, long-term care, and medical care in the areas of ABVCs' special interests, such as Ophthalmology, Oncology, and Central Nervous Systems. The plan is to establish a base for the China market and global development of these interests. The asset ownership certification is in the application process and pending approval from the Chinese government.

During the third quarter of 2023, the Company issued the Zhonghui Shares. The Zhonghui Shares are subject to a lock-up period of one year following the closing date of this Transaction. In addition, the parties agreed that, after one year following the closing of the Transaction, the market value of the shares issued or the value of the Property increase or decrease, the parties will negotiate in good faith to make reasonable adjustment.

On July 31, 2023, the Company entered into a binding term sheet with Xinnovation Therapeutics Co., Ltd., a Company incorporated under the Law of People's Republic of China. The term sheet contemplates that, pursuant to definitive agreements, Xinnovation will be granted an exclusive license to develop, manufacture, market, and distribute ABV-1504 for Major Depressive Disorder (MDD) and ABV-1505 for Attention-Deficit/Hyperactivity Disorder, in the Chinese market and shall bear the costs for clinical trials and product registration in China and the Company would receive an initial license fee and royalty payments ranging from 5% to 12% based on the projected annual net sales of the licensed drugs by Xinnovation in China. This transaction remains subject to the negotiation of definitive documents and therefore there is no guarantee that this transaction will occur.

In November 2023, the Company and one of its subsidiaries, BioLite, Inc. ("BioLite") each entered into a multi-year, global licensing agreement with AIBL for the Company and BioLite's CNS drugs with the indications of MDD (Major Depressive Disorder) and ADHD (Attention Deficit Hyperactivity Disorder) (the "Licensed Products"). The potential license will cover the Licensed Products' clinical trial, registration, manufacturing, supply, and distribution rights. The Licensed Products for MDD and ADHD, owned by ABVC and BioLite, were valued at $667M by a third-party evaluation. The parties are determined to collaborate on the global development of the Licensed Products. The parties are also working to strengthen new drug development and business collaboration, including technology, interoperability, and standards development. As per each of the respective agreements, each of ABVC and BioLite shall receive received 23 million shares of AIBL stock at $10 per share, and if certain milestones are met, shall receive $3,500,000 and royalties equaling 5% of net sales, up to $100 million, which is not guaranteed. Upon the issuance of the shares, AIBL became a subsidiary of ABVC.

On February 6, 2024, the Company entered into a definitive agreement with Shuling Jiang ("Shuling"), pursuant to which Shuling shall transfer the ownership of certain land she owns located at Taoyuan City, Taiwan (the "Land") to the Company (the "Agreement"). Shuling is a director of the Company, is married to TS Jiang, the Company's Chief Strategic Officer and owns approximately 15.4% of the Company's issued and outstanding shares of common stock. In consideration for the Land, the Company shall pay Shuling (i) 703,495 restricted shares of the Company's common stock (the "Shares") at a price of $3.50 per share and (ii) five-year warrants to purchase up to 1,000,000 shares of the Company's common stock, with an exercise price of $2.00 per share. Under the Agreement, Shuling will also transfer outstanding liability owed on the Land (approximately $500,000) to the Company. Based on the above, the parties value the exchange at approximately $2,962,232.

On March 25, 2024, the Company, and one of its co-development partners, BioFirst Corporation, a company registered in Taiwan ("BioFirst"), each entered into a twenty-year, global definitive licensing agreement (the "Licensing Agreement") with ForSeeCon Eye Corporation, a company registered in the British Virgin Islands ("FEYE") for the products in the Company and BioFirst's Ophthalmology pipeline, including Vitargus (the "Licensed Products"). The license covers the Licensed Products' clinical trial, registration, manufacturing, supply, and distribution rights; FEYE also has the rights to sublicense or partner with a third party to develop the Licensed Products.

On April 16, 2024, the Company entered into a definitive agreement with OncoX BioPharma, Inc., a private company registered in the British Virgin Islands ("Oncox"), pursuant to which the Company will grant Oncox an exclusive right to develop and commercialize ABVC's single-herb botanical drug extract from the dry fruit body of Maitake Mushroom (Grifola Frondosa) for treatment of Non-Small Cell Lung Cancer (the "Licensed Products"), within North America for 20 years (the "Oncox Agreement"). In consideration thereof, Oncox shall pay ABVC $6,250,000 (or 1,250,000 Oncox shares valued at $5 per share[1]) 30 days after entering into the Oncox Agreement and $625,000 30 days following the completion of Oncox's next round of fundraising, of which there is no guarantee; ABVC is also entitled to 5% royalties based on the Net Sales, as defined in the Oncox Agreement, from the first commercial sale of the Licensed Product in North America, of which there can be no guarantee. Oncox entered into the same agreement with ABVC's affiliate, Rgene Corporation.

On May 8, 2024, the Company entered into a definitive agreement with OncoX BioPharma, Inc., a private company registered in the British Virgin Islands ("Oncox"), pursuant to which the Company will grant Oncox an exclusive right to develop and commercialize ABVC's BLEX 404 single-herb botanical drug extract from the dry fruit body of Maitake Mushroom (Grifola Frondosa) for treatment of Pancreatic Cancer (the "Licensed Products"), within a certain territory, specified as 50% of the Worldwide Marketsfor 20 years (the "May 2024 Oncox Agreement"). In consideration thereof, Oncox shall pay ABVC a total of $6,250,000 (or 1,250,000 Oncox shares valued at $5 per share[1]) within 30 days of entering into the May 2024 Oncox Agreement, with an additional milestone payment of $625,000 in cash after OncoX's next round of fundraising, of which there can be no guarantee. Oncox may remit cash payments of at least $100,000 towards the licensing fees and deductible from the second milestone payment; ABVC is also entitled to royalties of 5% of Net Sales, as defined in the May 2024 Oncox Agreement, from the first commercial sale of the Licensed Product in the noted territory, which remains uncertain. The Company will permit Oncox to pay the license fee in installments or in a lump sum and will allow Oncox to use its revenue to fund such payments. Oncox entered into the same agreement with ABVC's affiliate, Rgene Corporation.

**Common Stock Reverse Split**

On March 12, 2019, the Board, by unanimous written consent in lieu of a meeting, approved to i) implement a stock reverse split at the ratio of 1-for-18 (the "Reverse Split") of both the authorized common stock of the Company and the issued and outstanding common stock and ii) to amend the articles of incorporation of the Company to reflect the Reverse Split. The Board approved and authorized the Reverse Split without obtaining approval of the Company's shareholders pursuant to Section 78.207 of Nevada Revised Statutes.

On May 3, 2019, the Company filed a certificate of amendment to the Company's articles of incorporation (the "Amendment") to implement the Reverse Split with the Secretary of State of the State of Nevada. The Reverse Split took effect on May 8, 2019.

On July 25, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation authorizing a 1-for-10 reverse stock split of the issued and outstanding shares of its common stock (the "2023 Split"). The Company's stockholders previously approved the Reverse Stock Split at the Company's Special Shareholder Meeting held on July 7, 2023. The Reverse Stock Split was effected to reduce the number of issued and outstanding shares and to increase the per share trading value of the Company's common stock, although that outcome is not guaranteed. In turn, the Company believes that the Reverse Stock Split will enable the Company to restore compliance with certain continued listing standards of NASDAQ Capital Market.

On July 14, 2023, the Company filed a certificate of amendment to the Company's articles of incorporation (the "Amendment") to implement the 2023 Split with the Secretary of State of the State of Nevada. The 2023 Split took effect on July 25, 2023.

**Series A Convertible Preferred Stock**

On June 28, 2019, the Company filed a certificate of designation (the "Series A COD") of Series A Convertible Preferred Stock (the "Series A Stock") with the Secretary of the State of Nevada.

Pursuant to the Series A COD, the Company designated 3,500,000 shares of preferred stock as Series A Stock, par value of $0.001 per share. Subject to the laws of Nevada, the Company will pay cumulative dividends on the Series A Stock on each anniversary from the date of original issue for a period of four calendar years. The Series A Stock will rank senior to the outstanding common stock of the Company, par value $0.001 (the "Common Stock") with respect to dividend rights, rights upon liquidation, dissolution or winding up in the amount of accrued but unpaid dividend. Holders of the Series A Stock will have the same voting rights as the Company's Common Stock holders. Each share of Series A Stock is initially convertible at any time at the option of the holder into one share of Common Stock and automatically converts into one share of Common Stock on the four-year anniversary of its issuance.

As of December 31, 2022 March 31, 2024, no Series A Convertible Preferred Stock has been issued by the Company.

***NASDAQ Listing***

On August 5, 2021, we closed a public offering (the "Offering") of 1,100,000 units (the "Units"), with each Unit consisting of one share of our common stock (the "Common Stock"), one Series A warrant (the "Series A Warrants") to purchase one share of common stock at an exercise price equal to $6.30 per share, exercisable until the fifth anniversary of the issuance date, and one Series B warrant (the "Series B Warrants," and together with the Series A Warrants, the "Public Warrants") to purchase one share of common stock at an exercise price equal to $10.00 per share, exercisable until the fifth anniversary of the issuance date; the exercise price of the Public Warrants are subject to certain adjustment and cashless exercise provisions as described therein. The Company completed the Offering pursuant to its registration statement on Form S-1 (File No. 333-255112), originally filed with the Securities and Exchange Commission (the "SEC") on April 8, 2021 (as amended, the "Original Registration Statement"), that the SEC declared effective on August 2, 2021 and the registration statement on Form S-1 (File No. 333-258404) that was filed and automatically effective on August 4, 2021 (the "S-1MEF," together with the Original Registration Statement, the "Registration Statement"). The Units were priced at $6.25 per Unit, before underwriting discounts and offering expenses, resulting in gross proceeds of $6,875,000. The Offering was conducted on a firm commitment basis. The Common Stock was approved for listing on The Nasdaq Capital Market and commenced trading under the ticker symbol "ABVC" on August 3, 2021.

The above-mentioned equity is before the reverse stock split in 2023.

On July 25, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation authorizing a 1-for-10 reverse stock split of the issued and outstanding shares of its common stock (the "2023 Split"). The Company's stockholders previously approved the Reverse Stock Split at the Company's Special Shareholder Meeting held on July 7, 2023. The Reverse Stock Split was effected to reduce the number of issued and outstanding shares and to increase the per share trading value of the Company's common stock, although that outcome is not guaranteed. In turn, the Company believes that the Reverse Stock Split will enable the Company to restore compliance with certain continued listing standards of NASDAQ Capital Market.

In August 2022, we received a deficiency letter from the Nasdaq Listing Qualifications Department (the "Staff") notifying us that, for the last 30 consecutive business days, the closing bid price for our common stock was below the minimum $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) ("Rule 5550(a)(2)"). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were initially given until February 14, 2023 to regain compliance with Rule 5550(a)(2). Since the Company did not regain compliance by such date, it requested and received an additional 180 days, until August 14, 2023, to comply with Rule 5550(a)(2).

The deficiency has no immediate effect on the listing of the Company's common stock, and its common stock continues to trade on The Nasdaq Capital Market under the symbol "ABVC" at this time.

If at any time before August 14, 2023, the bid price of the Company's common stock closes at $1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that the Company has achieved compliance and the matter will be closed.

If the Company does not regain compliance with Rule 5550(a)(2) by August 14, 2023, the Staff will provide written notification that the Company's securities will be delisted, although the Company maintains the right to appeal such determination. The Company intends to actively monitor the closing bid price for its common stock and will consider available options to resolve the deficiency and regain compliance with Rule 5550(a)(2).

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1 Price was determined through private negotiations between the parties; no third party valuation was completed.

On May 24, 2023, we received a deficiency letter from the Nasdaq Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it is not currently in compliance with the minimum stockholders' equity requirement, or the alternatives of market value of listed securities or net income from continuing operations, for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(b)(1) requires listed companies to maintain stockholders' equity of at least $2,500,000, and the Company's stockholders' equity was $1,734,507 as of March 31, 2023. In accordance with Nasdaq rules, the Company has had 45 calendar days, or until July 10, 2023, to submit a plan to regain compliance. After submitting a plan to regain compliance, on July 10, 2023, Nasdaq granted the Company an extension until August 30, 20203, to comply with Listing Rule 5550(b)(1). The On July 31, 2023, the Company must now achieve issued 300,000 shares of Common Stock and 200,000 pre-funded warrants, at an exercise price of $0.01 per share, in a registered direct offering. Pursuant to this transaction, the stockholders' equity was increased by $1.75M. On August 1, 2023, $500,000 of Notes were converted at $3.50 per share and the holder received 142,857 shares of Common Stock. As a result of this conversion, the stockholders' equity was increased by $0.5M. Additionally, on August 14, 2023, the Company entered into a cooperation agreement with Zhonghui United Technology (Chengdu) Group Co., Ltd., pursuant to which the Company acquired a 20% ownership of certain property and a parcel of the land owned by Zhonghui in exchange for an aggregate of 370,000 shares of Common Stock. Accordingly, stockholders' equity increased by $7.4M. On February 23, 2023, the Company entered into a securities purchase agreement with Lind, pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $3,704,167 (the "Lind Offering"), for a purchase price of $3,175,000 (the "Lind Note"), that is convertible into shares of Common Stock at an initial conversion price of $1.05 per share, subject to adjustment. On August 24, 2023, the Company started repaying Lind the monthly installments due under the Lind Notes; $308,000 was repaid via the issuance of 176,678 shares of Common Stock (the "Monthly Shares") at the Redemption Share Price (as defined in the Lind Note) of $1.698 per share. Pursuant to the terms of the Lind Note, Lind increased the amount of the next monthly payment to one million dollars, such that as of September and together with the Monthly Shares, the Company repaid Lind a total of $1M by September 2023. As a result, the stockholders' equity increased by an additional $1M. As a result of the four transactions referenced above, the Company' estimated that its stockholders' equity would increase by approximately $10.65M. On September 6, 2023, Nasdaq issued a letter that the Company is in compliance with this rule on or before August 31, 2023. If Rule 5550(b)(1), but noted that if at the time of the Company's next periodic report the Company fails to does not evidence compliance, upon filing its periodic report for the quarter ending September 30, 2023, the Company it may be subject to delisting. If Nasdaq determines to delist the Company's securities, the Company will have an opportunity to appeal Nasdaq's decision. Based on a series of transactions, we believe we regained compliance with the stockholders' equity requirement as of August 31, 2023. Nasdaq informed us that it will continue to monitor our ongoing compliance with the stockholders' equity requirement, and if we do not evidence compliance in this Quarterly Report, we may be subject to delisting. As of September 30, 2023, our stockholders' equity was $7,548,308, which exceeds Nasdaq's minimum requirement.

**Joint Venture Agreement**

On October 6, 2021 (the "**Completion Date**"), ABVC BioPharma, Inc. (the "**Company**"), Lucidaim Co., Ltd., a Japanese corporation ("**Lucidaim**," together with the Company, the "**Shareholders**"), and BioLite Japan K.K., a Japanese corporation ("**Biolite JP"**) entered into a Joint Venture Agreement (the "**Agreement**"). Biolite JP is a private limited company (a Japanese *Kabushiki Kaisha*) incorporated on December 18, 2018 and at the date of the Agreement had 10,000 ordinary shares authorized, with 3,049 ordinary shares issued and outstanding (the "**Ordinary Shares**"). Immediately prior to the execution of the Agreement, Lucidaim owned 1,501 ordinary shares and the Company owned 1,548 ordinary shares. The Shareholders entered into the joint venture to formally reduce to writing their intention to invest in and operate Biolite JP as a joint venture. The business of the joint venture shall be the research and development of drugs, medical device and digital media, investment, fund raising and consulting, distribution and marketing of supplements carried by Biolite JP and its subsidiaries in Japan, or any other territory or business, as the Agreement may with mutual consent be amended from time to time. The closing of the transaction was conditioned upon the approval and receipt of all necessary government approvals, which have all been received.

Pursuant to the Agreement and the related share transfer agreement, the Company shall transfer 54 of its Ordinary Shares to Lucidaim for no consideration, such that following the transfer, Lucidaim shall own 1,555 Ordinary Shares (51%) and the Company shall own 1,494 Ordinary Shares (49%). Also pursuant to the Agreement, there shall be 3 directors of Biolite JP, consisting of 1 director appointed by the Company and 2 appointed by Lucidiam. The Company shall appoint Eugene Jiang, the Company's current Chairman and Chief Business Officer and Lucidaim shall appoint Michihito Onishi; the current director of Biolite JP, Toru Seo (who is also a director of BioLite Japan's other shareholder), is considered the second Lucidaim director. The Agreement further provides that the Company and Biolite JP shall assign the research collaboration and license agreement between them to Biolite JP or prepare the same (the "**License Agreement**"). The aforementioned transactions occurred on the Completion Date.

As per the Agreement, the Shareholders shall supervise and manage the business and operations of Biolite JP. The directors shall not be entitled to any renumeration for their services as a director and each Shareholder can remove and replace the director he/she/it appointed. If a Shareholder sells or disposes of all of its Ordinary Shares, the Shareholder-appointed director must tender his/her resignation. The Agreement also sets forth certain corporate actions that must be pre-approved by all Shareholders (the "**Reserved Matters**"). If the Shareholders are unable to make a decision on any Reserved Matter, then either Shareholder can submit a deadlock notice to the other shareholder, 5 days after which they must refer the matter to each Shareholder's chairman and use good faith to resolve the dispute. If such dispute is not resolved within 10 days thereafter, then either Shareholder can offer to buy all of the other Shareholder's Ordinary Shares for cash at a specified price; if there is not affirmative acceptance of the sale, the sale shall proceed as set forth in the sale offer.

Each of the Shareholders maintains a pre-emptive right to purchase such number of additional Ordinary Shares as would allow such Shareholder to maintain its ownership percentage in Biolite JP if Biolite JP issues any new Ordinary Shares. However, the Agreement provides that the Company shall lose its pre-emptive rights under certain conditions. The Shareholders also maintain a right of first refusal if the other Shareholder receives an offer to buy such shareholder's Ordinary Shares.

The Agreement also requires Biolite JP to obtain a bank facility in the amount of JPY 30,460,000 (approximately USD272,000), for its initial working capital purposes. Pursuant to the Agreement, each Shareholder agrees to guarantee such bank facility if the bank requires a guarantee. Accordingly, the Company may be liable for the bank facility in an amount up to JPY 14,925,400 (approximately USD134,000), which represents 49% of the maximum bank facility. The Agreement further provides that Biolite JP shall issue annual dividends at the rate of at least 1.5% of Biolite JP's profits, if it has sufficient cash to do so.

Pursuant to the Agreement, the Company and Biolite JP agree to use their best efforts to execute the License Agreement by the end of December 2021. The Company agreed that any negotiation on behalf of Biolite JP regarding the terms of the License Agreement shall be handled by the directors appointed by Lucidaim. If the Company and such Lucidaim directors do not reach agreement on the terms, Biolite JP may at its sole discretion determine not to execute the License Agreement without any liability to the Company.

The Agreement contains non-solicitation and non-compete clauses for a period of 2 years after a Shareholder or its subsidiaries ceases to be a Shareholder, with such restrictive covenants limited to business within the ophthalmologic filed or central neurological field. Any rights to intellectual property that arise from Biolite JP's activities, shall belong to Biolite JP.

The Agreement contains standard indemnification terms, except that no indemnifying party shall have any liability for an individual liability unless it exceeds JPY 500,000 (approximately USD4,500) and until the aggregate amount of all liabilities exceeds JPY 2,000,000 (approximately USD18,000) and then only to the extent such liability exceed such limit.

The Company paid $150,000 towards the setup of the joint venture and BioLite Japan's other shareholder paid $150,000 after the Letter of Intent was signed.

The Agreement shall continue for 10 years, unless earlier terminated and shall continue until terminated by: (i) either party by giving the other party at least 6 months written notice, until the end of the 10 years, after which the parties can terminate at any time or (ii) or by written agreement of all Shareholders, in which case it shall terminate automatically on the date upon which all Ordinary Shares are owned by one Shareholder. The Agreement also allows a Shareholder to terminate the agreement upon certain defaults committed by another Shareholder, as set forth in the Agreement.

This was a *relatedparty* transaction and was conducted at arm's length. In addition to the Company's board of directors providing approval for the Company to enter into the Agreement, the Company's audit committee approved the Company's entry into the Agreement. The Board believes that this joint venture will enhance the Company's ability to provide therapeutic solutions to significant unmet medical needs and to develop innovative botanical drugs to treat central nervous system ("CNS") and oncology/ hematology diseases. The Company's Board of Directors believes that the joint venture has the potential to provide the Company with access to additional early-stage product candidates that it would not otherwise have access to and to introduce the Company to early-stage opportunities, and therefore the Board believes the joint venture is in the best interest of the Company and its shareholders.

**Recent Research Results**

On October 20, 2022, the Company received a Notice of Allowance for ABV-1504 from the US Patent and Trademark Office that extends the existing patent life of ABV-1504 from 2021 to the year 2041. The patent, entitled "Polygala Extract for the Treatment of Major Depressive Disorder," outlines a method for treating major depressive disorder by oral administration of a composition, ABV-1504, containing Radix Polygalae (Polygala tenuifolia Willd). The polygala extract, designated PDC-1421, is the key active ingredient in ABV-1504 which was orally administered to healthy volunteers and proved to be safe and well-tolerated for a daily dose from 380 mg to 3800 mg.

On September 9, 2020 the Company issued a full clinical study report (CSR) of Vitargus® First-in-Human Phase I Clinical Trial. The safety and preliminary efficacy findings from this study, combined with the unique properties of Vitargus® (BFC-1401), are supportive of further development for its use during vitrectomy surgery in patients requiring vitreous replacement.

The study was an open label, Phase I study undertaken at a single study center in Sydney, Australia. A total of 11 participants were enrolled for the study in which each participant had been diagnosed with either (1) a complex or rhegmatogenous retinal detachment or chronic retinal detachment with failure of gas or silicone oil treatment or (2) a vitreous hemorrhage that requires vitrectomy surgery. The study found that Vitargus® was well-tolerated as a vitreous substitute without any apparent toxicity to ocular tissues. Further, there was no indication of an increased overall safety risk with Vitargus®.

On August 2, 2022 the Company received the formal approval from Central Research Ethics Committee (CREC) of The National Research Council of Thailand for Vitargus®Vitargus® Phase II Study Protocol (ABV-1701-02) to be conducted at has been initiated in Australia and Thailand, Principal Investigator: Duangnate Rojanaporn, M.D., Ramathibodi Hospital, Mahidol University and Hospital; Thuss Sanguansak, M.D., Srinagarind Hospital Khon Kaen University of Thailand. On November 2, 2022, both hospitals received Thai FDA investigational product (IP) import licenses allowing them to initiate the clinical study in Thailand. two Thailand sites and Professor/Dr. Matthew Simunovic, Sydney Eye Hospital; Dr. Elvis Ojaimi, East Melbourne Eye Group & East Melbourne Retina of the two Australian sites. The Phase II clinical study entitled "A Prospective Multi-Site Randomized Controlled Clinical Investigation has started in the 2nd quarter of 2023. The company is working on improvements to the Safety and Effectiveness Vitargus product through the new batch of the ABV1701 Ocular Endotamponade (OE)" was initiated in Thailand in March 2023.investigational product.

Initially the Company will focus on ABV-2002, a solution utilized to store a donor cornea prior to either penetrating keratoplasty (full thickness cornea transplant) or endothelial keratoplasty (back layer cornea transplant). Designated ABV-2002 under the Company's product identification system, the solution is comprised of a specific poly amino acid that protects ocular tissue from damage caused by external osmolarity exposure during pre-surgery storage. The Vitargus® Phase II study specific polymer in ABV-2002 can adjust osmolarity to maintain a range of 330 to 390 mOsM thereby permitting hydration within the corneal stroma during the storage period. Stromal hydration results in (a) maintaining acceptable corneal transparency and (b) prevents donor cornea swelling. ABV-2002 also contains an abundant phenolic phytochemical found in plant cell walls that provides antioxidant antibacterial properties and neuroprotection.

Early testing by BioFirst indicates that ABV-2002 may be more effective for protecting the cornea and retina during long-term storage than other storage media available today and can be manufactured at lower cost. Further clinical development task was put on hold due to Serious Adverse Events (SAEs) observed the lack of funding.

In addition, BioFirst was incorporated on November 7, 2006, focusing on the R&D, manufacturing, and sales of innovative patented pharmaceutical products. The technology of BioFirst comes from the global exclusive licensing agreements BioFirst maintains with domestic R & D institutions. Currently, BioFirst's main research and development product is the vitreous substitute (Vitargus®), licensed by the National Health Research Institutes. Vitargus is the world's first bio-degradable vitreous substitute and offers a number of advantages over current vitreous substitutes by minimizing medical complications and reducing the need for additional surgeries.

Vitargus has started the construction of a GMP factory in patients with retinal detachment treated with either Vitargus or SF6 comparator after vitrectomy surgeries at the Thailand sites. By comparing the Thailand study Hsinchu Biomedical Science Park, Taiwan, with the First-in-Human (FIH) study completed aim at building a production base to supply the global market, and promote the construction of bio-degradable vitreous substitute manufacturing centers in Australia Taiwan. Completion of this factory would allow ABVC to manufacture Vitargus with world-class technology in 2018, a GMP certified pharmaceutical factory. BioFirst is targeting to complete the SAEs derived from the patients construction in the Thailand study may be due to the modified *in-situ* hydrogel procedure which allows a longer surgical time window for the study. The Company is investigating the root causes of the events and is working towards developing a safe device *in-situ* procedure before reinstating the study. 2025.

In parallel, Vitargus® Phase II Study protocol documents were accepted by the Australian Bellberry Human Research Ethics Committee (HREC) and a Clinical Trial Notification ("CTN") was approved by the Australian Therapeutic Goods Administration (TGA) in February 2023. The study approvals by the research governance officers (RGO) of each participating sites, Sydney Eye Hospital and East Melbourne Eye Group are in progress.

On November 9, 2020 the Company issued a full clinical study report (CSR) of its ABV-1505 Phase II Part I clinical trial conducted at the University of California, San Francisco (UCSF) for the treatment of adult Attention-Deficit Hyperactivity Disorder (ADHD).

The Phase II Part I clinical study for treating ADHD found that the PDC-1421 Capsule was safe, well tolerated and efficacious during its treatment and the follow-up period with six adult patients. For the primary endpoints, the percentages of improvement in Adult Attention-Deficit/Hyperactivity Disorder Rating Scale-Investigator Rated-IV (ADHD-RS-IV) score from baseline to 8 weeks treatment were 83.3% (N=5) in the Intention-To-Treat (ITT) population and 80.0% (N=4) in the Per-Protocol (PP) population. Both low and high doses of PDC-1421 Capsule met the primary end points by passing the required 40% population in ADHD-RS-IV test scores.

Overall, the results from this study, which demonstrate the therapeutic value of PDC-1421, support further clinical development of ABV-1505 for the treatment of adult ADHD.
On July 12, 2022, the Company announced the enrollment progress in the Phase II Part II clinical study of the company's ADHD medicine (ABV-1505). Since the first-treated subject reported on May 10, 2022, a total of sixty-nine (69) subjects have been enrolled in the study, including 50 who have completed the 56-day treatment. The study, a randomized, double-blind, placebo-controlled study entitled "A Phase II Tolerability and Efficacy Study of PDC-1421 Treatment in Adult Patients with Attention-Deficit Hyperactivity Disorder (ADHD), Part II, is expected to eventually involve approximately 100 patients. Five prestigious research hospitals in Taiwan and the research hospital at the University of California, San Francisco (UCSF) are participating in the study which is a continuation of the Phase II part 1 study of ABV-1505 completed successfully at UCSF and accepted by the U.S. Food & Drug Administration in October of 2020. The UCSF Medical Center Institutional Review Board has approved participation in the Part II study, and the site initiation visit was conducted in March 2023.
The Cedars-Sinai Medical Center (CSMC, West Hollywood CA) Institutional Review Board (IRB) has approved their institution joining the Phase I study of ABV-1601 for treating depression in cancer patients. The Principal Investigator of the CSMC study will be Dr. Scott A. Irwin, MD, PhD., an eminent Professor of Psychiatry & Behavioral Neurosciences. The Phase I study is open label and will be conducted with 12 cancer patients with moderate to severe depressive symptoms. The main objective of the study is to evaluate the safety of PDC-1421, the primary active ingredient in ABV-1601. The second objective is to determine the most effective dosages for a randomized, double-blind, non-inferiority Phase II trial of PDC-1421 comparing with Wellbutrin XL, a commonly used medicine to treat cancer patients suffering with depression. The site initiation visit of the Phase I study was conducted in March 2023.

***Public Offering & Financings***

2024 Financings

On January 17, 2024, the Company entered into a securities purchase agreement with Lind Global Fund II, LP ("Lind"), pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,000,000, for a purchase price of $833,333 (the "3rd Lind Note"), that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 (the "Fixed Price") and (ii) 90% of the average of the three lowest VWAPs (as defined in the 3rd Lind Note) during the 20 trading days prior to conversion ("Variable Price"), subject to adjustment (the "Note Shares"). Notwithstanding the foregoing, provided that no Event of Default (as defined in the 3rd Lind Note) shall have occurred, conversions under the 3rd Lind Note shall be at the Fixed Price for the first 180 days following the closing date. Lind will also receive a 5-year, common stock purchase warrant (the "3rd Lind Warrant") to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2.00 per share, subject to adjustment (each, a "Warrant Share," together with the 3rd Lind Note, Note Shares and 3rd Lind Warrant, the "Securities"). The parties later agreed to a floor price of $1.00 for the Variable Price and that the Company would compensate Lind in cash if the Variable Price was less than such floor price at the time of conversion.

Upon the occurrence of any Event of Default (as defined in the 3rd Lind Note), the Company must pay Lind an amount equal to 120% of the then outstanding principal amount of the 3rd Lind Note, in addition to any other remedies under the 3rd Lind Note or the other Transaction Documents (as defined below).

The 3rd Lind Warrant may be exercised via cashless exercise in the event a registration statement covering the Warrant Shares is not available for the resale of such Warrant Shares or upon exercise of the 3rd Lind Warrant in connection with a Fundamental Transaction (as defined in the 3rd Lind Warrant).

Pursuant to the terms of the securities purchase agreement, if at any time prior to a date that is 18 months following the closing of the offering, the Company proposes to offer or sell any additional securities in a subsequent financing, the Company shall first offer Lind the opportunity to purchase up to 10% of such new securities.

In connection with the Offering, the Company and its subsidiaries: (i) Biokey, Inc., a California corporation ("BioKey"), (ii) Biolite Holding, Inc., a Nevada corporation ("BioLite"), (iii) Biolite BVI, Inc., a British Virgin Islands corporation ("BioLite BVI") and (iv) American BriVision Corporation, a Delaware corporation ("American BriVision" and, collectively with the Company, BioKey, BioLite, and BioLite BVI, the "Guarantors"), jointly and severally guaranteed all of the obligations of the Company in connection with the offering (the "Guaranty") with certain collateral, as set forth in the related Transaction Documents (as hereinafter defined). The sale of the 3rd Lind Note and the terms of the offering, including the Guaranty are set forth in the securities purchase agreement, the 3rd Lind Note, the 3rd Lind Warrant, the Second Amendment to Guaranty, the Second Amendment to Security Agreement, and the Second Amendment to Guarantor Security Agreement (collectively, the "Transaction Documents").

Allele Capital Partners, LLC ("Allele") together with its executing broker dealer, Wilmington Capital Securities, LLC (together with its affiliates, "Wilmington"), served as the exclusive placement agent (the "Placement Agent") of the offering. the Company has agreed to pay certain expenses of the placement agent in connection with the offering and issued them a warrant to purchase up to 25,000 shares of common stock, on the same terms as set forth in the 3rd Lind Warrant.

The securities purchase agreement also contains customary representation and warranties of the Company and the Investors, indemnification obligations of the Company, termination provisions, and other obligations and rights of the parties.

The foregoing description of the Transaction Documents is qualified by reference to the full text of the forms of the Transaction Documents, which are filed as Exhibits hereto and incorporated herein by reference.

Financing in 2023

On November 17, 2023, the Company entered into a securities purchase agreement (the "2nd Lind Securities Purchase Agreement") with Lind Global Fund II, LP ("Lind"), pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $1,200,000 (the "2nd Lind Offering"), for a purchase price of $1,000,000 (the "2nd Lind Note"), that is convertible into shares of the Company's common stock at a conversion price, which shall be the lesser of (i) $3.50 (the "Fixed Price") and (ii) 90% of the average of the three lowest VWAPs (as defined in the 2nd Lind Note) during the 20 trading days prior to conversion, subject to adjustment. Notwithstanding the foregoing, provided that no Event of Default (as defined in the 2nd Lind Note) shall have occurred, conversions under the 2nd Lind Note shall be at the Fixed Price for the first 180 days following the closing date. Lind will also receive a 5-year, common stock purchase warrant (the "2nd Lind Warrant") to purchase up to 1,000,000 shares of the Company's common stock at an initial exercise price of $2 per share, subject to adjustment. The parties later agreed to a floor price of $1.00 for the Variable Price and that the Company would compensate Lind in cash if the variable price was less than such floor price at the time of conversion.

Upon the occurrence of any Event of Default (as defined in the 2nd Lind Note), the Company must pay Lind an amount equal to 120% of the then outstanding principal amount of the 2nd Lind Note, in addition to any other remedies under the 2nd Lind Note or the other Transaction Documents (as defined below).

Pursuant to the terms of the 2nd Lind Securities Purchase Agreement, if at any time prior to a date that is 18 months following the closing of the 2nd Lind Offering, the Company proposes to offer or sell any additional securities in a subsequent financing, the Company shall first offer Lind the opportunity to purchase up to 10% of such new securities.

In connection with the 2nd Lind Offering, the Company and its subsidiaries: (i) BioKey, Inc., a California corporation ("BioKey"), (ii) Biolite Holding, Inc., a Nevada corporation ("BioLite"), (iii) Biolite BVI, Inc., a British Virgin Islands corporation ("BioLite BVI") and (iv) American BriVision Corporation, a Delaware corporation ("American BriVision" and, collectively with the Company, BioKey, BioLite, and BioLite BVI, the "Guarantors"), jointly and severally guaranteed all of the obligations of the Company in connection with the 2nd Lind Offering (the "Guaranty") with certain collateral, as set forth in the related Transaction Documents (as hereinafter defined).

The sale of the Note and the terms of the 2nd Lind Offering, including the Guaranty are set forth in the 2nd Lind Securities Purchase Agreement, the 2nd Lind Note, the 2nd Lind Warrant, the First Amendment to Guaranty, the First Amendment to Security Agreement, and the First Amendment to Guarantor Security Agreement (collectively, the "Transaction Documents").

Allele Capital Partners, LLC ("Allele") together with its executing broker dealer, Wilmington Capital Securities, LLC (together with its affiliates, "Wilmington"), served as the exclusive placement agent (the "Placement Agent") of the 2nd Lind Offering. We have agreed to pay certain expenses of the placement agent in connection with the 2nd Lind Offering.

An amendment was filed on February 29, 2024 to disclose that due to Nasdaq requirements, the parties entered into an amendment to the Note, pursuant to which the conversion price shall have a floor price of $1.00 (the "Amendment"). Additionally, the Amendment requires the Company to make a cash payment to Lind if in connection with a conversion, the conversion price is deemed to be the floor price.

The Securities Purchase Agreement also contains customary representation and warranties of the Company and the Investors, indemnification obligations of the Company, termination provisions, and other obligations and rights of the parties.

The foregoing description of the Transaction Documents is qualified by reference to the full text of the forms of the Transaction Documents, which are filed as Exhibits hereto and incorporated herein by reference.

On February 23, 2023, the Company entered into a securities purchase agreement (the "Lind Securities Purchase Agreement") with Lind Global Fund II, LP ("Lind"), pursuant to which the Company issued Lind a secured, convertible note in the principal amount of $3,704,167 (the "Lind Offering"), for a purchase price of $3,175,000 (the "Lind Note"), that is convertible into shares of the Company's common stock at an initial conversion price of $1.05 per share, subject to adjustment (the "Note Shares"). The Company also issued Lind a common stock purchase warrant (the "Lind Warrant") to purchase up to 5,291,667 shares of the Company's common stock at an initial exercise price of $1.05 per share, subject to adjustment (each, a "Warrant Share," together with the Note, Note Shares and Warrants, the "Lind Securities").

The Lind Note does not carry any interest. Beginning with the date that is six months from the issuance date of the Lind Note and on each one (1) month anniversary thereafter, the Company shall pay Lind an amount equal to $308,650.58, until the outstanding principal amount of the Lind Note has been paid in full prior to or on the Maturity Date or, if earlier, upon acceleration, conversion or redemption of the Lind Note in accordance with the terms thereof (the "Monthly Payments"). At the Company's discretion, the Monthly Payments shall be made in (i) cash, (ii) shares of the Company's common stock, or (iii) a combination of cash and Shares; if made in shares, the number of shares shall be determined by dividing (x) the principal amount being paid in shares by (y) 90% of the average of the 5 lowest daily VWAPs during the 20 trading days prior to the applicable payment date. The Lind Notes sets forth certain conditions that must be satisfied before the Company may make any Monthly Payments in shares of common stock. If the Company makes a Monthly Payment in cash, the Company must also pay Lind a cash premium of 5% of such Monthly Payment.
Upon the occurrence of any Event of Default (as defined in the Lind Note), the Company must pay Lind an amount equal to 120% of the then outstanding principal amount of the Lind Note (the "Mandatory Default Amount"), in addition to any other remedies under the Note or the other Transaction Documents. The Company and Lind entered into a letter agreement on September 12, 2023, pursuant to which the Mandatory Default Amount was reduced to 115% of the then outstanding principal amount of the Lind Note; pursuant to the letter agreement, Lind also agreed to waive any default associated with the Company's market capitalization being below $12.5 million for 10 consecutive days through February 23, 2024, but retained its right to convert its Note. In addition, if the Company is unable to increase its market capitalization and is unable to obtain a further waiver or amendment to the Lind Note, then the Company could experience an event of default under the Lind Note, which could have a material adverse effect on the Company's liquidity, financial condition, and results of operations. The Company cannot make any assurances regarding the likelihood, certainty, or exact timing of the Company's ability to increase its market capitalization, as such metric is not within the immediate control of the Company and depends on a variety of factors outside the Company's control.
The Lind Warrant may be exercised via cashless exercise.

Pursuant to the terms of the Lind Securities Purchase Agreement, if at any time prior to a date that is 18 months following the closing of the Lind Offering, the Company proposes to offer or sell any additional securities in a subsequent financing, the Company shall first offer Lind the opportunity to purchase up to 10% of such new securities.

In connection with the Lind Offering, the Company and its subsidiaries: (i) BioKey, Inc., a California corporation ("BioKey"), (ii) Biolite Holding, Inc., a Nevada corporation ("BioLite"), (iii) Biolite BVI, Inc., a British Virgin Islands corporation ("BioLite BVI") and (iv) American BriVision Corporation, a Delaware corporation ("American BriVision" and, collectively with the Company, BioKey, BioLite, and BioLite BVI, the "Guarantors"), jointly and severally guaranteed all of the obligations of the Company in connection with the Lind Offering (the "Guaranty") with certain collateral, as set forth in the related Transaction Documents (as hereinafter defined).

The sale of the Lind Note and the terms of the Lind Offering, including the Guaranty are set forth in the Lind Securities Purchase Agreement, the Note, the Warrant, a Security Agreement, Guarantor Security, Guaranty, a Trademark Security Agreement with Rgene Corporation, a Trademark Security Agreement with BioFirst, a Patent Security Agreement, a Copyright Security Agreement and a Stock Pledge Agreement (collectively, the "Transaction Documents").

Allele Capital Partners, LLC ("Allele") together with its executing broker dealer, Wilmington Capital Securities, LLC (together with its affiliates, "Wilmington"), served as the exclusive placement agent (the "Placement Agent") of the Lind Offering. As a result of the Lind Offering, the Company will pay the Placement Agent (i) a cash fee of 6% of the gross proceeds from the sale of the Securities, and (ii) common stock purchase warrants to purchase 6% of the number of shares of common stock issuable under the Lind Note. We also agreed to pay certain expenses of the placement agent in connection with the Lind Offering.

Pursuant to the Lind Securities Purchase Agreement, the Company agreed to register all of the Lind Securities and the shares of common stock underlying the warrant issued to the placement agent.

The Securities Purchase Agreement also contains customary representation and warranties of the Company and the Investors, indemnification obligations of the Company, termination provisions, and other obligations and rights of the parties.

On September 12, 2023, the Company and Lind entered into a letter agreement (the "Letter Agreement") pursuant to which Lind agreed to waive any default, any Event of Default, and any Mandatory Default Amount (each as defined in the Note) associated with the Company's market capitalization being below $12.5 million for 10 consecutive days through February 23, 2024. Notwithstanding the waiver, Lind retains its right to exercise conversion rights under 2.2(a), 2.2(c)(2)(x) and 3.1 of the Note, which could result in a substantial amount of common stock issued at a significant discount to the trading price of the Company's common stock. In addition, if the Company is unable to increase its market capitalization and is unable to obtain a further waiver or amendment to the Note, then the Company could experience an event of default under the Note, which could have a material adverse effect on the Company's liquidity, financial condition, and results of operations. The Company cannot make any assurances regarding the likelihood, certainty, or exact timing of the Company's ability to increase its market capitalization, as such metric is not within the immediate control of the Company and depends on a variety of factors outside the Company's control.

The foregoing description of the Transaction Documents is qualified by reference to the full text of the forms of the Transaction Documents, which are filed as Exhibits hereto and incorporated herein by reference.

On August 1, 2023, Lind converted $500,000 convertible notes into 142,857 shares of Common Stock, at a conversion price of $3.50 per share.

On July 27, 2023, the Company entered into that certain securities purchase agreement. relating to the offer and sale of 300,000 shares of common stock, par value $0.001 per share and 200,000 pre-funded warrants, at an exercise price of $0.001 per share, in a registered direct offering. Pursuant to the Purchase Agreement, the Company agreed to sell the Shares and/or Pre-funded Warrants at a per share purchase price of $3.50, for gross proceeds of $1,750,000, before deducting any estimated offering expenses. On August 1, 2023, the pre-funded warrants were exercised.

The transaction contemplated by the SPA was closed on July 31, 2023, as all the closing conditions have been satisfied.

The Company paid to the placement agents an aggregate cash fee equal to 6% of the aggregate sales price of the securities sold and warrants to purchase up to 30,000 shares of Common Stock, on the same terms as the Pre-Funded Warrants.

The above-mentioned equity is before the reverse stock split in 2023.

2022 Financing

Financing in May 2022

On May 11, 2022, the Company and an institutional investor entered into certain securities purchase agreement relating (the "May SPA") with certain investors (the "Purchasers"). Pursuant to the offer and sale of May SPA, the Company agreed to issue 2,000,000 shares of common stock, par value $0.001 its Common Stock, at a price of $2.11 per share in a registered direct offering. Pursuant to the Offering, the Company also issued and 5-year warrants to purchase up to 2,000,000 shares of Common Stock, exercisable at a price of $2.45 per share (the "May Warrants") to the Purchasers. The sale and gross proceeds before deducting any estimated offering of expenses are $4,220,000. The transaction contemplated by the shares and the warrants pursuant to such securities purchase agreement May SPA was implemented as a takedown off the Company's shelf registration statement closed on Form S-3, as amended (File No. 333-260588), which became effective on November 29, 2021 May 16, 2022. WallachBeth Capital LLC and ViewTrade Securities, Inc. acted as co-placement agents for the aforementioned offering of the shares and warrants.

The Company paid to the co-placement agents an aggregate cash fee equal to 8% of the aggregate sales price of the securities sold and issued them warrants to purchase up to 160,000 shares of Common Stock, on the same terms as the warrants issued to the institutional investor.

May Warrants. The above-mentioned equity is before the reverse stock split in 2023.

**Strategy**

Strategy

Key elements of our business strategy include:

- Advancing to the pivotal trial phase of ABV-1701 Vitargus® for the treatments of Retinal Detachment or Vitreous Hemorrhage, which we expect to generate revenues in the future.
- Focusing on licensing ABV-1504 for the treatment of major depressive disorder, MDD. MDD, after the successful completion of its Phase II clinical trials.
- Completing Phase II, Part 2 clinical trial for ABV-1505 for the treatment of attention deficit hyperactivity disorder, ADHD.
- Out licensing drug candidates and medical device candidates to major pharmaceutical companies for phase III and pivotal clinical trials, as applicable, and further marketing if approved by the FDA.

We plan to augment our core research and development capability and assets by conducting Phase I and II clinical trials for investigational new drugs and medical devices in the fields of CNS, Hematology/Oncology and Ophthalmology.

Our management team has extensive experiences across a wide range of new drug and medical device development, and we have in-licensed new drug and medical device candidates from large research institutes and universities in both the U.S. and Taiwan. Through an assertive product development approach, we expect that we will build a substantial portfolio of Oncology/ Hematology, CNS and Ophthalmology products. We primarily focus on Phase I and II research of new drug candidates and out license the post-Phase-II products to pharmaceutical companies; we do not expect to devote substantial efforts and resources to building the disease-specific distribution channels.

**Business Objectives**

The Company is operating its core business based on collaborative activities that can generate current and future revenues through research, development and/or commercialization joint venture agreements. The terms of these agreements typically include payment to the Company related to one or more of the following:

- nonrefundable upfront license fees,
- development and commercial milestones,
- partial or complete reimbursement of research and development costs and
- royalties on net sales of licensed products.

Each type of payments results in revenue except for revenue from royalties on net sales of licensed products, which are classified as royalty revenues. To date, we have not received any royalty revenues. Revenue is recognized upon satisfaction of a performance obligation by transferring control of a good or service to the joint venture partner.
As part of the accounting for these arrangements, the Company applies judgment to determine whether the performance obligations are distinct and develop assumptions in determining the stand-alone selling price for each distinct performance obligation identified in the collaboration agreements. To determine the stand-alone selling price, the Company relies on assumptions which may include forecasted revenues, development timelines, reimbursement rates for R&D personnel costs, discount rates and probabilities of technical and regulatory success.

The Company had multiple deliverables under the collaborative agreements, including deliverables relating to grants of technology licenses, regulatory and clinical development, and marketing activities. Estimation of the performance periods of the Company's deliverables requires the use of management's judgment. Significant factors considered in management's evaluation of the estimated performance periods include, but are not limited to, the Company's experience in conducting clinical development, regulatory and manufacturing activities. The Company reviews the estimated duration of its performance periods under its collaborative agreements on an annual basis, and makes any appropriate adjustments on a prospective basis. Future changes in estimates of the performance period under its collaborative agreements could impact the timing of future revenue recognition.

(i) Nonrefundable upfront payments

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in an arrangement, the Company recognizes revenue from the related nonrefundable upfront payments based on the relative standalone selling price prescribed to the license compared to the total selling price of the arrangement. The revenue is recognized when the license is transferred to the collaboration partners and the collaboration partners are able to use and benefit from the license. To date, the receipt of nonrefundable upfront fees was solely for the compensation of past research efforts and contributions made by the Company before the collaborative agreements were entered into and does not relate to any future obligations and commitments made between the Company and the collaboration partners in the collaborative agreements.

(ii) Milestone payments

The Company is eligible to receive milestone payments under the collaborative agreement with collaboration partners based on achievement of specified development, regulatory and commercial events. Management evaluated the nature of the events triggering these contingent payments, and concluded that these events fall into two categories: (a) events which involve the performance of the Company's obligations under the collaborative agreement with collaboration partners, and (b) events which do not involve the performance of the Company's obligations under the collaborative agreement with collaboration partners.

The former category of milestone payments consists of those triggered by development and regulatory activities in the territories specified in the collaborative agreements. Management concluded that each of these payments constitute substantive milestone payments. This conclusion was based primarily on the facts that (i) each triggering event represents a specific outcome that can be achieved only through successful performance by the Company of one or more of its deliverables, (ii) achievement of each triggering event was subject to inherent risk and uncertainty and would result in additional payments becoming due to the Company, (iii) each of the milestone payments is nonrefundable, (iv) substantial effort is required to complete each milestone, (v) the amount of each milestone payment is reasonable in relation to the value created in achieving the milestone, (vi) a substantial amount of time is expected to pass between the upfront payment and the potential milestone payments, and (vii) the milestone payments relate solely to past performance. Based on the foregoing, the Company recognizes any revenue from these milestone payments in the period in which the underlying triggering event occurs.

(iii) Multiple Element Arrangements

The Company evaluates multiple element arrangements to determine (1) the deliverables included in the arrangement and (2) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. This evaluation involves subjective determinations and requires management to make judgments about the individual deliverables and whether such deliverables are separate from other aspects of the contractual relationship. Deliverables are considered separate units of accounting provided that: (i) the delivered item(s) has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially within its control. In assessing whether an item under a collaboration has standalone value, the Company considers factors such as the research, manufacturing, and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. The Company also considers whether its collaboration partners can use the other deliverable(s) for their intended purpose without the receipt of the remaining element(s), whether the value of the deliverable is dependent on the undelivered item(s), and whether there are other vendors that can provide the undelivered element(s).

The Company recognizes arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 606 are satisfied for that particular unit of accounting. In the event that a deliverable does not represent a separate unit of accounting, the Company recognizes revenue from the combined unit of accounting over the Company's contractual or estimated performance period for the undelivered elements, which is typically the term of the Company's research and development obligations. If there is no discernible pattern of performance or objectively measurable performance measures do not exist, then the Company recognizes revenue under the arrangement on a straight-line basis over the period the Company is expected to complete its performance obligations. Conversely, if the pattern of performance in which the service is provided to the customer can be determined and objectively measurable performance measures exist, then the Company recognizes revenue under the arrangement using the proportional performance method. Revenue recognized is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the straight-line method or proportional performance method, as applicable, as of the period ending date.

At the inception of an arrangement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (1) the consideration is commensurate with either the Company's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from its performance to achieve the milestone, (2) the consideration relates solely to past performance and (3) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone and the level of effort and investment required to achieve the particular milestone in making this assessment. There is considerable judgment involved in determining whether a milestone satisfies all of the criteria required to conclude that a milestone is substantive. Milestones that are not considered substantive are recognized as earned if there are no remaining performance obligations or over the remaining period of performance, assuming all other revenue recognition criteria are met.

(iv) Royalties and Profit-Sharing Payments

Under the collaborative agreement with the collaboration partners, the Company is entitled to receive royalties on sales of products, which is at certain percentage of the net sales. The Company recognizes revenue from these events based on the revenue recognition criteria set forth in ASC 606. Based on those criteria, the Company considers these payments to be contingent revenues, and recognizes them as revenue in the period in which the applicable contingency is resolved.

Revenues Derived from Research and Development Activities Services — - Revenues related to research and development and regulatory activities are recognized when the related services or activities are performed, in accordance with the contract terms. The Company typically has only one performance obligation at the inception of a contract, which is to perform research and development services. The Company may also provide its customers with an option to request that the Company provides additional goods or services in the future, such as active pharmaceutical ingredient, API, or IND/NDA/ANDA/510K submissions. The Company evaluates whether these options are material rights at the inception of the contract. If the Company determines an option is a material right, the Company will consider the option a separate performance obligation.

If the Company is entitled to reimbursement from its customers for specified research and development expenses, the Company accounts for the related services that it provides as separate performance obligations if it determines that these services represent a material right. The Company also determines whether the reimbursement of research and development expenses should be accounted for as revenues or an offset to research and development expenses in accordance with provisions of gross or net revenue presentation. The Company recognizes the corresponding revenues or records the corresponding offset to research and development expenses as it satisfies the related performance obligations.

The Company then determines the transaction price by reviewing the amount of consideration the Company is eligible to earn under the contracts, including any variable consideration. Under the outstanding contracts, consideration typically includes fixed consideration and variable consideration in the form of potential milestone payments. At the start of an agreement, the Company's transaction price usually consists of the payments made to or by the Company based on the number of full-time equivalent researchers assigned to the project and the related research and development expenses incurred. The Company does not typically include any payments that the Company may receive in the future in its initial transaction price because the payments are not probable. The Company would reassess the total transaction price at each reporting period to determine if the Company should include additional payments in the transaction price.

The Company receives payments from its customers based on billing schedules established in each contract. Upfront payments and fees may be recorded as contract liabilities upon receipt or when due, and may require deferral of revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the right of the Company to consideration is unconditional. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customers and the transfer of the promised goods or services to the customers will be one year or less.

Examples of collaborative agreements the Company has entered into are as follows:

**Collaborative agreements with BHK, a related party**

(i) In February and December of 2015, BioLite, Inc. entered into a total of three joint venture agreements with BioHopeKing to jointly develop ABV-1501 for Triple Negative Breast Cancer (TNBC), ABV-1504 for MDD and ABV-1505 for ADHD. The agreements granted marketing rights to BioHopeKing for certain Asian countries in return for a series of milestone payments totaling $10 million in cash and equity of BioHopeKing or equity securities owned by BioHopeKing.

The milestone payments are determined by a schedule of BioLite development achievements as shown below:

| Milestone | Payment |
|---|---|
| Execution of BHK Co-Development Agreement | $ 1,000,000 |
| Investigational New Drug (IND) Submission | $ 1,000,000 |
| Phase II Clinical Trial Complete | $ 1,000,000 |
| Initiation of Phase III Clinical Trial | $ 3,000,000 |
| New Drug Application (NDA) Submission | $ 4,000,000 |
| Total | $ 10,000,000 |

(ii) In December of 2015, BHK paid the initial cash payment of $1 million upon the execution of the BHK Agreement. The Company concluded that certain deliverables are considered separate units of accounting as the delivered items have value to the customer on a standalone basis and recognized this cash payment as collaboration revenue when all research, technical, and development data was delivered to BHK in 2015. The payment included compensation for past research efforts and contributions made by BioLite Taiwan before the BHK agreement was signed and does not relate to any future commitments made by BioLite Taiwan and BHK in the BHK Agreement.

(iii) In August 2016, the Company received the second milestone payment of $1 million, and recognized collaboration revenue for the year ended December 31, 2016. The Company completed the phase II clinical trial for ABV-1504 MDD on October 31, 2019, but has not yet completed the phase II clinical trial for ABV-1505 ADHD.

(iv) In addition to the milestone payments, BioLite Inc. is entitled to receive a royalty equal to 12% of BHK's net sales related to ABV-1501, ABV-1504 and ABV-1505 Products. As of September 30, 2023 March 31, 2024, the Company has not earned royalties under the BHK Co-Development Agreement.

(v) The BHK Co-Development Agreement will remain in effect for fifteen years from the date of first commercial sale of the Product in in Asia excluding Japan.

**Collaborative agreement with BioLite, Inc., a related party**

The Company entered into a collaborative agreement with BioLite, Inc. on December 29, 2015, and then entered into two addendums to such agreement, as amended and revised, (the "BioLite Agreement"). The majority shareholder of BioLite is one of the Company's subsidiaries, Mr. Jiang, the Company's Chairman is a director of BioLite and Dr. Jiang, the Company's Chief Strategy Officer and a director, is the Chairman of BioLite.

Pursuant to the BioLite Agreement, the Company acquired the sole licensing rights to develop and commercialize for therapeutic purposes six compounds from BioLite. In accordance with the terms of the Agreement, the Company shall pay BioLite (i) milestone payments of up to $100 million in cash and equity of the Company or equity securities owned by it at various stages on a schedule dictated by BioLite's achievements of certain milestones, as set forth in the Agreement (the "Milestone Payments") and (ii) a royalty payment equal to 5% of net sales of the drug products when ABV-1501 is approved for sale in the licensed territories. If BioLite fails to reach any of the milestones in a timely manner, it may not receive the rest of the payments from the Company.

According to the BioLite Agreement, after Phase II clinical trials are completed, 15% of the Milestone Payment becomes due and shall be paid in two stages: (i) 5% no later than December 31, 2021 (the "December 2021 Payment") and (ii) 10% no later than December 31, 2022.

On February 12, 2022, the Company's Board of Directors determined that the December 2021 Payment, which is equal to $5,000,000, shall be paid via the cancellation of certain outstanding debt, in the amount of $5,000,000, that BioLite owes the Company as of December 31, 2021.

On February 22, 2022, the parties entered into an amendment to the BioLite Agreement allowing the Company to make all payments due under the Agreement via the forgiveness of debt, in equal value, owed by BioLite to the Company.

On September 13, 2023, the BioLite received a new patent granted notice (application no. 109130285) for PDC-1421 from the Intellectual Property Office of Taiwan.

This was a related party transaction.

**Co-Development agreement with Rgene Corporation, a related party**

On May 26, 2017, BriVision entered into a co-development agreement (the "Co-Dev Agreement") with Rgene Corporation (the "Rgene"), a related party under common control by controlling beneficiary shareholder of YuanGene Corporation and the Company (See Note 8). Pursuant to Co-Dev Agreement, BriVision and Rgene agreed to co-develop and commercialize ABV-1507 HER2/neu Positive Breast Cancer Combination Therapy, ABV-1511 Pancreatic Cancer Combination Therapy and ABV-1527 Ovary Cancer Combination Therapy. Under the terms of the Co-Dev Agreement, Rgene is required to pay the Company $3,000,000 in cash or stock of Rgene with equivalent value by August 15, 2017. The payment is for the compensation of BriVision's past research efforts and contributions made by BriVision before the Co-Dev Agreement was signed and it does not relate to any future commitments made by BriVision and Rgene in this Co-Dev Agreement. In addition to $3,000,000, the Company is entitled to receive 50% of the future net licensing income or net sales profit earned by Rgene, if any, and any development costs shall be equally shared by both BriVision and Rgene.

On June 1, 2017, the Company has delivered all research, technical, data and development data to Rgene. Since both Rgene and the Company are related parties and under common control by a controlling beneficiary shareholder of YuanGene Corporation and the Company, the Company has recorded the full amount of $3,000,000 in connection with the Co-Dev Agreement as additional paid-in capital during the year ended December 31, 2017. During the year ended December 31, 2017, the Company has received $450,000 in cash. On December 24, 2018, the Company received the remaining balance of $2,550,000 in the form of newly issued shares of Rgene's Common Stock, at the price of NT$50 (approximately equivalent to $1.64 per share), for an aggregate number of 1,530,000 shares, which accounted for equity method long-term investment as of December 31, 2018. During the year ended December 31, 2018, the Company has recognized investment loss of $549. On December 31, 2018, the Company determined to fully write off this investment based on the Company's assessment of the severity and duration of the impairment, and qualitative and quantitative analysis of the operating performance of the investee, adverse changes in market conditions and the regulatory or economic environment, changes in operating structure of Rgene, additional funding requirements, and Rgene's ability to remain in business. All projects that have been initiated will be managed and supported by the Company and Rgene.

The Company and Rgene signed an amendment to the Rgene Agreement on November 10, 2020, pursuant to which both parties agreed to delete AB-1507 HER2/neu Positive Breast Cancer Combination Therapy and AB-1527 Ovary Cancer Combination Therapy and add ABV-1519 EGFR Positive Non-Small Cell Lung Cancer Combination Therapy and ABV-1526 Large Intestine / Colon / Rectal Cancer Combination Therapy to the products to be co-developed and commercialized. Other provisions of the Rgene Agreement remain in full force and effect.

**Clinical Development Service Agreement with Rgene Corporation, a related party**

On June 10, 2022, the Company expanded its co-development partnership with Rgene. The Company's subsidiary, BioKey, entered into a Clinical Development Service Agreement with Rgene ("Service Agreement") to guide certain Rgene drug products, RGC-1501 for the treatment of Non-Small Cell Lung Cancer (NSCLC), RGC-1502 for the treatment of pancreatic cancer and RGC 1503 for the treatment of colorectal cancer patients, through completion of Phase II clinical studies under U.S. FDA IND regulatory requirements (the "Rgene Studies"). Under the terms of the Service Agreement, BioKey is eligible to receive payments totaling up to $3.0 million over a 3-year period with each payment amount to be determined by certain regulatory milestones obtained during the agreement period. The Service Agreement shall remain in effect until the expiration date of the last patent and automatically renew for 5 more years unless terminated earlier by either party with six months written notice. Either party may terminate the Service Agreement for cause by providing 30 days written notice.

Through a series of transactions over the past 5 years, the Company and Rgene have co-developed the three drug products covered by the Service Agreement, which has resulted in the Company owning 31.62% of Rgene.

As part of the Rgene Studies, the Company agreed to loan $1.0 million to Rgene, for which Rgene has provided the Company with a 5% working capital convertible loan (the "Note"). If the Note is fully converted, the Company will own an additional 6.4% of Rgene. The Company is expected to receive the outstanding loan from the related party by the 2023 Q4, either by cash or conversion of shares of Rgene. The Company may convert the Note at any time into shares of Rgene's common stock at either (i) a fixed conversion price equal to $1.00 per share or (ii) 20% discount of the stock price of the then most recent offering, whichever is lower; the conversion price is subject to adjustment as set forth in the Note. The Note includes standard events of default, as well as a cross default provision pursuant to which a breach of the Service Agreement will trigger an event of default under the Note if not cured after 5 business days of written notice regarding the breach is provided. Upon an event of default, the outstanding principal and any accrued and unpaid interest shall be immediately due and payable.

The Service Agreement shall remain in effect until the expiration date of the last patent and automatically renew for 5 more years unless terminated earlier by either party with six months written notice. Either party may terminate the Service Agreement for cause by providing 30 days written notice.

Rgene has further agreed, effective July 1, 2022, to provide the Company with a seat on Rgene's Board of Directors until the loan is repaid in full. The Company has nominated Dr. Jiang, its Chief Strategy Officer and Director to occupy that seat; Dr. Jiang is also one of the Company's largest shareholders, owning 12.8% of the Company.

The Rgene Studies is a related party transaction.

**Collaborative agreement with BioFirst Corporation, a related party**

On July 24, 2017, BriVision entered into a collaborative agreement (the "BioFirst Collaborative Agreement") with BioFirst Corporation ("BioFirst"), pursuant to which BioFirst granted the Company the global licensing right for medical use of the product (the "Product"): BFC-1401 Vitreous Substitute for Vitrectomy. BioFirst is a related party to the Company because a controlling beneficiary shareholder of YuanGene Corporation and the Company is one of the directors and Common Stock shareholders of BioFirst (See Note 8).

Pursuant to the BioFirst Collaborative Agreement, the Company will co-develop and commercialize the Product with BioFirst and pay BioFirst in a total amount of $3,000,000 in cash or stock of the Company before September 30, 2018. The amount of $3,000,000 is in connection with the compensation for BioFirst's past research efforts and contributions made by BioFirst before the BioFirst Collaborative Agreement was signed and it does not relate to any future commitments made by BioFirst and BriVision in this BioFirst Collaborative Agreement. In addition, the Company is entitled to receive 50% of the future net licensing income or net sales profit, if any, and any development cost shall be equally shared by both BriVision and BioFirst.

On September 25, 2017, BioFirst has delivered all research, technical, data and development data to BriVision. The Company determined to fully expense the entire amount of $3,000,000 since currently the related licensing rights do not have alternative future uses. According to ASC 730-10-25-1, absent alternative future uses the acquisition of product rights to be used in research and development activities must be charged to research and development expenses immediately. Hence, the entire amount of $3,000,000 is fully expensed as research and development expense during the year ended December 31, 2017.

On June 30, 2019, BriVision entered into a Stock Purchase Agreement (the "Purchase Agreement") with BioFirst Corporation. Pursuant to the Purchase Agreement, the Company issued 428,571 shares of the Company's common stock to BioFirst in consideration for $3,000,000 owed by the Company to BioFirst (the "Total Payment") in connection with a certain collaborative agreement between the Company and BioFirst dated July 24, 2017 (the "Collaborative Agreement"). Pursuant to the Collaborative Agreement, BioFirst granted the Company the global licensing right to co-develop BFC-1401 or ABV-1701 Vitreous Substitute for Vitrectomy for medical purposes in consideration for the Total Payment.

On August 5, 2019, BriVision entered into a second Stock Purchase Agreement ("Purchase Agreement 2") with BioFirst Corporation. Pursuant to Purchase Agreement 2, the Company issued 414,702 shares of the Company's common stock to BioFirst in consideration for $2,902,911 owed by the Company to BioFirst in connection with a loan provided to BriVision from BioFirst.

On November 4, 2020, the Company executed an amendment to the BioFirst Agreement with BioFirst, to add ABV-2001 Intraocular Irrigation Solution and ABV-2002 Corneal Storage Solution to the agreement. ABV-2002 is utilized during a corneal transplant procedure to replace a damaged or diseased cornea, while ABV-2001 has broader utilization during a variety of ocular procedures.

Initially, the Company will focus on ABV-2002, a solution utilized to store a donor cornea prior to either penetrating keratoplasty (full thickness cornea transplant) or endothelial keratoplasty (back layer cornea transplant). ABV-2002 is a solution comprised of a specific poly amino acid that is intended to protect ocular tissue from damage caused by external osmolarity exposure during pre-surgery storage. The specific polymer in ABV-2002 can adjust osmolarity to maintain a range of 330 to 390 mOsM, thereby permitting hydration within the corneal stroma during the storage period. Stromal hydration typically results in (a) maintaining acceptable corneal transparency and (b) prevents donor cornea swelling. ABV-2002 also contains an abundant phenolic phytochemical found in plant cell walls that provides antioxidant antibacterial properties and neuroprotection.

Early testing by BioFirst indicates that ABV-2002 may be more effective for protecting the cornea and retina during long-term storage than other storage media available today and can be manufactured at lower cost. Further clinical development was put on hold due to the lack of funding.

In addition, BioFirst was incorporated on November 7, 2006, focusing on the R&D, manufacturing, and sales of innovative patented pharmaceutical products. The technology of BioFirst comes from the global exclusive licensing agreements BioFirst maintains with domestic R & D institutions. Currently, BioFirst's main research and development product is the vitreous substitute (Vitargus®), licensed by the National Health Research Institutes. Vitargus is the world's first bio-degradable vitreous substitute and offers a number of advantages over current vitreous substitutes by minimizing medical complications and reducing the need for additional surgeries.

Vitargus has started the construction of a GMP factory in Hsinchu Biomedical Science Park, Taiwan, with the aim at building a production base to supply the global market, and promote the construction of bio-degradable vitreous substitute manufacturing centers in Taiwan. Completion of this factory would allow ABVC to manufacture Vitargus with world-class technology in a GMP certified pharmaceutical factory. BioFirst is targeting to complete the construction in 2024.

The above-mentioned equity is before the reverse stock split in 2023.

**Co-Development agreement with BioLite Japan K.K.**

On October 6, 2021 (the "**Completion Date**"), the Company, Lucidaim Co., Ltd., a Japanese corporation ("**Lucidaim**," together with the Company, the "**Shareholders**"), and BioLite Japan K.K., a Japanese corporation ("**BioLite JP"**) entered into a Joint Venture Agreement (the "**Agreement**"). BioLite JP is a private limited company (a Japanese *Kabushiki Kaisha*) incorporated on December 18, 2018 and at the date of the Agreement has 10,000 ordinary shares authorized, with 3,049 ordinary shares issued and outstanding (the "**Ordinary Shares**"). Immediately prior to the execution of the Agreement, Lucidaim owned 1,501 ordinary shares and the Company owned the 1,548 ordinary shares. The Shareholders entered into the joint venture to formally reduce to writing their desire to invest in and operate BioLite JP as a joint venture. The business of the joint venture shall be the research and development of drugs, medical device and digital media, investment, fund running and consulting, distribution and marketing of supplements carried on by BioLite JP and its subsidiaries in Japan, or any other territory or businesses as may from time to time be agreed by an amendment to the Agreement. The closing of the transaction is conditioned upon the approval and receipt of all necessary government approvals, which have been received.

Pursuant to the Agreement and the related share transfer agreement, the Company shall transfer 54 of its Ordinary Shares to Lucidaim for no consideration, such that following the transfer, Lucidaim shall own 1,555 Ordinary Shares (51%) and the Company shall own 1,494 Ordinary Shares (49%). Also pursuant to the Agreement, there shall be 3 directors of BioLite JP, consisting of 1 director appointed by the Company and 2 appointed by Lucidiam. The Company shall appoint Eugene Jiang, the Company's current Chairman and Chief Business Officer and Lucidaim shall appoint Michihito Onishi; the current director of BioLite JP, Toru Seo (who is also a director of BioLite Japan's other shareholder), is considered the second Lucidaim director. The Agreement further provides that the Company and BioLite JP shall assign the research collaboration and license agreement between them to BioLite JP or prepare the same (the "**License Agreement**"). The aforementioned transactions occurred on the Completion Date.

As per the Agreement, the Shareholders shall supervise and manage the business and operations of BioLite JP. The directors shall not be entitled to any renumeration for their services as a director and each Shareholder can remove and replace the director he/she/it appointed. If a Shareholder sells or disposes of all of its Ordinary Shares, the director such Shareholder appointed must tender his/her resignation. The Agreement also sets forth certain corporate actions that must be pre-approved by all Shareholders (the "**Reserved Matters**"). If the Shareholders are unable to make a decision on any Reserved Matter, then either Shareholder can submit a deadlock notice to the other shareholder, 5 days after which they must refer the matter to each Shareholder's chairman and use good faith to resolve the dispute. If such dispute is not resolved within 10 days thereafter, then either Shareholder can offer to buy all of the other Shareholder's Ordinary Shares for cash at a specified price; if there is not affirmative acceptance of the sale, the sale shall proceed as set forth in the sale offer.

Each of the Shareholders maintains a pre-emptive right to purchase such number of additional Ordinary Shares as would allow such Shareholder to maintain its ownership percentage in BioLite JP if BioLite JP issues any new Ordinary Shares. However, the Agreement provides that the Company shall lose its pre-emptive rights under certain conditions. The Shareholders also maintain a right of first refusal if the other Shareholder receives an offer to buy such shareholder's Ordinary Shares.

The Agreement also requires BioLite JP to obtain a bank facility in the amount of JPY 30,460,000 (approximately USD272,000), for its initial working capital purposes. Pursuant to the Agreement, each Shareholder agrees to guarantee such bank facility if the bank requires a guarantee. Accordingly, the Company may be liable for the bank facility in an amount up to JPY 14,925,400 (approximately USD134,000), which represents 49% of the maximum bank facility. The Agreement further provides that BioLite JP shall issue annual dividends at the rate of at least 1.5% of Biolite's profits, if it has sufficient cash to do so.

Pursuant to the Agreement, the Company and BioLite JP agree to use their best efforts to execute the License Agreement by the end of December 2021. The Company agreed that any negotiation on behalf of BioLite JP regarding the terms of the License Agreement shall be handled by the directors appointed by Lucidaim. If the Company and such Lucidaim directors do not reach agreement on the terms, Biolite may at its sole discretion determine not to execute the License Agreement without any liability to the Company.

The Agreement contains non-solicitation and non-compete clauses for a period of 2 years after a Shareholder or its subsidiaries ceases to be a Shareholder, with such restrictive covenants limited to business within the ophthalmologic filed or central neurological field. Any rights to intellectual property that arise from Biolite's activities, shall belong to BioLite JP.
The Agreement contains standard indemnification terms, except that no indemnifying party shall have any liability for an individual liability unless it exceeds JPY 500,000 (approximately USD4,500) and until the aggregate amount of all liabilities exceeds JPY 2,000,000 (approximately USD18,000) and then only to the extent such liability exceed such limit.
The Company paid $150,000 towards the setup of the joint venture; BioLite Japan's other shareholder also paid $150,000 after the Letter of Intent was signed.
The Agreement shall continue for 10 years, unless earlier terminated. The Agreement also allows a Shareholder to terminate the agreement upon certain defaults committed by another Shareholder, as set forth in the Agreement.
This was a related party transaction.
In November 2021, the Company received $4,244,452 in gross proceeds from the exercise of warrants issued in the Company's August 3, 2021, public offering of securities. Investors exercised a total of 673,405 Series A warrants at a price of $6.30 per share, and 200 Series B warrants at a price of $10 per share.

**BioKey Revenues**

In addition to collaborative agreements, ABVC earns revenue through its wholly-owned BioKey subsidiary which provides a wide range of Contract Development & Manufacturing Organization ("CDMO") services including API characterization, pre-formulation studies, formulation development, analytical method development, stability studies, IND/NDA/ANDA/510K submissions, and manufacturing clinical trial materials (from Phase I through Phase III) and commercial manufacturing of pharmaceutical products.
In addition, BioKey provides a variety of regulatory services tailored to the needs of its customers, which include proofreading and regulatory review of submission documents related to formulation development, clinical trials, marketed products, generics, nutraceuticals and OTC products and training presentations. In addition to supporting ABVC's new drug development, BioKey submits INDs, NDAs, ANDAs, and DMFs to the FDA, on ABVC's behalf in compliance with new electronic submission guidelines of the FDA.

**Impact of COVID-19 Outbreak**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, if the outbreak continues on its current trajectory the duration of the supply chain disruption could reduce the availability, or result in delays, of materials or supplies to and from the Company, which in turn could materially interrupt the Company's business operations. Given the speed and frequency of the continuously evolving developments with respect to this pandemic, the Company cannot reasonably estimate the magnitude of the impact to its consolidated results of operations. We have taken every precaution possible to ensure the safety of our employees.

The COVID-19 pandemic, including variants, has adversely affected, and is expected to continue to adversely affect, elements of our CDMO business sector. The COVID-19 pandemic government imposed restrictions constrained researcher access to labs globally. These constraints limited scientific discovery capacity and we observed that demand in those labs fell well below historic levels. As constraints on social distancing were gradually lifted around the world recently, labs have been able to increase research activity. While we believe that underlying demand is still not yet at pre-COVID-19 levels since lab operations remain below their normal capacity, we are hopeful that the vaccination programs that are underway combined with policy changes planned for the summer will further increase research activity and support a return to pre-COVID-19 demand levels worldwide.

The global pandemic of COVID-19 continues to evolve rapidly, and we will continue to monitor the situation closely, including its potential effect on our plans and timelines.
Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on inventory; impairment losses related to goodwill and other long-lived assets and current obligations.

**Summary of Critical Accounting Policies**

Basis of Presentation

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (the "U.S. GAAP"). All significant intercompany transactions and account balances have been eliminated.

This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Company's financial statements are expressed in U.S. dollars.

Reclassifications of Prior Year Presentation

Certain prior year unaudited consolidated interim balance sheet and unaudited consolidated cash flow statement amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the amount of revenues and expenses during the reporting periods. Actual results could differ materially from those results.

Stock Reverse Split

On March 12, 2019, the Board of Directors of the Company by unanimous written consent in lieu of a meeting approved to i) effect a stock reverse split at the ratio of 1-for-18 (the "Reverse Split") of both the authorized common stock of the Company (the "Common Stock") and the issued and outstanding Common Stock and ii) to amend the articles of incorporation of the Company to reflect the Reverse Split. The Board approved and authorized the Reverse Split without obtaining approval of the Company's shareholders pursuant to Section 78.207 of Nevada Revised Statutes. On May 3, 2019, the Company filed a certificate of amendment to the Company's articles of incorporation (the "Amendment") to effect the Reverse Split with the Secretary of State of Nevada. The Financial Industry Regulatory Authority ("FINRA") informed the Company that the Reverse Split was effective on May 8, 2019.

On July 25, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation authorizing a 1-for-10 reverse stock split of the issued and outstanding shares of its common stock. The Company's stockholders previously approved the Reverse Stock Split at the Company's Special Shareholder Meeting held on July 7, 2023. The Reverse Stock Split was effected to reduce the number of issued and outstanding shares and to increase the per share trading value of the Company's common stock, although that outcome is not guaranteed. In turn, the Company believes that the Reverse Stock Split will enable the Company to restore compliance with certain continued listing standards of NASDAQ Capital Market. All shares and related financial information in this report reflect this 1-for-10 reverse stock split. On July 14, 2023, the Company filed a certificate of amendment to the Company's articles of incorporation (the "Amendment") to implement the 2023 Split with the Secretary of State of the State of Nevada. The 2023 Split took effect on July 25, 2023.

Fair Value Measurements

FASB ASC 820, “Fair Value Measurements” defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It requires that an entity measure its financial instruments to base fair value on exit price, maximize the use of observable units and minimize the use of unobservable inputs to determine the exit price. It establishes a hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy increases the consistency and comparability of fair value measurements and related disclosures by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liabilities based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy prioritizes the inputs into three broad levels based on the reliability of the inputs as follows:

- Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily and regularly available.
- Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Valuations based on inputs that are unobservable and not corroborated by market data. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

The carrying values of certain assets and liabilities of the Company, such as cash and cash equivalents, restricted cash, accounts receivable, due from related parties, inventory, prepaid expenses and other current assets, accounts payable, accrued liabilities, and due to related parties approximate fair value due to their relatively short maturities. The carrying value of the Company’s short-term bank loan, convertible notes payable, and accrued interest approximates their fair value as the terms of the borrowing are consistent with current market rates and the duration to maturity is short. The carrying value of the Company’s long-term bank loan approximates fair value because the interest rates approximate market rates that the Company could obtain for debt with similar terms and maturities.

Cash and Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company’s cash and cash equivalents amounted to $500,069 $30,489 and $85,265, $60,155, respectively. Some of the Company’s cash deposits are held in financial institutions located in Taiwan where there is currently regulation mandated on obligatory insurance of bank accounts. The Company believes this financial institution is of high credit quality.

Restricted Cash

Restricted cash primarily consist of certificate of deposits as a collateral of short-term loan held in CTBC Bank. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's restricted cash amounted to $620,868 $628,513 and $1,306,463, $656,625, respectively.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments in high quality credit institutions, but these investments may be in excess of Taiwan Central Deposit Insurance Corporation and the U.S. Federal Deposit Insurance Corporation's insurance limits. The Company does not enter into financial instruments for hedging, trading or speculative purposes.

We perform ongoing credit evaluation of our customers and requires no collateral. An allowance for doubtful accounts is provided based on a review of the collectability of accounts receivable. We determine the amount of allowance for doubtful accounts by examining its historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies. Actual credit losses may differ from our estimates.

Concentration of clients

As of September 30, 2023 March 31, 2024, the most major client, who specializes in developing and commercializing of dietary supplements and therapeutics in the dietary supplement industry, accounted for 99.76% 87.24% of the Company's total account receivables. receivable.

As of December 31, 2022 December 31, 2023, the most major client, who specializes in developing and commercializing of dietary supplements and therapeutics in the dietary supplement industry, accounted for 71.89% 87.24% of the Company's total account receivable; receivable.

For the second three months ended March 31, 2024, one major client, with its Chairman also having manufactures a position as one wide range of the Board of Directors of BioKey, pharmaceutical products, accounted for 16.62% 100% of the Company's total account receivable

revenues. For the nine three months ended September 30, 2023 March 31, 2023, the most one major client, manufacturing drugs, dietary supplements, and medical products, accounted for 81.19% 84.78% of the Company's total revenues. For the nine months ended September 30, 2022, one major client, who is a Shareholder of the Company that works in development and commercialization of new drugs in Taiwan, accounted for 79.18% of the Company's total revenues.

Accounts receivable and allowance for expected credit losses accounts

Accounts receivable is recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts.

The Company make estimates of expected credit and collectability trends for the allowance for credit losses and allowance for unbilled receivables based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of customers, current economic conditions reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. The provision is recorded against accounts receivable balances, with a corresponding charge recorded in the consolidated statements of income. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable.

Allowance for expected credit losses accounts was 113,694 $616,448 and 194,957 $616,505 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Revenue Recognition

Revenue Recognition

During the fiscal year 2018, the Company adopted Accounting Standards Codification (“ASC”), Topic 606 (ASC 606), Revenue from Contracts with Customers, using the modified retrospective method to all contracts that were not completed as of January 1, 2018, and applying the new revenue standard as an adjustment to the opening balance of accumulated deficit at the beginning of 2018 for the cumulative effect. The results for the Company’s reporting periods beginning on and after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. Based on the Company’s review of existing collaborative agreements as of January 1, 2018, the Company concluded that the adoption of the new guidance did not have a significant change on the Company’s revenue during all periods presented.

Pursuant to ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines is within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration the Company is entitled to in exchange for the goods or services the Company transfers to the customers. At inception of the contract, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract, determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The following are examples of when the Company recognizes revenue based on the types of payments the Company receives.

**Collaborative Revenues** — The Company recognizes collaborative revenues generated through collaborative research, development and/or commercialization agreements. The terms of these agreements typically include payment to the Company related to one or more of the following: non-refundable upfront license fees, development and commercial milestones, partial or complete reimbursement of research and development costs, and royalties on net sales of licensed products. Each type of payments results in collaborative revenues except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues. To date, the Company has not received any royalty revenues. Revenue is recognized upon satisfaction of a performance obligation by transferring control of a good or service to the collaboration partners.

As part of the accounting for these arrangements, the Company applies judgment to determine whether the performance obligations are distinct, and develop assumptions in determining the stand-alone selling price for each distinct performance obligation identified in the collaboration agreements. To determine the stand-alone selling price, the Company relies on assumptions which may include forecasted revenues, development timelines, reimbursement rates for R&D personnel costs, discount rates and probabilities of technical and regulatory success.

The Company had multiple deliverables under the collaborative agreements, including deliverables relating to grants of technology licenses, regulatory and clinical development, and marketing activities. Estimation of the performance periods of the Company's deliverables requires the use of management's judgment. Significant factors considered in management's evaluation of the estimated performance periods include, but are not limited to, the Company's experience in conducting clinical development, regulatory and manufacturing activities. The Company reviews the estimated duration of its performance periods under its collaborative agreements on an annually basis, and makes any appropriate adjustments on a prospective basis. Future changes in estimates of the performance period under its collaborative agreements could impact the timing of future revenue recognition.

(i) Non-refundable upfront payments

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in an arrangement, the Company recognizes revenue from the related non-refundable upfront payments based on the relative standalone selling price prescribed to the license compared to the total selling price of the arrangement. The revenue is recognized when the license is transferred to the collaboration partners and the collaboration partners are able to use and benefit from the license. To date, the receipt of non-refundable upfront fees was solely for the compensation of past research efforts and contributions made by the Company before the collaborative agreements entered into and it does not relate to any future obligations and commitments made between the Company and the collaboration partners in the collaborative agreements.

(ii) Milestone payments

The Company is eligible to receive milestone payments under the collaborative agreement with collaboration partners based on achievement of specified development, regulatory and commercial events. Management evaluated the nature of the events triggering these contingent payments, and concluded that these events fall into two categories: (a) events which involve the performance of the Company's obligations under the collaborative agreement with collaboration partners, and (b) events which do not involve the performance of the Company's obligations under the collaborative agreement with collaboration partners.

The former category of milestone payments consists of those triggered by development and regulatory activities in the territories specified in the collaborative agreements. Management concluded that each of these payments constitute substantive milestone payments. This conclusion was based primarily on the facts that (i) each triggering event represents a specific outcome that can be achieved only through successful performance by the Company of one or more of its deliverables, (ii) achievement of each triggering event was subject to inherent risk and uncertainty and would result in additional payments becoming due to the Company, (iii) each of the milestone payments is non-refundable, (iv) substantial effort is required to complete each milestone, (v) the amount of each milestone payment is reasonable in relation to the value created in achieving the milestone, (vi) a substantial amount of time is expected to pass between the upfront payment and the potential milestone payments, and (vii) the milestone payments relate solely to past performance. Based on the foregoing, the Company recognizes any revenue from these milestone payments in the period in which the underlying triggering event occurs.

(iii) Multiple Element Arrangements

The Company evaluates multiple element arrangements to determine (1) the deliverables included in the arrangement and (2) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. This evaluation involves subjective determinations and requires management to make judgments about the individual deliverables and whether such deliverables are separate from other aspects of the contractual relationship. Deliverables are considered separate units of accounting provided that: (i) the delivered item(s) has value to the customer on a standalone basis and (ii) if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially within its control. In assessing whether an item under a collaboration has standalone value, the Company considers factors such as the research, manufacturing, and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. The Company also considers whether its collaboration partners can use the other deliverable(s) for their intended purpose without the receipt of the remaining element(s), whether the value of the deliverable is dependent on the undelivered item(s), and whether there are other vendors that can provide the undelivered element(s).

The Company recognizes arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 606 are satisfied for that particular unit of accounting. In the event that a deliverable does not represent a separate unit of accounting, the Company recognizes revenue from the combined unit of accounting over the Company's contractual or estimated performance period for the undelivered elements, which is typically the term of the Company's research and development obligations. If there is no discernible pattern of performance or objectively measurable performance measures do not exist, then the Company recognizes revenue under the arrangement on a straight-line basis over the period the Company is expected to complete its performance obligations. Conversely, if the pattern of performance in which the service is provided to the customer can be determined and objectively measurable performance measures exist, then the Company recognizes revenue under the arrangement using the proportional performance method. Revenue recognized is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the straight-line method or proportional performance method, as applicable, as of the period ending date.

At the inception of an arrangement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (1) the consideration is commensurate with either the Company's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from its performance to achieve the milestone, (2) the consideration relates solely to past performance and (3) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone and the level of effort and investment required to achieve the particular milestone in making this assessment. There is considerable judgment involved in determining whether a milestone satisfies all of the criteria required to conclude that a milestone is substantive. Milestones that are not considered substantive are recognized as earned if there are no remaining performance obligations or over the remaining period of performance, assuming all other revenue recognition criteria are met.

(iv) Royalties and Profit Sharing Payments

Under the collaborative agreement with the collaboration partners, the Company is entitled to receive royalties on sales of products, which is at certain percentage of the net sales. The Company recognizes revenue from these events based on the revenue recognition criteria set forth in ASC 606. Based on those criteria, the Company considers these payments to be contingent revenues, and recognizes them as revenue in the period in which the applicable contingency is resolved.

Revenues Derived from Research and Development Activities Services — Revenues related to research and development and regulatory activities are recognized when the related services or activities are performed, in accordance with the contract terms. The Company typically has only one performance obligation at the inception of a contract, which is to perform research and development services. The Company may also provide its customers with an option to request that the Company provides additional goods or services in the future, such as active pharmaceutical ingredient, API, or IND/NDA/ANDA/510K submissions. The Company evaluates whether these options are material rights at the inception of the contract. If the Company determines an option is a material right, the Company will consider the option a separate performance obligation.

If the Company is entitled to reimbursement from its customers for specified research and development expenses, the Company accounts for the related services that it provides as separate performance obligations if it determines that these services represent a material right. The Company also determines whether the reimbursement of research and development expenses should be accounted for as revenues or an offset to research and development expenses in accordance with provisions of gross or net revenue presentation. The Company recognizes the corresponding revenues or records the corresponding offset to research and development expenses as it satisfies the related performance obligations.

The Company then determines the transaction price by reviewing the amount of consideration the Company is eligible to earn under the contracts, including any variable consideration. Under the outstanding contracts, consideration typically includes fixed consideration and variable consideration in the form of potential milestone payments. At the start of an agreement, the Company's transaction price usually consists of the payments made to or by the Company based on the number of full-time equivalent researchers assigned to the project and the related research and development expenses incurred. The Company does not typically include any payments that the Company may receive in the future in its initial transaction price because the payments are not probable. The Company would reassess the total transaction price at each reporting period to determine if the Company should include additional payments in the transaction price.

The Company receives payments from its customers based on billing schedules established in each contract. Upfront payments and fees may be recorded as contract liabilities upon receipt or when due, and may require deferral of revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the right of the Company to consideration is unconditional. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customers and the transfer of the promised goods or services to the customers will be one year or less.

Property and Equipment

Property and equipment is carried at cost net of accumulated depreciation. Repairs and maintenance are expensed as incurred. Expenditures that improve the functionality of the related asset or extend the useful life are capitalized. When property and equipment is retired or otherwise disposed of, the related gain or loss is included in operating income. Leasehold improvements are depreciated on the straight-line method over the shorter of the remaining lease term or estimated useful life of the asset. Depreciation is calculated on the straight-line method, including property and equipment under capital leases, generally based on the following useful lives:

| | Estimated Life in Years |
|---|---|
| Buildings and leasehold improvements | 5 ~ 50 |
| Machinery and equipment | 5 ~ 10 |
| Office equipment | 3 ~ 6 |

**Construction-in-Progress**

The Company acquires constructions that constructs certain of its fixed assets. All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalized as construction-in-progress. No depreciation is provided in respect of construction-in-progress. Construction in progress is transferred to specific fixed asset items and depreciation of these assets commences when they are ready for their intended use. The Company acquired 20% of the ownership of a certain property and parcel of land owned by Zhonghui, with a view to jointly develop the property into a healthcare center for senior living, long-term care, and medical care in the areas of ABVC's special interests, such as Ophthalmology, Oncology, and Central Nervous Systems. The plan is to establish a base for the China market and global development of these interests. The Company is a party to a related cooperation agreement with Zhonghui, but is awaiting final asset ownership certification from the Chinese government.

Impairment of Long-Lived Assets

The Company has adopted Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates its long-lived assets for impairment annually or more often if events and circumstances warrant. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Long-term Equity Investment

The Company acquires the equity investments to promote business and strategic objectives. The Company accounts for non-marketable equity and other equity investments for which the Company does not have control over the investees as:

- Equity method investments when the Company has the ability to exercise significant influence, but not control, over the investee. Its proportionate share of the income or loss is recognized monthly and is recorded in gains (losses) on equity investments.
- Non-marketable cost method investments when the equity method does not apply.

Significant judgment is required to identify whether an impairment exists in the valuation of the Company's non-marketable equity investments, and therefore the Company considers this a critical accounting estimate. Its yearly analysis considers both qualitative and quantitative factors that may have a significant impact on the investee's fair value. Qualitative analysis of its investments involves understanding the financial performance and near-term prospects of the investee, changes in general market conditions in the investee's industry or geographic area, and the management and governance structure of the investee. Quantitative assessments of the fair value of its investments are developed using the market and income approaches. The market approach includes the use of comparable financial metrics of private and public companies and recent financing rounds. The income approach includes the use of a discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates. The Company's assessment of these factors in determining whether an impairment exists could change in the future due to new developments or changes in applied assumptions.

Other-Than-Temporary Impairment

Other-Than-Temporary Impairment

The Company's long-term equity investments are subject to a periodic impairment review. Impairments affect earnings as follows:

- Marketable equity securities include the consideration of general market conditions, the duration and extent to which the fair value is below cost, and our ability and intent to hold the investment for a sufficient period of time to allow for recovery of value in the foreseeable future. The Company also considers specific adverse conditions related to the financial health of, and the business outlook for, the investee, which may include industry and sector performance, changes in technology, operational and financing cash flow factors, and changes in the investee's credit rating. The Company records other-than-temporary impairments on marketable equity securities and marketable equity method investments in gains (losses) on equity investments.
- Non-marketable equity investments based on the Company's assessment of the severity and duration of the impairment, and qualitative and quantitative analysis of the operating performance of the investee; adverse changes in market conditions and the regulatory or economic environment; changes in operating structure or management of the investee; additional funding requirements; and the investee's ability to remain in business. A series of operating losses of an investee or other factors may indicate that a decrease in value of the investment has occurred that is other than temporary and that shall be recognized even though the decrease in value is in excess of what would otherwise be recognized by application of the equity method. A loss in value of an investment that is other than a temporary decline shall be recognized. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. The Company records other-than-temporary impairments for non-marketable cost method investments and equity method investments in gains (losses) on equity investments. Other-than-temporary impairments of equity investments were both $0 for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Goodwill

Goodwill

The Company evaluates goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicate the carrying value may not be recoverable. In testing goodwill for impairment, the Company may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that goodwill impairment is more likely than not, the Company performs a two-step impairment test. The Company tests goodwill for impairment under the two-step impairment test by first comparing the book value of net assets to the fair value of the reporting units. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. The Company estimates the fair value of the reporting units using discounted cash flows. Forecasts of future cash flows are based on our best estimate of future net sales and operating expenses, based primarily on expected category expansion, pricing, market segment share, and general economic conditions.

The Company completed the required testing of goodwill for impairment as of September 30, 2023 March 31, 2024 and December 31, 2023, and determined that goodwill was impaired because of the current financial condition of the Company and the Company's inability to generate future operating income without substantial sales volume increases, which are highly uncertain. Furthermore, the Company anticipates future cash flows indicate that the recoverability of goodwill is not reasonably assured.

Convertible Notes

Convertible Notes

The Company accounts for the convertible notes issued at a discount, by comparing the principal amount and book value, with the calculation of discounted method. The Company assess the discount per month. The amortization period of the promissory note is 18 months.

Research and Development Expenses

The Company accounts for the cost of using licensing rights in research and development cost according to ASC Topic 730-10-25-1. This guidance provides that absent alternative future uses the acquisition of product rights to be used in research and development activities must be charged to research and development expenses when incurred.

For CDMO business unit, the Company accounts for R&D costs in accordance with Accounting Standards Codification ("ASC") 730, Research and Development ("ASC 730"). Research and development expenses are charged to expense as incurred unless there is an alternative future use in other research and development projects or otherwise. Research and development expenses are comprised of costs incurred in performing research and development activities, including personnel-related costs, facilities-related overhead, and outside contracted services including clinical trial costs, manufacturing and process development costs for both clinical and preclinical materials, research costs, and other consulting services. Non-refundable advance payment for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. In instances where the Company enters into agreements with third parties to provide research and development services, costs are expensed as services are performed.

Post-retirement and post-employment benefits

The Company's subsidiaries in Taiwan adopted the government mandated defined contribution plan pursuant to the Labor Pension Act (the "Act") in Taiwan. Such labor regulations require that the rate of contribution made by an employer to the Labor Pension Fund per month shall not be less than 6% of the worker's monthly salaries. Pursuant to the Act, the Company makes monthly contribution equal to 6% of employees' salaries to the employees' pension fund. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were $2,566 $2,379 and $3,302 $2,804 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $7,825 and $9,948 for the nine months ended September 30, 2023 and 2022, 2023, respectively. Other than the above, the Company does not provide any other post-retirement or post-employment benefits.

Stock-based Compensation

Stock-based Compensation

The Company measures expense associated with all employee stock-based compensation awards using a fair value method and recognizes such expense in the consolidated financial statements on a straight-line basis over the requisite service period in accordance with FASB ASC Topic 718 “Compensation-Stock Compensation”. Total employee stock-based compensation expenses were $0 $1,935,755 and $0 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company accounted for stock-based compensation to non-employees in accordance with FASB ASC Topic 718 “Compensation-Stock Compensation” and FASB ASC Topic 505-50 “Equity-Based Payments to Non-Employees” which requires that the cost of services received from non-employees is measured at fair value at the earlier of the performance commitment date or the date service is completed and recognized over the period the service is provided. Total non-employee stock-based compensation expenses were $817,740 $225,740 and $225,740 $366,489 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Total non-employee stock-based compensation expenses were $1,409,969 and $5,143,483 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may contain an imbedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Income Taxes

Income Taxes

The Company accounts for income taxes using the asset and liability approach which allows the recognition and measurement of deferred tax assets to be based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will expire before the Company is able to realize their benefits, or future deductibility is uncertain.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefits recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer satisfied. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred. No significant penalty or interest relating to income taxes has been incurred for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. GAAP also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

On December 22, 2017, the SEC issued Staff Accounting Bulletin (“SAB 118”), which provides guidance on accounting for tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate to be included in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provision of the tax laws that were in effect immediately before the enactment of the Tax Act. While the Company is able to make reasonable estimates of the impact of the reduction in corporate rate and the deemed repatriation transition tax, the final impact of the Tax Act may differ from these estimates, due to, among other things, changes in our interpretations and assumptions, additional guidance that may be issued by the I.R.S., and actions the Company may take. The Company is continuing to gather additional information to determine the final impact.

Valuation of Deferred Tax Assets

A valuation allowance is recorded to reduce the Company's deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for the valuation allowance, management considers, among other things, projections of future taxable income and ongoing prudent and feasible tax planning strategies. If the Company determines that sufficient negative evidence exists, then it will consider recording a valuation allowance against a portion or all of the deferred tax assets in that jurisdiction. If, after recording a valuation allowance, the Company's projections of future taxable income and other positive evidence considered in evaluating the need for a valuation allowance prove, with the benefit of hindsight, to be inaccurate, it could prove to be more difficult to support the realization of its deferred tax assets. As a result, an additional valuation allowance could be required, which would have an adverse impact on its effective income tax rate and results. Conversely, if, after recording a valuation allowance, the Company determines that sufficient positive evidence exists in the jurisdiction in which the valuation allowance was recorded, it may reverse a portion or all of the valuation allowance in that jurisdiction. In such situations, the adjustment made to the deferred tax asset would have a favorable impact on its effective income tax rate and results in the period such determination was made.

Loss Per Share of Common Stock

The Company calculates net loss per share in accordance with ASC Topic 260, "Earnings per Share". Basic loss per share is computed by dividing the net loss by the weighted average number of common stock outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common stock that would have been outstanding if the potential common stock equivalents had been issued and if the additional common stock were dilutive. Diluted earnings per share excludes all dilutive potential shares if their effect is anti-dilutive.

Commitments and Contingencies

The Company has adopted ASC Topic 450 "Contingencies" subtopic 20, in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies are accrued by a charge to income when information available before financial statements are issued or are available to be issued indicates that it is probable that an assets had been impaired or a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

Foreign-currency Transactions

Foreign-currency Transactions

For the Company's subsidiaries in Taiwan, the foreign-currency transactions are recorded in New Taiwan dollars ("NTD") at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payables are settled, are credited or charged to income in the year of conversion or settlement. On the balance sheet dates, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates and the resulting differences are charged to current income except for those foreign currencies denominated investments in shares of stock where such differences are accounted for as translation adjustments under the Statements of Stockholders' Equity (Deficit).

Translation Adjustment

Translation Adjustment

The accounts of the Company's subsidiaries in Taiwan were maintained, and their financial statements were expressed, in New Taiwan Dollar ("NT$"). Such financial statements were translated into U.S. Dollars ("$" or "USD") in accordance ASC 830, "Foreign Currency Matters", with the NT$ as the functional currency. According to the Statement, all assets and liabilities are translated at the current exchange rate, shareholder's deficit are translated at the historical rates and income statement items are translated at an average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income (loss) as a component of shareholders' equity (deficit).

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Debt — - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for convertible debt by eliminating the beneficial conversion and cash conversion accounting models. Upon adoption of ASU 2020-06, convertible debt, unless issued with a substantial premium or an embedded conversion feature that is not clearly and closely related to the host contract, will no longer be allocated between debt and equity components. This modification will reduce the issue discount and result in less non-cash interest expense in financial statements. ASU 2020-06 also updates the earnings per share calculation and requires entities to assume share settlement when the convertible debt can be settled in cash or shares. For contracts in an entity's own equity, the type of contracts primarily affected by ASU 2020-06 are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and only if adopted as of the beginning of such fiscal year. The Company is currently evaluating the impact that the standard will have on its unaudited consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the accounting guidance for troubled debt restructurings by creditors that have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This ASU also enhances the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the ASU amends the guidance on vintage disclosures to require entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU would be applied prospectively. Early adoption is also permitted, including adoption in an interim period. The Company is currently evaluating the impact that the standard will have on its unaudited consolidated financial statements.

**Estimates and Assumptions**

In preparing our consolidated financial statements, we use estimates and assumptions that affect the reported amounts and disclosures. Our estimates are often based on complex judgments, probabilities and assumptions that we believe to be reasonable, but that are inherently uncertain and unpredictable. We are also subject to other risks and uncertainties that may cause actual results to differ from estimated amounts.

**Results of Operations — - Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023.**
The following table presents, for the three months indicated, our unaudited consolidated statements of operations information.

| | Three Months Ended | | Three Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | September 30, 2022 | March 31, 2024 | March 31, 2023 |
| **Revenues** | $ 15,884 | $ 42,269 | $ 1,205 | $ 128,272 |
| **Cost of revenues** | 29,614 | 10,741 | 277 | 60,236 |
| **Gross (loss) profit** | (13,730) | 31,528 | 928 | 68,036 |
| **Operating expenses** | | | | |
| Selling, general and administrative expenses | 1,182,093 | 3,216,146 | 831,257 | 1,272,752 |
| Research and development expenses | 141,310 | 305,483 | 69,066 | 334,979 |
| Stock-based compensation | 817,740 | 225,740 | 2,544,995 | 366,489 |
| Total operating expenses | 2,141,143 | 3,747,369 | 3,445,318 | 1,974,220 |
| **Loss from operations** | (2,154,873) | (3,715,841) | (3,444,390) | (1,906,184) |
| **Other income (expense)** | | | | |
| Interest income | 40,246 | 48,164 | 4,049 | 52,711 |
| Interest expense | (1,218,624) | (126,536) | (684,683) | (56,663) |
| Operating sublease income | (3,000) | 21,597 | - | 22,100 |
| Gain/Loss on foreign exchange changes | (25,059) | (177) | 113,520 | (12,261) |
| Other (expense) income | (7,769) | 491 | 30,485 | 3,067 |
| Total other (expense) income | (1,214,206) | (56,461) | (536,629) | 8,954 |
| **Loss before income tax** | (3,369,079) | (3,772,302) | (3,981,019) | (1,897,230) |
| Provision for (benefit from) income tax | (999) | 4,222 | - | - |
| **Net loss** | (3,368,080) | (3,776.524) | (3,981,019) | (1,897,230) |
| Net loss attributable to noncontrolling interests | (50,564) | (71,660) | (48,043) | (73,535) |
| Net loss attributed to ABVC and subsidiaries | (3,317,516) | (3,704,864) | (3,932,976) | (1,823,695) |
| Foreign currency translation adjustment | (15,082) | (190,019) | (283,064) | 29,109 |
| Comprehensive Loss | $ (3,332,598) | $ (3,894,883) | $ (4,216,040) | $ (1,794,586) |
| Net loss per share: | | | | |
| Basic and diluted | $ (0.82) | $ (1.14) | $ (0.40) | $ (0.55) |
| Weighted average number of common stock outstanding: | | | | |
| Basic and diluted | 4,055,345 | 3,257,912 | 9,736,150 | 3,307,577 |

***Revenues.*** We generated $15,884 $1,205 and $42,269 $128,272 in revenues for the three months ended September 30, 2023 March 31, 2024 and 2022. 2023, respectively. The decrease in revenues was due to completion of ongoing projects and awaiting for new approval.

***Operating Expenses.*** Our operating expenses have decreased increased by $1,606,226 $1,471,098 or 43% 75%, to $2,141,143 $3,445,318 for the three months ended September 30, 2023 March 31, 2024 from $3,747,369 $1,974,220 for the three months ended September 30, 2022 March 31, 2023. Such decrease increase in operating expenses was mainly attributable to the increase in stock-based compensation, while being offset by the decrease in selling, general and administrative expenses and research and development expenses, since research and development projects have been dormant as the Company waits for results for further development, while being offset by the increase in stock-based compensation.

***Other Income (Expense).*** Our other expense was $1,214,206 for the three months ended September 30, 2023, compared to other expense of $56,461 for the three months ended September 30, 2022. The change was principally caused by the increase in interest expense and the loss on foreign exchange changes, while being offset by the increase in interest income for the three months ended September 30, 2023, and decrease in other expenses for the three months ended September 30, 2022.

Interest income (expense), net, was $(1,178,378) for the three months ended September 30, 2023, compared to $(78,372) for the three months ended September 30, 2022. The increase of $1,100,006, or approximately 1,404%, was primarily due to the increase in interest expense due to recognition of interest expense for the converted notes for proper accounting purpose. development.

***Net Loss.*** As a result of the above factors, our net loss was $3,368,080 for the three months ended September 30, 2023 compared to $3,776,524 for the three months ended September 30, 2022, representing a decrease of $408,444, or 11%.

**Results of Operations — Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022.**

The following table presents, for the nine months indicated, our unaudited consolidated statements of operations information.

| | Nine Months Ended | |
|---|---|---|
| | **September 30, 2023** | **September 30, 2022** |
| **Revenues** | $ 150,265 | $ 380,789 |
| **Cost of revenues** | 162,831 | 21,004 |
| **Gross (loss) profit** | (12,566) | 359,785 |
| **Operating expenses** | | |
| Selling, general and administrative expenses | 3,841,633 | 6,000,055 |
| Research and development expenses | 990,731 | 1,197,669 |
| Stock-based compensation | 1,409,969 | 5,143,483 |
| Total operating expenses | 6,242,333 | 12,341,207 |
| **Loss from operations** | (6,254,899) | (11,981,422) |
| **Other income (expense)** | | |
| Interest income | 147,998 | 127,354 |
| Interest expense | (1,390,039) | (159,507) |
| Operating sublease income | 53,900 | 78,523 |
| Gain/Loss on foreign exchange changes | (55,625) | 17,865 |
| Other (expense) income | (1,174) | (59,381) |
| Total other (expense) income | (1,244,940) | 4,854 |
| **Loss before income tax** | (7,499,839) | (11,976,568) |
| (Benefit from) provision for income tax | 80,696 | (165,096) |
| **Net loss** | (7,580,535) | (11,811,472) |
| Net loss attributable to noncontrolling interests | (175,813) | (252,171) |
| Net loss attributed to ABVC and subsidiaries | (7,404,722) | (11,559,301) |
| Foreign currency translation adjustment | 1,995 | (426,579) |
| Comprehensive Loss | $ (7,402,727) | $ (11,985,880) |
| Net loss per share: | | |
| Basic and diluted | $ (2.08) | $ (3.71) |
| Weighted average number of common stock outstanding: | | |
| Basic and diluted | 3,555,474 | 3,119,795 |

***Revenues.*** We generated $150,265 and $380,789 in revenues for the nine months ended September 30, 2023 and 2022, respectively. The decrease in revenues was mainly due to completion of ongoing projects and waiting for new approval.

***Operating Expenses.*** Our operating expenses have decreased by $6,098,874, or 49%, to $6,242,333 for the nine months ended September 30, 2023 from $12,341,207 for the nine months ended September 30, 2022. Such decrease in operating expenses was mainly attributable to the decrease in selling, general and administrative expenses, research and development expenses, since research and development projects have been dormant as the Company waits for results for further development, and stock-based compensation expenses by $3,733,514 which relates to costs in conjunction with non-employee transferred stock.

***Other Income (Expense).*** Our other expense was $(1,244,940) $536,629 for the nine three months ended September 30, 2023 March 31, 2024, compared to other income of $4,854 $8,954 for the nine three months ended September 30, 2022 March 31, 2023. The change was principally caused by the increase in interest expense other income, and loss the gain on foreign exchange changes, while being offset by the increase decrease in interest income, interest expense for the nine three months ended September 30, 2023, and decrease in other expenses for the nine months ended September 30, 2022 March 31, 2024.

Interest income (expense), net, was $(1,242,041) $(680,634) for the nine three months ended September 30, 2023 March 31, 2024, compared to $(32,153) $(3,952) for the nine three months ended September 30, 2022 March 31, 2023. The increase of $1,209,888, $(676,682), or approximately 3,763% 17,123%, was primarily due to the increase in interest expense due to recognition of interest expense for the converted notes for proper accounting purpose.

***Net Loss.*** As a result of the above factors, our net loss was $7,580,535 $(3,981,019) for the nine three months ended September 30, 2023 March 31, 2024 compared to $11,811,472 $(1,897,230) for the nine three months ended September 30, 2022 March 31, 2023, representing a decrease an increase of $4,230,937, $2,083,789, or 36% 110%.

***Liquidity and Capital Resources***

***Working Capital***

| | As of September 30, 2023 | As of December 31, 2022 |
|---|---|---|
| | (Unaudited) | |
| Current Assets | $ 2,493,534 | $ 2,987,247 |
| Current Liabilities | $ 5,363,076 | $ 5,543,628 |
| Working Capital (Deficit) | $ (2,869,542) | $ (2,556,381) |

***Cash Flow from Operating Activities***

During the nine months ended September 30, 2023 and 2022, the net cash used in operating activities were $3,756,385 and $6,937,322, respectively. The decrease was primarily due to the increase in other non-cash expenses, and decreased in non-cash stock-based compensation for nonemployees, due from related parties, due to related parties, and net loss during the nine months ended September 30, 2023.

***Cash Flow from Investing Activities***

During the nine months ended September 30, 2023 and 2022, the net cash used in investing activities were $514,359 and $1,638,396 respectively. The decreases were mainly due to the increase in prepayment for long-term investments during nine months ended September 30, 2023.

***Cash Flow from Financing Activities***

During the nine months ended September 30, 2023 and 2022, the net cash provided by financing activities were $3,831,540 and $4,267,425, respectively. The decrease in net cash provided by financing activities were primarily due to the proceeds from convertible notes, warrant issuance and issuance of common stock for debt conversion, while being offset by repayment of short-term loans during the nine months ended September 30, 2023.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a smaller reporting company, we are not required to provide the information required by this item.

**ITEM 4. CONTROLS AND PROCEDURES.**

*Evaluation of Disclosure Controls and Procedures*

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) or Rule 15d-15(e) promulgated under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2023 March 31, 2024 to provide reasonable assurance that material information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms due to the material weakness described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC on March 31, 2023 March 13, 2024.

*Changes in Internal Control over Financial Reporting*

There has been no change in our internal control over financial reporting during the nine three months ended September 30, 2023 March 31, 2024.

## PART II. - OTHER INFORMATION

**ITEM 1. LEGAL PROCEEDINGS.**

We may be subject to, from time to time, various legal proceedings relating to claims arising out of our operations in the ordinary course of our business. We are not currently a party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, would have a material adverse effect on the business, financial condition, or results of operations of the Company

**ITEM 1A. RISK FACTORS.**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this item.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

During the period covered by this report, the Company has not issued unregistered securities to any person, except as described below. None of these transactions involved any underwriters, underwriting discounts or commissions, except as specified below, or any public offering, and, unless otherwise indicated below, the Registrant believes that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof and/or Rule 506 of Regulation D promulgated thereunder, and/or Regulation S promulgated thereunder regarding offshore offers and sales. All recipients had adequate access, though their relationships with the Registrant, to information about the Registrant. During the period covered by this report, the Company has not issued unregistered securities to any person.

On August 1, 2023, the holder of a $500,000 convertible note, converted such note into 142,857 shares of common stock, at $3.5 per share.

On August 28, 2023, the Company issued 370,000 shares of common stock to Zhonghui United Technology (Chengdu) Group Co., Ltd. (“中汇联和科技(成(成都)集团有限公司”), pursuant to a Cooperation Agreement.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

None.

***ITEM 6. EXHIBITS***

**The following exhibits are filed herewith:**

| Exhibit No. | Description |
|---|---|
| 2.1 | Share Exchange Agreement, dated February 8, 2016 (1) |
| 3.1 | Articles of Incorporation of the Company (2) |
| 3.2 | Bylaws of the Company, (3) as amended (44) |
| 3.3 | Certificate of Amendment to Articles of Incorporation filed on March 21, 2016 (4) |
| 3.4 | Certificate of Amendment to Articles of Incorporation filed on December 21, 2016 (5) |
| 3.5 | Certificate of Amendment to Articles of Incorporation filed on March 30, 2020 (6) |
| 3.6 | Certificate of Amendment to Articles of Incorporation filed on February 17, 2021 (29) |
| 3.7 | Certificate of Amendment to Articles of Incorporation filed on July 24, 2023 (45) |
| 3.8 | Amendment to Bylaws (46) |
| 4.1 | Form of Warrant (7) |
| 4.2 | Form of Investor Warrant dated May 16, 2022 (32) |
| 10.1 | Collaboration Agreement dated December 29, 2015 (8) |
| 10.2 | Collaborative Agreement and Milestone Payment Agreement dated June 9, 2016 (9) |
| 10.3 | Employment Agreement with Kira Huang (10) |
| 10.4 | Addendum to the Collaboration Agreement dated January 12, 2017 (11) |
| 10.5 | Collaboration Agreement with BioFirst dated July 24, 2017 (12) |
| 10.6 | Co-Development Agreement with Rgene dated May 26, 2017 (13) |
| 10.7 | Reserved |
| 10.8 | Reserved |
| 10.8 | Employment Agreement with Dr. Chi-Hsin Richard King (15) |
| 10.9 | Employment Agreement with Chihliang An (25)Reserved |
| 10.10 | Business Loan Agreement entered by and between Cathay Bank and American BriVision (Holding) Corporation (16) |
| 10.11 | Promissory Note entered by American BriVision (Holding) Corporation (17) |
| 10.12 | Form of Commercial Security Agreement (18) |
| 10.13 | Form of Exchange Agreement entered into by and between the Company and non-US person (19) |
| 10.14 | Form of Exchange Agreement entered into by and between the Company and US person (20) |
| 10.15 | Form of Securities Purchase Agreement entered into by and between the Company and U.S. investors (21) |
| 10.16 | Form of Securities Purchase Agreement entered into by and between the Company and non-U.S. investors (22) |
| 10.17 | Amended and Restated American BriVision (Holding) Corporation 2016 Equity Incentive (26) |
| 10.18 | Form of Securities Purchase Agreement (27) |
| 10.19 | Form of Convertible Promissory Note (27) |
| 10.20 | Amendment No. 1 to Promissory Note (28) |
| 10.21 | Joint Venture Agreement between the Company, Lucidiam Co., Ltd. And BioLite Japan K.K. (30) |
| 10.22 | Amendment to the Collaboration Agreement dated December 29, 2015 (34) |
| 10.23 | Clinical Development Service Agreement with Rgene (portions of the exhibit have been omitted because they (i) are not material and (ii) is the type of information that the registrant treats as private or confidential.)(31) |

| | |
|---|---|
| 10.24 | Promissory Note issued to Regene, dated June 16, 2022 (31) |
| 10.25 | Form of Securities Purchase Agreement dated May 12, 2022 (32) |
| 10.26 | Securities Purchase Agreement(33) |
| 10.27 | Form of Note(33) |
| 10.28 | Form of Warrant(33) |
| 10.29 | Security Agreement(33) |
| 10.30 | Guarantor Security Agreement(33) |
| 10.31 | Guaranty(33) |
| 10.32 | Trademark Security Agreement with Rgene Corporation(33) |
| 10.33 | Trademark Security Agreement with BioFirst Corporation(33) |
| 10.34 | Patent Security Agreement(33) |
| 10.35 | Copyright Security Agreement(33) |
| 10.36 | Stock Pledge Agreement(33) |
| 10.37 | The Cooperation Agreement between the Company and Zhong Hui Lian He Ji Tuan, Ltd. dated August 14, 2023 (35) |
| 10.38 | Amendment to the Cooperation Agreement (36) |
| 10.39 | Letter Agreement (37) |
| 10.40 | License Agreement between the Company and AiBtl BioPharma, Inc+ Inc (47) |

| | |
|---|---|
| 10.41 | License Agreement between the BioLite and AiBtl BioPharma, Inc+ Inc (47) |
| 10.42 | Definitive License Agreement between the Company and OncoX BioPharma, Inc. May 8, 2024 (51) |
| 10.43 | Definitive License Agreement between Rgene and OncoX BioPharma, Inc. dated May 8, 2024 (51) |
| 10.44 | Form of 2nd Lind Note (38) |
| 10.45 | Form of 2nd Lind Warrant (38) |
| 10.46 | Securities Purchase Agreement dated November 17, 2023 (38) |
| 10.47 | First Amendment To Security Agreement (38) |
| 10.48 | First Amendment To Guarantor Security Agreement (38) |
| 10.49 | First Amendment to Guaranty (38) |
| 10.50 | Securities Purchase Agreement dated January 17, 2024 (39) |
| 10.51 | Form of 3rd Placement Agent Warrant (40) |
| 10.52 | Second Amendment To Security Agreement (39) |
| 10.53 | Second Amendment To Guarantor Security Agreement (39) |
| 10.54 | Second Amendment to Guaranty (39) |
| 10.55 | Form of 3rd Lind Note (39) |
| 10.56 | Form of 3rd Lind Warrant (39) |
| 10.57 | Amendment No. 1 to 2nd Lind Note (41) |
| 10.58 | Amendment No. 2 to 2nd Lind Note (42) |
| 10.59 | Amendment No. 1 to 3rd Lind Note (43) |
| 10.60 | Definitive License Agreement between the Company and OncoX BioPharma, Inc. (48) |
| 10.61 | Definitive License Agreement between Rgene and OncoX BioPharma, Inc. (48) |
| 10.62 | Definitive License Agreement between the Company and ForSeeCon Eye Corporation (49) |
| 10.63 | Definitive License Agreement between BIOFIRST CORPORATION and ForSeeCon Eye Corporation (49) |
| 10.64 | Form of Amendment (50) |
| 31.1 | Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+ |
| 31.2 | Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+ |
| 32.1 | Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*+ |
| 32.2 | Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*+ |
| 101.INS | Inline XBRL Instance Document.+ |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.+ |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.+ |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.+ |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.+ |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.+ |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

\+ Filed herewith

(1) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 16, 2016.
(2) Incorporated by reference to Exhibit 3.01 to the Company's Form SB-2 filed on June 28, 2002

(3) Incorporated by reference to Exhibit 3.02 to the Company's Form SB-2, filed on June 28, 2002

(4) Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on March 28, 2016.

(5) Incorporated by reference to Exhibit 3.4 to the Company's Form S-1, filed on September 13, 2016.

(6) Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed on April 7, 2020

(7) Incorporated by reference to Exhibit 4.1 the Company's Current Report on Form 8-K, filed on April 24, 2020

(8) Incorporated by reference to Exhibit 10.2 the Company's Current Report on Form 8-K, filed on February 16, 2016.

(9) Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on June 9, 2016.

(10) Incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K, filed on January 12, 2017.

(11) Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on February 22, 2017.

(12) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 24, 2017.

(13) Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on May 30, 2017.

(14) Reserved.

(15) Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on September 20, 2017.

(16) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 1, 2019.

(17) Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on February 1, 2019.

(18) Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on February 1, 2019.

(19) Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on April 24, 2020.

(20) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed April 14, 2020.

(21) Incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K, filed May 15, 2020.

(22) Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K, filed May 15, 2020

(23) Incorporated by reference to Exhibit 14.1 to the Company's Amendment No.1 to Form S-1, filed on November 14, 2016.

(24) Incorporated by reference to 21.1 to the Company's Form S-1, filed on September 13, 2016.

(25) Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K, filed May 15, 2020.
(26) Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K, filed March 16, 2021.
(27) Incorporated by reference to the Current Report on Form 8-K filed on November 5, 2020.
(28) Incorporated by reference to the Current Report on Form 8-K filed on June 8, 2021.

(29) Incorporated by reference to the Quarterly Report on Form 10-Q filed on May 10, 2021.

(30) Incorporated by reference to the Current Report on Form 8-K filed on October 8, 2021.
(31) Incorporated by reference to the Current Report on Form 8-K filed on June 21, 2022.
(32) Incorporated by reference to the Current Report on Form 8-K filed on May 12, 2022.
(33) Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 24, 2023.

(34) Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 22, 2022.
(35) Incorporated by reference to the Company's Current Report on Form 8-K, filed on August 17, 2023.
(36) Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 6, 2023.
(37) Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 13, 2023.
(38) Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 20, 2023.
(39) Incorporated by reference to the Company's Current Report on Form 8-K, filed on January 17, 2024.
(40) Incorporated by reference to the Amendment No.1 to Form S-1, filed on February 9, 2024.
(41) Incorporated by reference to the Company's Current Report on Form 8-K/A, filed on January 17, 2024.
(42) Incorporated by reference to the Company's Current Report on Form 8-K/A, filed on February 29, 2024.
(43) Incorporated by reference to the Company's Current Report on Form 8-K/A, filed on February 29, 2024.
(44) Incorporated by reference to the Company's Annual Report on Form 10-K/A, filed on June 6, 2022
(45) Incorporated by reference to the Company's Current Report on Form 8-K, filed on July 24, 2023.
(46) Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 14, 2024
(47) Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 15, 2023
(48) Incorporated by reference to the Company's Current Report on Form 8-K, filed on April 17, 2024
(49) Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 26, 2024
(50) Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 29, 2024
(51) Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 9, 2024

***SIGNATURES***

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ABVC BioPharma, Inc.**

Dated: November 15, 2023 May 17, 2024

By: /s/ Uttam Patil

Uttam Patil
Chief Executive Officer
(Principal Executive Officer)

**ABVC BioPharma, Inc.**

Dated: November 15, 2023 May 17, 2024

By: /s/ Leeds Chow

Leeds Chow
Chief Financial Officer
(Principal Financial Officer)





Exhibit 10.40

Definitive Licensing Agreement

This Definitive Licensing Agreement (“Agreement”) is entered into this 12 November, 2023 (the “Effective Date”) by and between:

(1) ABVC BioPharma, Inc., a corporation organized and existing and under the laws of the State of Nevada (“ABVC”); and

(2) AiBtl BioPharma Inc., a corporation organized and existing and under the laws of the State of Delaware (“AIBL”); and

ABVC and AIBL shall be referred to individually as a “Party” and collectively as the “Parties”.

WHEREAS, the Parties have agreed to many of the terms (“Key Terms”) (see Exhibit A) outlined in the Term Sheet, and now formalize their understanding in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Upon signing this Agreement, AIBL shall have the exclusive right, until the expiration of this Agreement i.e., expiration of the last patent, to negotiate and execute a Licensing Agreement for the Licensed Product with ABVC.

2. AIBL has the right to team with partner(s) or transfer the right to a third party to negotiate and execute the Licensing Agreement for the Licensed Product with ABVC.

3. AIBL has satisfactorily completed a due diligence investigation of the Licensed Product.

4. ABVC and its Representatives shall deal exclusively with AIBL with respect to any licensing in the same scope or similar arrangement surrounding the Licensed Product.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

[Signature Page]

ABVC BioPharma, Inc.
Authorized Signature/Seal
/s/ Uttam Yashwant Patil
Name: *Uttam Yashwant Patil*
Title:
CEO

AiBtl BioPharma Inc.
Authorized Signature/Seal
/s/ Russman Jaimes
Name: Russman Jaimes
Title:
CEO

**Exhibit A**
**Key Terms**

| | |
|---|---|
| LICENSEE | AiBtl BioPharma Inc. (“AIBL”) |
| LICENSOR | ABVC BioPharma, Inc. (“ABVC”) and its affiliates |
| THIRD PARTY | “Third Party” means a person or entity other than AIBL or ABVC or their respective affiliates. |
| EFFECTIVE DATE | The effective dates of the Licensing Agreement related to the Licensed Product would be determined by the Parties further discussions. |
| LICENSED PRODUCT | ABVC’s single-herb botanical drug extract from the dry root of polygala tenuifolia wild (Yuan Zhi - Traditional Chinese Medicine) for treatment of ABV-1504 Major Depressive Disorder (MDD) and ABV-1505 Attention-Deficit/Hyperactivity Disorder (ADHD) |
| TERRITORY | North America |
| GOVERNING LAW | Laws of the State of Nevada, United States |
| FIELD OF USE | MDD and ADHD |
| RIGHTS GRANTED | ABVC shall grant to AIBL an exclusive right within the Territory license to develop and commercialize the Licensed Product in the Territory within the Field of Use. |
| RESPONSIBILITIES & OBLIGATIONS | ABVC will be responsible for conducting the clinical development of the Licensed Product outside the Territory and communicate the results as part of the Product Transfer (PT) to AIBL, which includes delivering the Licensed Product sufficient to support the clinical studies in the Territory, delivering associated documents, manufacturing protocols, QC protocols, to enable AIBL to develop and commercialize the Licensed Product within the Territory.<br>ABVC will be responsible to secure the supply of the Licensed Product to AIBL in the Territory with an agreed price and quantity while AIBL will secure the purchase of the Licensed Product from ABVC in the Territory with committed volume. Further details are to be defined in the Licensing Agreement.<br>AIBL shall be responsible for completing regulatory filing of IND in the Territory.<br>ABVC will be responsible for providing the Licensed Product to AIBL at cost, to support clinical development in the Field of Use in the Territory.<br>AIBL will be responsible for further development and commercialization of the Licensed Product in the Field of Use in the Territory, including any clinical development, regulatory affairs (including regulatory filings and approvals), and commercialization of the Licensed Product.<br>As part of this license, AIBL will grant ABVC a perpetual, royalty-free right to use and reference any development, regulatory, and market data associated with the Licensed Product in AIBL’s control. |

| | |
|---|---|
| EXCLUSIVITY/<br>NON-COMPETE | During the collaboration, neither Party or its affiliates will work on development of or commercialize within the Territory of any products containing Yuan Zhi as the sole active ingredient or in combination with one or more other active ingredients outside of this Agreement or without a specific mutually agreed to written agreement for depression indication. |
| TECHNOLOGY SHARING | After the Effective Date, and at a time to be agreed upon by AIBL and ABVC in the Licensing Agreement, ABVC would transfer to AIBL in English the data related to any Licensed Product in ABVC's possession and control that is required by regulatory authorities for opening an IND, NDA. |
| INTELLECTUAL PROPERTY RIGHTS | Intellectual Property means any patent, copyright, trade secret, trademark, or other proprietary right, including all their applications, registrations, renewals and extensions.<br>Each Party or its Affiliates owns all rights, title and interest of the Intellectual Property developed or controlled by itself and will be responsible for filing and maintaining the Intellectual Property in the Territory at its own cost.<br>Each Party warrants it does not and will not infringe, violate or misappropriate any trademark, patent, copyright, industrial design, trade secret or any other intellectual property or proprietary right of any Third Party.<br>No right, title or interest is granted to the a Party, whether expressly or by implication, to any technology or Intellectual Property rights owned by the other Party other than pursuant to the terms of the Licensing Agreement.<br>Each Party will retain an unconditional and unlimited right of access, inclusion, citation, electronic or photo copy, and regulatory cross reference, without limitation, to any and all regulatory, technical, and scientific documentations, and any and all communications with any and all regulatory authorities in the other Party's Territory for all matters related to each Licensed Product during the License Term. |
| MILESTONE & ROYALTY PAYMENTS | See Exhibit B. |
| TAX | Payments to Licensor as detailed in Exhibit B are likely considered Licensor's income generated in Territory. Licensor is responsible for income tax, value-added tax, and other related fees levied by Territory government authorities on these payments. If and to the extent that provision is made in law or regulation of Territory for withholding of taxes with respect to any such payment, Licensee shall pay such taxes on behalf of Licensor and provide Licensor with original receipt of such tax payments or withholding. |
| NET SALES | "Net Sales" means the total amount of invoices issued by the Licensee for selling the Product of each pack size in the Territory to the Third Parties responsible for distribution / logistics, minus the amount of allowable deduction items related to the Product actually provided to non-affiliates as follows:<br>a) sales value added tax<br>b) allowance, discount or rebate for rejection, defect, recall, return, retroactive price reduction<br>Net Sales shall be accounted in accordance with arm-length principles, industry standards and practices of the Territory, covering all sales of the Product to the Field of Use in the Territory. Any allowance, discount or rebate for any Third Party sales and marketing activities shall not be deducted from the Net Sales calculation.<br>Licensee shall allow Licensor to appoint a Third Party independent auditor to audit the financial accounts of Licensee or its affiliates to confirm the reasonableness and accuracy of the Net Sales calculation of the Product each year during the License Term. |
| LICENSE TERM | The term of licensing for the Licensed Product in the Territory is 20 years from the Effective Date. |
| MANUFACTURING | Both Parties agree Licensee is to be responsible for the Licensed Product API manufacturing under CMO model as global primary supplier. Both Parties also agree that further study and analysis are to be performed for the feasibility from technical and financial perspective before the execution of related manufacturing agreement.<br>Both parties agree that the manufacturing of the finished Licensed Product is subject to negotiation by both Parties. |

**Exhibit B**

All payments below are pre-tax total payments in USD.

| Milestones | Timeline | Payment to ABVC |
|---|---|---|
| Upfront | Due within 30 days after the execution of this Agreement | 23,000,000 shares of AiBtl ($10/share) |
| Completion Of Fundraising | Due 30 days upon completion of next round fundraising | US $3,500,000 cash |
| Royalties | 5% of annual Net Sales, accumulated to a total of US$100,000,000 | |

Royalties shall be payable quarterly on annual Net Sales of the Licensed Product from the first commercial sale of a Licensed Product in the Territory to the end of the License Term.

Exhibit 10.41

Definitive Licensing Agreement

This Definitive Licensing Agreement (“Agreement”) is entered into this 12 November, 2023 (the “Effective Date”) by and between:

(1) BioLite, Inc., a corporation organized and existing and under the laws of Republic of China (“BioLite”); and

(2) AiBtl BioPharma Inc., a corporation organized and existing and under the laws of the State of Delaware (“AIBL”); and

BioLite and AIBL shall be referred to individually as a “Party” and collectively as the “Parties”.

WHEREAS, the Parties have agreed to many of the terms (“Key Terms”) (see Exhibit A) outlined in the Term Sheet, and now formalize their understanding in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Upon signing this Agreement, AIBL shall have the exclusive right, until the expiration of this Agreement i.e., expiration of the last patent, to negotiate and execute a Licensing Agreement for the Licensed Product with BioLite.

2. AIBL has the right to team with partner(s) or transfer the right to a third party to negotiate and execute the Licensing Agreement for the Licensed Product with BioLite.

3. AIBL has satisfactorily completed a due diligence investigation of the Licensed Product.

4. BioLite and its Representatives shall deal exclusively with AIBL with respect to any licensing in the same scope or similar arrangement surrounding the Licensed Product.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

BioLite, Inc.
Authorized Signature/Seal
/s/ Dr. Tsung-Shann Jiang
Name: Dr. Tsung-Shann Jiang
Title: Chairman

AiBtl BioPharma Inc.
Authorized Signature/Seal
/s/ Russman Jaimes
Name: Russman Jaimes
Title: CEO

**Exhibit A**
**Key Terms**

| | |
|---|---|
| LICENSEE | AiBtl BioPharma Inc. (“AIBL”) |
| LICENSOR | BioLite, Inc. (“BioLite”) and its affiliates |
| THIRD PARTY | “Third Party” means a person or entity other than AIBL or BioLite or their respective affiliates. |
| EFFECTIVE DATE | The effective dates of the Licensing Agreement related to the Licensed Product would be determined by the Parties further discussions. |
| LICENSED PRODUCT | BioLite’s single-herb botanical drug extract from the dry root of polygala tenuifolia wild (Yuan Zhi - Traditional Chinese Medicine) for treatment of ABV-1504 Major Depressive Disorder (MDD) and ABV-1505 Attention-Deficit/Hyperactivity Disorder (ADHD) |
| TERRITORY | Worldwide territories, excluding North America |
| GOVERNING LAW | Laws of the State of Nevada, United States |
| FIELD OF USE | MDD and ADHD |
| RIGHTS GRANTED | BioLite shall grant to AIBL an exclusive right within the Territory license to develop and commercialize the Licensed Product in the Territory within the Field of Use. |
| RESPONSIBILITIES & OBLIGATIONS | BioLite will be responsible for conducting the clinical development of the Licensed Product outside the Territory and communicate the results as part of the Product Transfer (PT) to AIBL, which includes delivering the Licensed Product sufficient to support the clinical studies in the Territory, delivering associated documents, manufacturing protocols, QC protocols, to enable AIBL to develop and commercialize the Licensed Product within the Territory.<br>BioLite will be responsible to secure the supply of the Licensed Product to AIBL in the Territory with an agreed price and quantity while AIBL will secure the purchase of the Licensed Product from BioLite in the Territory with committed volume. Further details are to be defined in the Licensing Agreement.<br>AIBL shall be responsible for completing regulatory filing of IND in the Territory.<br>BioLite will be responsible for providing the Licensed Product to AIBL at cost, to support clinical development in the Field of Use in the Territory.<br>AIBL will be responsible for further development and commercialization of the Licensed Product in the Field of Use in the Territory, including any clinical development, regulatory affairs (including regulatory filings and approvals), and commercialization of the Licensed Product.<br>As part of this license, AIBL will grant BioLite a perpetual, royalty-free right to use and reference any development, regulatory, and market data associated with the Licensed Product in AIBL’s control. |

| | |
|---|---|
| EXCLUSIVITY/<br>NON-COMPETE | During the collaboration, neither Party or its affiliates will work on development of or commercialize within the Territory of any products containing Yuan Zhi as the sole active ingredient or in combination with one or more other active ingredients outside of this Agreement or without a specific mutually agreed to written agreement for depression indication. |
| TECHNOLOGY SHARING | After the Effective Date, and at a time to be agreed upon by AIBL and BioLite in the Licensing Agreement, BioLite would transfer to AIBL in English the data related to any Licensed Product in BioLite's possession and control that is required by regulatory authorities for opening an IND, NDA. |
| INTELLECTUAL PROPERTY RIGHTS | Intellectual Property means any patent, copyright, trade secret, trademark, or other proprietary right, including all their applications, registrations, renewals and extensions.<br>Each Party or its Affiliates owns all rights, title and interest of the Intellectual Property developed or controlled by itself and will be responsible for filing and maintaining the Intellectual Property in the Territory at its own cost.<br>Each Party warrants it does not and will not infringe, violate or misappropriate any trademark, patent, copyright, industrial design, trade secret or any other intellectual property or proprietary right of any Third Party.<br>No right, title or interest is granted to the a Party, whether expressly or by implication, to any technology or Intellectual Property rights owned by the other Party other than pursuant to the terms of the Licensing Agreement.<br>Each Party will retain an unconditional and unlimited right of access, inclusion, citation, electronic or photo copy, and regulatory cross reference, without limitation, to any and all regulatory, technical, and scientific documentations, and any and all communications with any and all regulatory authorities in the other Party's Territory for all matters related to each Licensed Product during the License Term. |
| MILESTONE & ROYALTY PAYMENTS | See Exhibit B. |
| TAX | Payments to Licensor as detailed in Exhibit B are likely considered Licensor's income generated in Territory. Licensor is responsible for income tax, value-added tax, and other related fees levied by Territory government authorities on these payments. If and to the extent that provision is made in law or regulation of Territory for withholding of taxes with respect to any such payment, Licensee shall pay such taxes on behalf of Licensor and provide Licensor with original receipt of such tax payments or withholding. |
| NET SALES | "Net Sales" means the total amount of invoices issued by the Licensee for selling the Product of each pack size in the Territory to the Third Parties responsible for distribution / logistics, minus the amount of allowable deduction items related to the Product actually provided to non-affiliates as follows:<br>a) sales value added tax<br>b) allowance, discount or rebate for rejection, defect, recall, return, retroactive price reduction<br>Net Sales shall be accounted in accordance with arm-length principles, industry standards and practices of the Territory, covering all sales of the Product to the Field of Use in the Territory. Any allowance, discount or rebate for any Third Party sales and marketing activities shall not be deducted from the Net Sales calculation.<br>Licensee shall allow Licensor to appoint a Third Party independent auditor to audit the financial accounts of Licensee or its affiliates to confirm the reasonableness and accuracy of the Net Sales calculation of the Product each year during the License Term. |
| LICENSE TERM | The term of licensing for the Licensed Product in the Territory is 20 years from the Effective Date. |
| MANUFACTURING | Both Parties agree Licensee is to be responsible for the Licensed Product API manufacturing under CMO model as global primary supplier. Both Parties also agree that further study and analysis are to be performed for the feasibility from technical and financial perspective before the execution of related manufacturing agreement.<br>Both parties agree that the manufacturing of the finished Licensed Product is subject to negotiation by both Parties. |

**Exhibit B**

All payments below are pre-tax total payments in USD.

| Milestones | Timeline | Payment to BioLite |
|---|---|---|
| Upfront | Due within 30 days after the execution of this Agreement | 23,000,000 shares of AiBtl ($10/share) |
| Completion Of Fundraising | Due 30 days upon completion of next round fundraising | US $3,500,000 cash |
| Royalties | 5% of annual Net Sales, accumulated to a total of US$100,000,000 | |

Royalties shall be payable quarterly on annual Net Sales of the Licensed Product from the first commercial sale of a Licensed Product in the Territory to the end of the License Term.

Exhibit 31.1

CERTIFICATION

I, Uttam Patil, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2023, of ABVC BioPharma, Inc.;

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2024, of ABVC BioPharma, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2023 May 17, 2024

*/s/ Uttam Patil*

Uttam Patil
Chief Executive Officer (Principal
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Leeds Chow, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2023, of ABVC BioPharma, Inc.

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2024, of ABVC BioPharma, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2023 May 17, 2024

/s/ Leeds Chow

Leeds Chow
Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as an officer of ABVC BioPharma, Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2023, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2023

(1) The Quarterly Report of the Company on Form 10-Q for the quarter ended March 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

/s/ (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2024

/s/ Uttam Patil

Uttam Patil
Chief Executive Officer (Principal
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as an officer of ABVC BioPharma, Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2023, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.
Date: November 15, 2023

(1) The Quarterly Report of the Company on Form 10-Q for the quarter ended March 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2024

/s/ /s/ Leeds Chow

Leeds Chow
Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

**DISCLAIMER**

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