

2022 Annual Report



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I. Names, Titles, Contact telephone numbers, and E-mail addresses of the Spokesperson and Deputy Spokesperson:

Spokeperson name: Deputy Spokeperson name:

Lee-Cheng Liu Chih-Jung Chang

Title: Chairman and President Title: Senior Vice-President

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E-mail: IR@eirgenix.com E-mail: IR@eirgenix.com

II. Address and Telephone of Headquarters, Branches and Plant:

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Zhubei City, Hsinchu County 302

III. Firm name, Address, Website URL and Telephone number of Stock Transfer Agent:

KGI Securities, Department of Stock Agency

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Rd., Zhongzheng Dist., Taipei City 100

Website URL: https://www.kgi.com.tw

IV. Firm name, Address, Website URL, Telephone number, and the name of the CPA who attested the most recent year's financial report

Name of the CPA: Sheng-Wei Deng, Yu-Fang Yen

Firm name: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110

Website URL: http://www.pwc.tw

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V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company Website URL: http://www.eirgenix.com



Table of Contents

I.	Letter to Shareholders
	1. 2022 Business Result
	2. 2023 Business Plan Summary
	3. EirGenix's future development strategy
	4. Effects by the external competitive environment, legal
	environment, and overall business environment5
II.	Company Profile6
	1. Date of Incorporation 6
	2. Company History6
Ш	I. Corporate Governance Report10
	1. Organization
	2. Information on the company's directors, supervisors, general
	manager, assistant general managers, deputy assistant general
	managers, and the supervisors of all the company's divisions and
	branch units
	3. Remuneration of Directors, Supervisors, President, and Vice
	Presidents
	4. Implementation of Corporate Governance
	5. Information Regarding the Company's Audit Fee and
	Independence
	6. Replacement of CPA
	7. The company's chairperson, general manager, or any managerial
	officer in charge of finance or accounting matters has in the most
	recent year held a position at the accounting firm of its certified
	public accountant or at an affiliated enterprise of such accounting
	firm
	8. Any transfer of equity interests and/or pledge of or change in equity
	interests (during the most recent fiscal year or during the current
	fiscal year up to the date of publication of the annual report) by a
	director, supervisor, managerial officer, or shareholder with a
	stake of more than 10 percent during the most recent fiscal year or
	during the current fiscal year up to the date of publication of the
	annual report
	9. Relationship information, if among the company's 10 largest
	shareholders any one is a related party or a relative within the
	second degree of kinship of another



	10. The total number of shares and total equity stake held in any single
	enterprise by the company, its directors and supervisors,
	managerial officers, and any companies controlled either directly
	or indirectly by the company71
IV.	. Capital Overview72
	1. Source of Capital
	2. Structure of Shareholders
	3. Shareholding Distribution Status
	4. List of Major Shareholders
	5. Share prices for the Past 2 Fiscal Years, Together with the
	Company's Net Worth Per Share, Earnings Per Share, Dividends
	Per Share, and Related Information
	6. Dividend Policy and Implementation Status
	7. Effect upon business performance and earnings per share of any
	stock dividend distribution proposed or adopted at the most recent
	shareholders' meeting
	8. Compensation of employees, directors, and supervisors
	9. Status of a Company Repurchasing its own Shares77
	10. Corporate bond
	11. Preferred Shares
	12. Global Depository Receipts
	13. Employee Share Subscription Warrants
	14. Restricted Employee Share
	15. Issuance of new Shares in Connection with Mergers or
	Acquisitions or With Acquisitions of Shares of Other Companies
	93
	16. The Status of Implementation of Capital Allocation Plans93
V.	Operational Highlights98
	1.Business Activities
	2.Market and Sales Overview
	3. The number of employees employed for the two most recent fiscal
	years and during the current fiscal year up to the date of
	publication of the annual report, their average years of service,
	average age, and education levels
	4.Disbursements for Environmental Protection
	5.Labor Relations
	6.Cyber security management
	7.Important Contracts



VI. Financial Information127
1. Condensed balance sheets and income statements for the past five
fiscal years, showing the name of the auditor CPA and the auditor
CPA's opinion given
2. Five-Year Financial Analysis
3. Supervisors' /Audit Committee's Report for the Most Recent Year
133
4. Financial statements for the most recent fiscal year, including an
auditor's report prepared by a CPA, a two-year comparative
balance sheet and income statement, statement of changes in
shareholders' equity, cash flow statement, and any attached notes
or appendices133
5. Financial Statements for the Years Ended December 31, 2022 and
2021, and Independent Auditors' Report
6. If the company or its affiliates have experienced financial
difficulties during the most recent fiscal year or the current fiscal
year up to the date of printing of annual report, the annual report
shall explain how said difficulties will affect the company's
financial situation134
VIII D . CE. LIG IV. E. LID C
VII. Review of Financial Conditions, Financial Performance, and
Risk Management
Risk Management135
Risk Management
Risk Management1351. Financial Conditions1352. Financial Performance136
Risk Management1351. Financial Conditions1352. Financial Performance1363. Analysis of Cash Flow138
Risk Management1351. Financial Conditions1352. Financial Performance1363. Analysis of Cash Flow1384. The effect of major capital expenditures during the most recent
Risk Management



Appendix 1: Statement of Internal Control System

Appendix 2: Audit Committee's Review Report

Appendix 3:2022 Independent Financial Statements and Independent Auditors' Report

2022 Consolidated Financial Statements and Independent Auditors' Report



I. Letter to Shareholders

Dear Shareholders,

1. 2022 Business Result

(1) Business plan implementing results

EirGenix was established on December 21, 2012 and listed in the market on June 28, 2019. It is a biotechnology and medical company focusing on biosimilars, drug discovery, and biopharmaceutical Contract Development and Manufacturing Organization (CDMO). The revenue was NT\$1,481,017 thousand in 2022 and NT\$1,697,359 thousand in 2021. The difference was mainly due to (1) deferred recognition of the milestone payments as a result of a delay in overseas medicine certificate and (2) pause of facility revamp work in Xizhi by four months for CDMO (contract development and manufacturing) business. EirGenix holds the critical technology of biotechnological drug development and manufacture and is able to provide differentiated services with high value-added. Once production line expansion and upgrade have been completed, the growth momentum of revenues will resume. The consistent and stable operating income can cover part of the development expense for biosimilars. Various drug development projects are being implemented successively as planned. EirGenix's financial and business condition will rise substantially after obtaining the medicine certificate for mass production.

(2) Research and development status

A. Establish competitive and complete production line development strategies:

- (A) EirGenix is currently developing the product for the treatment of HER2+ breast cancer. The dual-target treatment with Pertuzumab in combination with Trastuzumab for late-stage HER2+ breast cancer is gradually being used for early-stage breast cancer. EG1206A is one of the biosimilar leaders in the Pertuzumab market. This will also boost the market share of EG12014.
- (B) The exclusive licensee of EG12014 (Trastuzumab Biosimilar), Sandoz, maintains close communication with the FDA (Food and Drug Administration). Sandoz also works with EirGenix and suppliers for improvements based on the FDA's opinions in the shortest timeframe possible and files a resubmission after the response. Within six months after the resubmission, the FDA will provide the review results in response to the application for approval. Meanwhile, the applications to the EMA (European Medicines Agency) and TFDA (Taiwan Food and Drug Administration) for approval are currently under review.



- (C) Phase 1 clinical trial of EG1206A (Pertuzumab Biosimilar) is scheduled for completion by the second quarter of 2023.
- (D) The antibody-drug conjugate (ADC) EG12043 (TSY0110), jointly developed by the Company and Formosa Pharmaceuticals. In the pre-IND meeting with the US FDA at the beginning of 2023, FDA and EMA experts had different views on the design and requirements of the phase I clinical trials. We will integrate the different design requirements before applying the clinical trials.
- (E) The DMF (drug master file) registration for the active pharmaceutical ingredient (API) of EG74032 carrier protein was obtained from the FDA in January 2023.

B. Outstanding development and manufacture technology of biotechnological drugs:

- (A) EirGenix's Zhubei plant has passed the review by the FDA and obtained an EIR (Establishment Inspection Report) before the drug launch.
- (B) The CDMO contracts signed in 2022 reached a total value of NT\$1.77 billion (US\$59 million), up 14% year-on-year. The CAGR (compound annual growth rate) was 41.7% in 2017-2022.
- (C) In 2023, the mammalian capacity will reach 25,500L and the microbial capacity will reach 150L. Building B at the Zhubei plant is expected to be completed in 2025, to increase the microbial capacity to 1,500L. Meanwhile, a three-stage expansion of the mammalian plant which has 150,000L capacity, is under planning at Ciaotou Science Park, Tainan.
- (D) Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 24, 2022 to October 30, 2027.

C. Affirmation on business performance:

- (A) Best Bioprocessing Awards in Taiwan and the Greater China issued by Biologics Manufacturing Asia (BMA).
- (B) National Innovation and Advancement Award (EG12014 and CRM197).
- (C) Top 5% among TPEx-listed companies in the 8th Corporate Governance Evaluation.

(3) Financial revenue and expenditure and profitability analysis

The annual operating incomes are NTD 1,481,017 thousand dollars, mainly contributed by CDMO business and cooperative development revenue. The gross profit is NTD 756,452 thousand dollars with a 51% gross margin rate. The major in 2022 were biosimilars development and research expenses. The reason for that is because the products are still in the development stage and require more investments for research and development funds, such as clinical study expenses, research and development material expenses, and research



and development staff salaries. CDMO sales and other revenues are still unable to fully cover the research and development expenditures mentioned previously at this point, which is the main reason that caused EirGenix's loss. The investment of research and development expenditures now is to accumulate the energy for future profit growth after the product launches.

The completion of its 5.0325 billion New Taiwan Dollars private placement in 2021. The private placement investors include Foxconn Technology Co., Ltd., Yonglin Capital Holding Co., Ltd., and Hong Wei Investment Co., Ltd. The cash capital increase will be a significant benefit to EirGenix's long-term development and will further enhance the company's operating efficiency. With the recent injection of additional capital funding, EirGenix can now accelerate the execution of its future strategic planning. For the product development unit, the product pipeline will be expanded to include more biosimilar drug products. For the CDMO unit, the current facility infrastructure will add additional production lines and facilities to handle even more diversified biological products and break into the field of cell and gene therapy, as well as the extension of services to further link upstream, midstream, and downstream development and manufacturing services. In addition to the existing arrangement in Taiwan, for example, invest in TFBS continuously and to be their largest shareholder; EirGenix will seek to establish various forms of cooperation with international entities, which include but are not limited to collaborations, strategic alliances, or mergers and acquisitions. Soon EirGenix will become an important hub for biopharmaceutical development and manufacturing on the global stage.

Unit: %

Item	Year	2022	2021
Financial	Debt Ratio	9.83	8.85
Structure	Long Term Funds to property, plant, and equipment	426.10	569.09
Calvanav	Current Ratio	1,133.94	1,289.83
Solvency	Quick Ratio	1,015.88	1,215.91
	Rate of return on assets	(0.93)	(0.34)
Duafitability	Rate of return on equity	(1.09)	(0.69)
Profitability	Net Profit Margin	(7.80)	(2.51)
	Earnings per share (NTD)	(\$0.38)	(\$0.18)

(4) Budget implementation status

EirGenix had only set up an internal budget goal for 2022 and did not disclose the financial forecast to the public. The overall budget implementation has met the goal.



2. 2023 Business Plan Summary

(1) Business policy

EirGenix's business policy is to maintain sustainable growth since its establishment. It came up with three major service items after considering the three factors of the sales and developing time of drugs, risk value, and potential returns, three stages of the business focus have been set: 1. Contract Development and Manufacturing Organization (CDMO); 2. Biosimilar Development, and 3. Me too and Novel biologics development to make the best of EirGenix's cGMP production factory, equipment, and high-end technology human resources.

(2) Estimated sales, and its basis, and important production and sales policy.

EirGenix's biosimilars in development are still in the developing stage. The main revenue resource comes from Contract Development and Manufacturing Organization and authorized product collaborations. The senior management team proposes the overall goal and strategy, and the research and development team make various development project plans. The project schedule for plan implementation and sales projection is made by feasibility analysis, market potential, and financial evaluation.

3. EirGenix's future development strategy

- (1) The short-term development strategy is "Build up the foundation and move forward step by step." The strategy plans for products in development and CDMO sales & marketing development are as follows:
 - A. EG12014 approved by the FDA, the EMA, and the TFDA.
 - B. EG12014 (HERWENDA® Sandoz | EIRGASUN® EirGenix) market launch.
 - C. EG1206A Phase 1 clinical trial completed. Application submitted for Phase 3 trials.
 - D. Application for EG12043 (TSY0110) clinical trials (IND).
 - E. EG13074 pre-clinical preparation completed.
 - F. Expansion of Building B at Zhubei plant to increase the microbial capacity to 1,500L in 2025.
- (2) The medium- and long-term development strategy is "Products are developing and launching one after another to promote stable growth in revenue. The strategy plans for products in development and CDMO sales development are as follows:
 - A. New dosage forms or new drug delivery systems of biosimilars: development of Trastuzumab high-concentration subcutaneous injection doses; planning for the development of EG12014+EG1206A dual-targeting high-concentration

irGenix

subcutaneous injection doses. The successful development of high-concentration subcutaneous injection doses will increase the market shares of these products and enable EirGenix as the primary supplier of biosimilar drugs for the treatment of HER2+ breast cancer.

B. Discussions with international pharmaceutical companies are currently ongoing regarding the establishment of a development alliance for biosimilars in immuno-oncology. Four new projects are expected. According to the development schedule, one new product will be introduced to the market each one to two years starting in 2026. Hence, a three-stage expansion of the mammalian capacity by 150,000L is under planning at Ciaotou Science Park, Tainan. The new capacity can be used to manufacture in-house developed drugs and accept customers' orders for commercial and scale production.

4. Effects by the external competitive environment, legal environment, and overall business environment

The mission of the Company at the beginning is to provide high-quality and cost-effective Contract Development and Manufacturing Organization and develop biosimilars with commercial values. The medium to long-term goal is focusing on Niche Biologics development to increase human and social benefits and improve life quality. The Company insists on making the technology first with excellent quality as the foundation and be responsible for customer's success. The goal is to become an international biotechnology and medicine company that begins in Taiwan and focuses on the global market.

We would like to thank all of the shareholders, customers, and collaborating business partners for encouraging and supporting us, as well as the contribution and hard work from our employees. Together it brings prosperity and constant growth for EirGenix.

EirGenix, Inc.

Chairman: Lee-Cheng Liu

President: Lee-Cheng Liu

Head of Accounting Department: Hsiu-Chuan Yang



II. Company Profile

1. Date of Incorporation

December 21st, 2012.

2. Company History

- -EirGenix Inc. was incorporated as a company limited by shares and registered under the provisions of the Company Act of the Republic of China.
- On March 15th, 2013, EirGenix, Inc., Formosa Laboratories, Inc., and Development Center for Biotechnology (DCB) signed a joint venture agreement. EirGenix Inc. (EirGenix) obtained the management rights and completed the transfer of all technologies, R&D, and production personnel in April 2013. Meanwhile EirGenix inherited the existing pilot plant and the R&D core, competencies including cell line development, production process development, protein characterization, quality control, and two Taiwan FDA certified cGMP facilities one for mammalian cells and one for microbial.
 - -Completed capital injection in November, with the capital reaching NT\$ 540 million.
- 2014 Granted PIC/S GMP certificate by Taiwan FDA.
- 2015 Completed capital injection with the capital reaching NT\$ 790 million.
 - Received the Gold Prize for "Biomedical and New Agricultural Industry Award" in 2015.
- 2016 Initiated EG12014 Phase I clinical trial in Europe.
 - Completed capital injection, with the capital reaching NT\$ 1.0097 billion.
 - Completed IPO and publicly listed in TPEx Emerging Stock Board.
 - Initiation construction of the new PIC/S GMP bio-pharmaceutical facility with commercial mass-production scale situated in the Zhubei Biomedical Park at the end of 2016.
- Nominated for the Best Process Technology and received Grand Winner of Best Bioprocess Excellence in Taiwan by Biologics Manufacturing Asia (BMA).
 Received the excellence award for Antibody Drug Conjugate platform. Earned international recognition in bioprocess technology.
 - EG12014 met primary endpoint, bioequivalence, after the completion of Phase I clinical trial in Europe.
 - Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 31st, 2017 to October 30th, 2022. During the effective period the biological products manufactured by EirGenix's designated facility is allowed can be launched in Japan.



- Received "2017 Biomarker Industry Potential Benchmark Award" by Taiwan Bio Industry Organization.
- Received the "Asia's Best CMO (Contract Manufacturing Organization) Award" in Asia-Pacific Bioprocessing Excellence Awards 2018.
 - Ranked 145th in Deloitte Technology Fast 500 Asia Pacific.
 - "Trastuzumab biosimilar EG12014" won the 17th Taiwan FDA "Pharmaceutical Technology & Research Development Bronze Award."
 - Completed twice capital injection, with the capital reaching NT\$ 1.490229 billion.
 - First patient enrolled in Phase III clinical trial of the proprietary EG12014.
 - Received the Opinion on Successful and Marketable Development of Product or Technology in Scientific and Technological Industry issued by the Industrial Development Bureau (IDB), Ministry of Economic Affairs.
 - EG12014 won the 15th National Innovation Award-Enterprise Innovation Award.
- 2019 EirGenix, Inc. held the opening ceremony to commemorate the launch of the new
 "Protein Drug Commercial Production Plant" in Hsinchu (Zhubei) Biomedical
 Park.
 - Won the Grand Winner of Best Bioprocess Excellence in Taiwan Award in Singapore for the 3rd consecutive year.
 - Granted approval by 11 regulatory agencies including the United States, Taiwan, Georgia, Russia, Belarus, South Korea, India, Ukraine, Chile, South Africa, and Colombia to initiate EG12014 Phase 3 clinical trial since 2018.
 - Won the 6th National Industrial Innovation Award-Excellent Innovation Enterprise of the Ministry of Economic Affairs.
 - In April 2019, EirGenix Inc. signed a global licensing agreement with Sandoz AG, a global leader in generics and biosimilars. The licensing agreement authorized Sandoz AG to the exclusive commercial rights of EirGenix's EG12014 (Trastuzumab biosimilar) in all global markets except mainland China and Taiwan. The licensing agreement includes a signing fee and milestone payments, and additional royalty payment in the authorized markets after product launch.
 - Completed the Initial Public Offering listing.
 - Established EirGenix Europe GmbH subsidiary in Germany.
 - Won the New Technology Award of "2019 Taipei Biotech Awards".
 - Won the subsequent award of National Innovation Award, Enterprise Innovation Award Continuation Award-Innovation Excellence Award.
 - Completed capital injection, with the capital reaching NT\$ 1.691204 billion
- 2020 The independently administered Pharmaceuticals and Medical Devices Agency



(PMDA), under Japan's Ministry of Health, Labour, and Welfare, carried out an on-site inspection of EirGenix's biopharmaceutical manufacturing facility from September 9th to September 12th, 2019. On February 3rd, 2020, EirGenix received PMDA's official approval in its issued GMP Compliance Inspection Result Notification, proclaiming EirGenix's compliance with relevant Japanese regulations regarding the quality, effectiveness, and safety of pharmaceutical manufacturing, which represented a remarkable milestone for EirGenix as the first GMP biopharmaceutical manufacturing facility in Taiwan to receive the authority's approval; not only the only one in both sides of the Taiwan Straits but also one of the few biopharmaceutical manufacturers in Asia receiving Japan's PMDA approval.

- 807 patients enrolled in EirGenix's Phase III clinical trial of EG12014.
- Received 2020 Bioprocessing Excellence Award in Greater China Region.
- Completed capital injection, with the capital reaching NT\$ 2.048565 billion.
- Completed neoadjuvant treatment and surgery of the last patient for the Phase III clinical trial of the breast cancer biosimilar EG12014.
- Won the 17th National Innovation Award.
- The Phase III clinical trial of EG12014 showed equivalent efficacy in regards to its clinical response.
 - Completed capital injection, with the capital reaching NT\$ 2.430389 billion.
 - EirGenix's Xizhi site has been certified by Taiwan FDA as the GMP production facility for commercial biopharmaceutical drug substances. Zhubei site has been inspected and approved by Taiwan FDA as the GMP pilot production facility for biopharmaceutical drug substances.
 - Won the Globalizing Award of "2021 Taipei Biotech Awards".
 - Completed capital injection (Private placement), with the capital reaching NT\$ 3.002317 billion.
- EMA has officially accepted the review of the MAA submitted by Sandoz AG (exclusive partner of EirGenix) for trastuzumab biosimilar EG12014.
 - EirGenix, Inc., has officially submitted the biosimilar drug EIRGASUN of 150 mg powder for concentrate for solution for infusion presentation NDA to the TFDA.
 - EirGenix has officially submitted for the Phase I PK biosimilarity clinical study of developmental product EG1206A (proposed Pertuzumab biosimilar) in Europe.
 - Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 24, 2022, to October 30, 2027.
 - Best Bioprocessing Awards in Taiwan and the Greater China issued by Biologics



Manufacturing Asia (BMA).

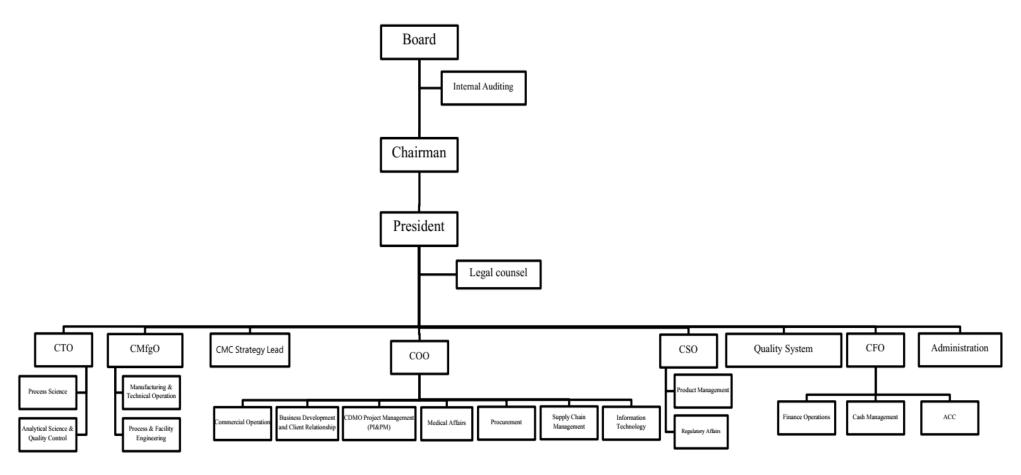
- National Innovation and Advancement Award (EG12014 and CRM197).
- Top 5% among TPEx-listed companies in the 8th Corporate Governance Evaluation.
- EirGenix's Zhubei plant has passed the review by the FDA and obtained an EIR before the drug launch.
 - The DMF registration for the API of EG74032 carrier protein was obtained from the FDA.



III. Corporate Governance Report

1. Organization

(1) Organization Chart





(2) Major Corporate Functions

Department	Functions
President	Formulate the corporate business philosophy, policies, strategies, and major investment plans.
Internal Auditing	Inspection and review of the Company's internal control system with adequacy in design and effectiveness in operation. Audit the integrity of financial information and establish internal risk assessment and management mechanisms.
Legal Counsel	Responsible for managing intellectual property rights, treatment of legal affairs, and compliance with domestic and foreign laws and regulations.
Administration	Responsible for providing a suitable working environment for colleagues through various activities of recruitment, hiring, training, and retaining via HR. Be responsible for internal and external administrative communication, necessary contact, and treatment of general affairs in the office.
Finance Operations	Responsible for annual budget preparation, long-term and short-term financial forecast, financial analysis, fundraising, investing, M&A, stock affairs, public announcement, investor relations, public relations, and convening the Board of Directors/Shareholders' Meeting.
Cash Management	Responsible for banking matters, cash operation, working capital management, capital dispatch, and bank financing.
Accounting	Responsible for accounting affairs related businesses, financial statement preparation, tax planning, supplementary explanation for competent authorities, the administrative remedy of tax, and other related businesses.
Quality System	Review and verify the effective plan, product, process, equipment changes, or other changes to determine whether effective changes need to be re-implemented. Establish an appropriate quality management system and internal GMP audit and training plan. Labor safety and health, industrial waste disposal, fire control measures, and factory management.
CMC Strategy	Provide regulatory CMC strategy, planning and lead the cross- functional sub-teams for the assigned projects/products. Ensures effective communication of CMC regulatory strategy, risks, and overall plans to leadership and teams. Leads cross-functional teams responsible for the preparation of CMC regulatory submissions and responses for assigned projects/products. Coach and review persuasive briefing documents, submission sections, and responses.



Department	Functions
Product Management	Discuss and formulate a self-owned product development strategy and plan a product development schedule and budget with relevant departments. Supervise the overall progress of project development and coordinate cross-departmental technical discussion and work communication. Manage and control project risk and coordinate various departments to prepare relevant contingency measures. Manage the stakeholders of product projects and ensure good communication with internal teams, strategic partners, external consultants, and outsourcing manufacturers. Assist in business development related to self-owned products. Assist in administrative affairs related to self-owned products.
Regulatory Affairs	Provide product lifecycle strategy and perform activities related to regulatory maintenance. Ensure alignment and compliance with local and regional registration requirements. Ensure the timely submissions including CONS, IND, BLA, MAA, etc. Provide regular updates regarding the FDA/EMA/TFDA guidance and regulation. Provide the regulatory filing strategy for post-approval CMC changes. Provide regulatory support for other departments.
Business Development and Client Relationship	Be responsible for the expansion of the corporate business and the establishment and development of relationships with new and existing clients. Be responsible for writing the quotation. Be responsible for external and internal technical discussions and client demand confirmation before signing the contract. Plan and implement domestic and foreign publicity and exhibition work, and regularly update the Company's website. Be responsible for receiving and visiting domestic and foreign clients and related businesses. Be responsible for regular discussions and business support with overseas business colleagues.
CDMO Project Management	Be responsible for internal and external coordination, communication, and management of the implementation contents and administrative affairs of each stage of the project. Establish a project management process and supervision and management mechanism.



Department	Functions
	Be responsible for contract fulfillment and assist the finance
	department in confirming the revenue based on the percentage of
	completion method.
	Plan and implement drug marketing in Taiwan.
Commercial	Be responsible for the selection and follow-up implementation of new
Operation	products in Taiwan and assistance in global connection and coordination.
	Strategic scientific engagement planning and execution with key
Madical Affaina	stakeholders (health care provider/professional groups, patient
Medical Affairs	groups, government, etc.)
	Establish scientific image and trust for key stakeholders.
	Plan EG's own products supply chain management strategy, demand
	management, market replenishment, customer supply chain
Caramira Chain	management, and collaboration with sales and marketing
Supply Chain	departments.
Management	Integrate supply chain strategies and operation plans, build up and
	optimize processes, monitor costs and risks, and make supply chain
	execution comply with regulations, quality, and cost requirements.
Information	Establish and maintain the office information infrastructure.
Technology	Plan and maintain the information hardware and troubleshooting.
reciniology	Plan and manage the application software and troubleshooting.
	Outsource raw materials, equipment, and project and purchase the
	general materials/packing materials.
	Develop suppliers and collect goods data.
Procurement	Draw up, coordinate, formulate and manage the domestic and foreign
	sales contracts.
	Process the import and export operations.
	Analyze and plan the strategic purchasing.
	GMP production. Manage the in-and-out storage and ship-out of raw
Technical	materials, cell bank, and products.
Operation	Scale up the process and transfer the technology.
Process&	Be responsible for GMP plant system monitoring, quality
Facility	maintenance, cleaning, and equipment maintenance.
Engineering	Plant construction project and equipment planning of production line.
	Be responsible for the construction and screening of microorganisms
Process Sciences	and animal cell lines and optimization of culture medium.
2222 20000	Develop and scale up the fermentation and bioreactor process.
	Develop and scale up the recovery and purification process.
Analytical	Develop and validate the quality control analysis methods for protein
Science&	structure, biochemical characteristics, biochemical immunity, and in
Quality Control	vitro cell activity.



- 2. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units
 - (1) Directors

A. Information of Directors

March 31st, 2023; Unit: Shares; %

Title	Name	Age/Ge nder	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Year)	Shareholding Elected Shares		Current Sharehold Shares		Spouse & Shareho	lding	Shareholdi Nomin Shares	ee	Experience (Education)	Other Position	Execu or Sup Spouse Degr	utives, erviso es or v rees of	Directors rs Who are within Two Kinship Relation
Chairman	Lee-Cheng Liu	M 61~70	R.O.C	2012/12/20	2022/6/10	3	2,286,884	0.75	2,317,484	0.76	231,108	0.08	132,600	0.04	 Columbia University Ph D, Chemical Engineering & Applied Chemistry President and COO of AnGes Inc. Process Development Department Manager, Novartis Inc. 	 President & CEO, EirGenix, Inc. Executive Director, Taiwan Bio Industry Organization Industry Consultant, Forward BioT Venture Capital. 	None	None	None
Director	National Development Fund, Executive Yuan	-	R.O.C	2013/6/14	2022/6/10	3	15,288,860	5.03	15,288,860	5.02	0	0	0	0		 Director, Genovate Biotechnology Co., Ltd. Director, Taiwan Biotechco., Ltd. Director, ScinoPharm Taiwan., Ltd. Director, Taiwan Flower Biotechnology Co., Ltd. Director, United Biomedical, Inc., Asia. Director, Adimmune Biotech Corporation. Director, TaiGen Biotechnologys Holdings, Ltd. Director, PharmaEssentia Corporation. Director, PharmaEngine, Inc. Director, TaiAn Technologies Corp. Director, Intech Biopharm Corporation. Director, Point Robotics MedTech Inc. 	None	None	None



March 31st, 2023; Unit: Shares; %

Title	Name	Age/Ge	Place of	Date First Elected	Date Elected	Term (Year)	Shareholding Elected	when	Current Sharehold		Spouse & Shareho		Shareholdi Nomin		Experience (Education)	Other Position	Execu or Sup Spous	Directors s Who are rithin Two Kinship	
			Incorporation				Shares	%	Shares	%	Shares	%	Shares	%		D : 1 C 11			Relation
															-	 Director, Locus Cell Corporation. Director, MetaTech (AP) Inc. Director, Wellell Inc. Director, TaiMed Biologics 			
	Representative: Hsiu-Hui Chen	F 51~60	R.O.C	2016/9/13	2022/6/10	3	0	0	0	0	0	0	0	0	 Ph.D., National Taiwan University Department of Agricultural Chemistry Postdoctoral Fellow, Institute of Plant and Microbial Biology, Academia Sinica 	- Vice President, Development Center for Biotechnology	None	None	None
	Formosa Laboratories, Inc.	-	R.O.C	2013/6/14	2022/6/10	3	18,845,818	6.21	18,572,818	6.10	0	0	0	0	-	 Director, Formosa Pharmaceuticals, Inc. Director, A.R.Z Taiwan Ltd. Director, Epione Investment Cayman Ltd. Director, Epione Pharmaceuticals, Inc. 	None	None	None
Director	Representative: Cheng-Yu Cheng	M 61~70	R.O.C	2013/6/14	2022/6/10	3	0	0	0	0	0	0	0	0	 Ph.D., University of California, San Francisco Postdoctoral Fellow, Massachusetts Institute of Technology Research, DuPont de Nemours, Inc. Professor, National Taiwan University Department of Pharmacy Chairman, L. C. United Chemical Co., Ltd. 	 Chairman & President, Formosa Laboratories, Inc. Chairman & President, Formosa Pharmaceuticals, Inc. Director, Epione Investment Cayman Ltd. Director, Epione Investment HK Ltd. Chairman& President, Epione Pharmaceuticals, Inc. Chairman, Activus Pharma Co., Ltd. Director, A.R.Z Taiwan Ltd. Director, Rayoung Chemtech Inc. Consultant, Forward BioT Venture Capital. 		None	None



March 31st, 2023; Unit: Shares; %

Title	Name	Age/Ge nder	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Year)	Shareholding Elected Shares		Current Sharehold Shares		Spouse & Shareho		Shareholdi Nomin Shares		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship Title Name Relation
	Yao-Hwa Glass Co., Ltd, Management Commission	-	R.O.C	2019/6/12	2022/6/10	3			13,078,082		0	0	0	0	- Director, TaiGen Biotechnologys Holdings, Ltd.	 Director, Adimmune Biotech Corporation Director, PharmaEssentia Corporation Director, Locus Cell Corporation 	None None None
Director	Representative: Ku- Sung Weng	M 51~60	R.O.C	2022/6/10	2022/6/10	3	0	0	0	0	0	0	0	0	- M.S., Chemical Engineering, National Tsing Hua University - Chemical Engineer, Petrochemical Business, CPC Corporation - Director, Printing Technology Research Institute - Director, SAR Technology Inc.	 Deputy Director, Consumer Goods and Chemical Industries Division, Industrial Development Bureau Ministry of Economic Affairs. Member of Chemical	None None None
Director	Foxconn Technology Co., Ltd.	-	R.O.C	2022/6/10	2022/6/10	3	27,500,000	9.05	27,500,000	9.03	0	0	0	0	-	- Director and Supervisor of Hua- Zhun Investment Co., Ltd.	None None None



March 31st, 2023; Unit: Shares; %

Title	Name	Age/Ge nder	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Year)	Shareholding Elected		Current	ing	Shareho	lding	Shareholdi Nomin	ee	Experience (Education)	Other Position	Exector Sup Spous Deg	itives, ervisones or w rees of	Directors rs Who are within Two Kinship
	Representative: Chun-Fu Lu	M 51~60	R.O.C	2023/1/10	2023/1/10	(Note)	Shares 0	0	Shares 0	0	Shares 0	0	Shares 0	0	 Master of EMBA program, Chinese University of Hong Kong Master of EMBA program, National Sun Yat-sen University CFO and spokesperson of Foxsemicon Integrated Technology Inc. 	 Chairman, Foxconn Technology Co. Ltd. Chairman, Precision Healthcare Co., Ltd. Director, Hon Fujin Precision Industry (Taiyuan) Co., Ltd. Director, Hon Fujin Precision Industry (Jincheng) Co., Ltd. Director, Sotera Wireless, Inc. Director, Zap Medical System Ltd. Director, FTC Japan Co., Ltd. 	None		None
	Representative: Yu- Ting Chen	F 31~40	R.O.C	2022/9/7	2022/9/7	(Note)	0	0	0	0	0	0	0	0	 MBA in Finance, National Taiwan University Special Assistant to CIO, Hon Hai Precision Industry Co., Ltd. 	 Senior Investment Manager, GTM Management Co., Ltd. Director, Retain Biotech Corp. Director, YongLin Healthcare Foundation Director, YL Capital Ltd. 		None	None
Independent Director	Ming-Thaur Chang	M 71~75	R.O.C	2016/9/13	2022/6/10	3	0	0	0	0	0	0	0	0	 Rutgers University, NJ, USA MBA GM, CTBC Bank Tokyo Branch Chief Rep. (Taipei) United Commercial Bank EVP, Cosmos/KGI Commercial Bank Independent Director, Kaison Green Energy Technology Co., Ltd. 	- Independent Director, DBS Bank (Taiwan) Ltd.	None	None	None
Independent Director	Po-Chih Chen	M 71~75	R.O.C	2022/6/10	2022/6/10	3	0	0	0	0	0	0	0	0	 Ph.D. in Economics, National Taiwan University Chairman, Taiwan Thinktank National Policy Advisor to the President Economic Advisor to the President Director, Central Bank of the Republic of China 	 Senior Advisors to the President Honorary Chairman, Taiwan Thinktank Emeritus Professor, National Taiwan University 		None	None



March 31st, 2023; Unit: Shares; %

Title	Name	Age/Ge nder	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Year)	Shareholding Elected Shares		Current Sharehold Shares		Spouse & Shareho		Shareholdi Nomin Shares		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship Title Name Relation
Independent Director	Fu-Shiow Yin	F 71~75	R.O.C	2016/9/13	2022/6/10	3	0	0	0	0	0	0	0	0	 Ph.D., Rutgers University-New Jersey State University Independent Director, PharmaEngine, Inc. Director, TaiGen Biotechnologys Holdings, Ltd. Director, Reber Genetics Co., Ltd. Independent Director, Pac-Link BioVentures Member of Independent Investment Committee, Boston Life Science Venture Co., IBT Management Corp. Consultant, Department of Economic Development, Taipei City Government Science Advisor, Department of Industrial Technology, Ministry of Economic Affairs 	- Independent Director, Foresee Pharmaceuticals Co., Ltd.	None None None
Independent Director	Ming-Shen Chen	M 61~70	R.O.C	2016/9/13	2022/6/10	3	0	0	0	0	0	0	0	0	- Ph.D., Michigan State University, Finance.	 Professor of Finance at National Taiwan University. Director, Foundation for Autistic Children and adults in Taiwan. 	None None None

Note:

- a. The stock shares delivered to the trust account, and the vested conditions in the restricted stock issuance method will be reversed according to the vested ratio.
- b. On January 10th, 2023, the director of Foxconn Technology Co., Ltd. changed its legal representative from Jih-Luh Tang to Chun-Fu Lu.
- c. On September 7th, 2022, the director of Foxconn Technology Co., Ltd. changed its legal representative from Hsueh-Yen Ku to Yu-Ting Chen.
- d. Where the chairman of the Board of Directors and the general manager or person of an equivalent position (the highest level manager) of the company are the same person, spouses, or relatives within the first degree of kinship, an explanation, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there should be more than half of the directors not serving as employees or managers, etc.) shall be given.
 - The Shareholders Meeting elected the 5th term of the Board on 2022/6/10. The Board nominated Director Lee-Cheng Liu as the Chairman of the Board at the unanimous consent of the Directors on the same day.
 - It is necessary to establish four seats for Independent Directors for the Chairman acting also in the capacity as the President. The Company has complied with applicable law in this regard. The number of Independent Directors and representatives of shareholders from the public sector occupied more than half of the seats of the 5th Board that the monitoring capacity is sound.
 - On the basis of the current stage of the operation and management of the Company, and in consideration of the development in the future, the 5th Board nominated Director and President Lee-Cheng Liu as the Chairman of the Company for the full-range operation of the Company.
 - For the proper pursuit of corporate governance and strengthening the independence of the Board, the 5th Board also requested the Company to select the right candidate to act as the President of the Company at the right time.
- e. If a director's experience is related to their current position, such as having worked at the accounting firm or its affiliate during the disclosure period, the title and position shall be specified: None.



B. Major shareholders of the institutional shareholder

March 31, 2023; %

	IVIAICI	131, 2023; %					
Name of Institutional Shareholders	Major Shareholders	%					
Situationals	In accordance with Article 29 of the S						
	Industrial Innovation, the Executive Yuan						
	establishes the National Development Fund and a						
National Development Fund,	Management Commission that organiz						
Executive Yuan	related to fund collection and payment						
	safekeeping, and use. The Managemer						
	Commission shall comprise 11 to 13 n						
	of whom shall be appointed (hired) by	the					
	Executive Yuan.						
	Cheng-Yu Cheng	6.44					
	Cathay Life Insurance.	2.74					
	Xiu-Hui Li	2.55					
	Moraga Inc.	2.22					
Formosa Laboratories, Inc.	Ding Li Development Ltd.	2.11					
offices, file.	Augusta Inc.	1.89					
	Jang-Ren Tsai	1.44					
	Yuan Qing Investment Co., Ltd.	1.05					
	Hygica Biotech Ltd.	1.03					
	Ling-Jun Liu	0.99					
	The Yao-Hwa Co., Ltd. Management	Commission					
Yao-Hwa Glass Co., Ltd,	is a management commission managed	d by the					
	Ministry of Economic Affairs. Current	tly, the					
Management Commission	Management Commission comprises 2	2-6 citizen					
	representatives and 8 government repr	esentatives.					
	Hon Hai Precision Industry Co., Ltd.	9.88					
	BaoXin International Investment Co.,	0.02					
	Ltd.	8.92					
	Hyield Venture Capital Co., Ltd.	6.01					
	XinSheng Investment Co., Ltd.	4.71					
Foxconn Technology Co., Ltd.	HongYuan International Investment	0.41					
	Co. Ltd.	2.41					
	HongQi International Investment	2.25					
	Co., Ltd.	2.25					
	Taishin International Bank as	1.77					
	custodian of Cathay MSCI Taiwan	1.75					



Name of Institutional Shareholders	Major Shareholders	%
	ESG Sustainability High Dividend Yield ETF	
	Standard Chartered Bank as custodian of LGT	1.55
	JPMorgan Chase Bank as custodian of Vanguard Star Vanguard Total International Stock Index	1.09
	XianJin International Investment Co., Ltd.	1.01

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

March 31, 2023; %

	Water 31, 2023,							
Name of Institutional	Major Shareholders	%						
Cathay Life Insurance.	Cathay Financial Holding Co., Ltd.	100						
	Xiu-Hui Li	64.28						
N	Da-Rong Cheng	14.29						
Moraga Inc.	Da-Yue Cheng	14.29						
	Wen-Jing Lin	7.14						
Ding Li Development Ltd	Ding-Wu Hu	100						
	Xiu-Hui Li	57.14						
Avayata Ina	Da-Rong Cheng	14.29						
Augusta Inc.	Cheng-Yu Cheng	14.29						
	Da-Yue Cheng	14.28						
	De Xin Investment Ltd.	29.21						
	Hong-Min Xie	21.43						
	Zhen-Wen Huang	21.43						
Vivon Oin a Investment Co. I to	Yi-Xin Chen	10.86						
Yuan Qing Investment Co., Ltd.	An-Ting Xie	6.14						
	An-Qing Xie	5.43						
	Shu-Zhi Qiu	3.00						
	Shao-Hong Chen	2.50						
Hygica Biotech Ltd.	Jian-Hung Li	100						
Hon Hoi Procision Industry Co	Tai-Ming Gou	12.57						
Hon Hai Precision Industry Co., Ltd.	Citibank Hosting Government of Singapore Investment Account	2.37						



Name of Institutional	Major Shareholders	%
	Citibank Hosting Hon Hai Precision	
	Industry Co., Ltd. Depositary	1.28
	Receipts Account	
	New Labor Pension Fund	1.26
	JPMorgan Chase Hosting Vanguard	1.20
	Developing Markets Index Fund	1.20
	JPMorgan Chase Bank Hosting	
	Vanguard STAR Developed	1.11
	Markets Index Fund	
	Citibank Hosting Norges Bank	1.00
	Investment Account	1.02
	Standard Chartered Bank Hosting	
	the Fidelity Puritan Trust: Fidelity	0.96
	Low Priced Stocks Fund	
	LGT Bank AG	0.82
	SAUDI CENTRAL BANK - State	
	Street Global Advisors as external	0.79
	fund manager	
BaoXin International Investment	Hon Hai Precision Industry Co.,	100
Co., Ltd.	Ltd.	100
	Hon Hai Precision Industry Co.,	07.05
	Ltd.	97.95
Hyield Venture Capital Co., Ltd.	BaoXin International Investment	2.05
	Co., Ltd.	2.05
XinSheng Investment Co., Ltd.	Hopetown Properties Ltd.	100
HongYuan International	Hon Hai Precision Industry Co.,	100
Investment Co. Ltd.	Ltd.	100
HongQi International Investment	Hon Hai Precision Industry Co.,	100
Co., Ltd.	Ltd.	100



D.Disclosure of information as professional qualifications and independent status of directors and independent directors

Name	Qualification	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman	Lee-Cheng Liu	 Columbia University Ph D, Chemical Engineering & Applied Chemistry President and COO of AnGes Inc. Process Development Department Manager, Novartis Inc. President and CEO of EirGenix, Inc. Executive Director, Taiwan Bio Industry Organization None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	N/A	0
Director	National Development Fund, Executive Yuan Representative : Hsiu-Hui Chen	 Ph.D., National Taiwan University Department of Agricultural Chemistry Postdoctoral Fellow, Institute of Plant and Microbial Biology, Academia Sinica. Vice President, Development Center for Biotechnology None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	N/A	0
Director	Formosa Laboratories, Inc. Representative : Cheng-Yu Cheng	 Ph.D., University of California, San Francisco. Postdoctoral Fellow, Massachusetts Institute of Technology. Research, DuPont de Nemours, Inc. Professor, National Taiwan University Department of Pharmacy. Chairman, L. C. United Chemical Corporation. Chairman & President, Formosa Laboratories, Inc. Director & President, Formosa Pharmaceuticals, Inc. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	N/A	0
Director	Yao-Hwa Glass Co., Ltd, Management Commission Representative : Ku-Sung Weng	 M.S., Chemical Engineering, National Tsing Hua University Chemical Engineer, Petrochemical Business, CPC Corporation Director, Printing Technology Research Institute Deputy Director, Consumer Goods and Chemical Industries Division, Industrial Development Bureau Ministry of Economic Affairs. Member of Chemical Industry of National Standards Technical Committee, Bureau of Standards, Metrology and Inspection, M.O.E.A. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	N/A	0
Director	Foxconn Technology Co., Ltd. Representative : Chun-Fu Lu	 Master of EMBA program, Chinese University of Hong Kong CFO and spokesperson, Foxsemicon Integrated Technology Inc. Chairman, Foxconn Technology Co. Ltd. Chairman, Precision Healthcare Co., Ltd. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	N/A	0
Director	Foxconn Technology Co., Ltd. Representative : Yu-Ting Chen	 MBA in Finance, National Taiwan University Special Assistant to CIO, Hon Hai Precision Industry Co., Ltd. Senior Investment Manager, GTM Management Co., Ltd. Director, Retain Biotech Corp. 	N/A	0



Name	Qualification	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		None of the circumstances in the subparagraphs of Article 30		macpenaem Breeter
Independent Director	Ming-Thaur Chang	 of the Company Act. Rutgers University, NJ, USA MBA GM, CTBC Bank Tokyo Branch (2001-2003) Chief Rep. (Taipei) United Commercial Bank (2004-2010) EVP, Cosmos/KGI Commercial Bank (2010-2014) Independent Director, Kaison Green Energy Technology Co., Ltd. (2020-Now) Independent Director, DBS Bank (Taiwan) Ltd. (2020-Now) Member of Audit Committee. Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Independent Directors are qualified for independence and competency.	1
Independent Director	Po-Chih Chen	 Ph.D. in Economics, National Taiwan University National Policy Advisor to the President (2003-2006) Economic Advisors to the President (2003-2006) Senior Advisors to the President (2016-Now) Honorary Chairman, Taiwan Thinktank (2012-Now) Emeritus Professor, National Taiwan University Member of Audit Committee. Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 		0
Independent Director	Fu-Shiow Yin	 Ph.D., Rutgers University-New Jersey State University Independent Director, PharmaEngine, Inc. (2011-2019) Director, TaiGen Biotechnologys Holdings, Ltd. Director, Reber Genetics Co., Ltd. Independent Director, Pac-Link BioVentures Member of Independent Investment Committee, Boston Life Science Venture Co., IBT Management Corp. (2009-2014) Consultant, Department of Economic Development, Taipei City Government. (2011-2014) Science Advisor, Department of Industrial Technology, Ministry of Economic Affair Independent Director, Foresee Pharmaceuticals Co., Ltd. (2016-Now) Member of Audit Committee. Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 		1
Independent Director	Ming-Shen Chen	 of the Company Act. Ph.D., Michigan State University, Finance. Professor of Finance at National Taiwan University. (2005-Now) Member of Audit Committee. Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. 		0



Name	Qualification	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		None of the circumstances in the subparagraphs of Article 30		
		of the Company Act.		

During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

- An employee of the company or any of its affiliates.
- A director or supervisor of the company or any of its affiliates.
- A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

Unit: NT\$ thousands; %

* 1 1 .				TT .:1		
Independent	Remuneration	2021	2022	Until		
Director	Remaneration	2021	2022	March 31, 2023		
Ming Thoug Chang	Base Compensation	670	854	240		
Ming-Thaur Chang	Allowances	55	50	10		
Po-Chih Chen	Base Compensation	New office assumed.	536	240		
Po-Chin Chen	Allowances	(Note)	30	5		
Fu-Shiow Yin	Base Compensation	670	854	240		
ru-Sniow Yin	Allowances	55	50	10		
Ming Shan Chan	Base Compensation	670	854	240		
Ming-Shen Chen	Allowances	50	50	10		

Note: The Shareholders Meeting elected the 5th term of the Board on 2022/6/10.

E. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional background, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passed the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. With regard to the board composition, it is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies including but not limited to the following:

The Board of Directors guides the operations strategy, supervises management, and examines the operations of corporate governance, while exercising duties and powers in accordance with laws and regulations and resolutions adopted by the shareholders' meeting and being responsible to the Company, shareholders, and employees, to further improve the Company's operating performance.

The Company has adopted a candidate nomination system for all directors as per the Articles of Incorporation and the Rules of Election of Directors to evaluate candidates based on their education and experience, and the shareholders' meeting elects and appoints candidates from the list of candidates. Relevant regulations are disclosed on the Company's website and Market Observation Post System (MOPS). The Company has formulated a board diversity policy according to the operating model and development needs,



including basic qualifications, professional backgrounds, and industry experience, to ensure directors' suitability, independence, and professionalism. There should not be over one-third of directors who serve as managers concurrently on the Board, and directors should be equipped with the qualities in two aspects below:

- (A) Basic criteria and values: Gender, age, nationality, and culture.
- (B) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finances, marketing, or technology) as well as professional skills and industry experience needed for performing duties.

To achieve the corporate governance goals, the Board as a whole should be equipped with the capabilities below:

- (A) Operational judgment.
- (B) Accounting and financial analysis skills.
- (C) Business management capability.
- (D) Risk control and crisis management capabilities.

More than half of the directors on the Company's Board should have the industry experience and overall planning, leadership, and management capabilities. There are currently 10 directors on the 5th Board of Directors. Among them, four are from the professional biotechnology background. All directors have experience in business, finances, and accounting as well as overall planning, leadership, and management capabilities, while possessing the professional knowledge and skills needed to perform their duties and actively participating in Board meetings and exchanging opinions with management to make business decisions. The following details our overall quantitative data and the composition of the Board based on the board diversity policy:

Title	Name	Gender	Age	Nationality/ Place of Incorporation	Professional biotechnology background	Experience in business, finances, and accounting	Overall planning, leadership, and management capabilities	Possession of college lecturer qualifications or professional and national technical certification
Chairman	Lee-Cheng Liu	M	> 60	R.O.C	✓	✓	✓	
Director	Hsiu-Hui Chen	F	< 60	R.O.C	✓	✓	✓	
Director	Cheng-Yu Cheng	M	> 60	R.O.C	✓	✓	✓	✓
Director	Ku-Sung Weng	M	< 60	R.O.C		✓	✓	
Director	Chun-Fu Lu	M	< 60	R.O.C		✓	✓	
Director	Yu-Ting Chen	F	< 40	R.O.C		✓		
Independent Director	Ming-Thaur Chang	M	> 60	R.O.C		✓	✓	
Independent Director	Po-Chih Chen	M	> 60	R.O.C		√	✓	✓
Independent Director	Fu-Shiow Yin	F	> 60	R.O.C	√	✓	✓	
Independent Director	Ming-Shen Chen	M	> 60	R.O.C		✓	✓	✓

- There is only one director who also serves as an employee at the Company, accounting for 10%.
- There are four independent directors, accounting for 40% of the total, and the term of office of independent directors should not exceed nine years.
- There are three female directors, accounting for 30%, and seven male ones, accounting for 70%.
- There are six directors who are over 60 years old, accounting for 60%, three who are 50–60 years old, accounting for 30%, and one who are 31–40 years old, accounting for 10%.
- There are four directors from the professional biotechnology background, accounting for 40%.
- There are three with professional teaching qualifications and professional certifications, accounting for 30%.
- There are nine with overall planning, management, and leadership capabilities, accounting for 90%.
- All directors are Taiwanese citizens, and many directors possess knowledge of and experience in international business.



(2) Independence of the Board of Directors:

The Board of Directors of the Company consists of ten directors, of which four are independent directors and one director as employee (40% and 10% of all directors). As of 2022/12/31, In addition, all of the independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors).



(2) Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

March 31, 2023; Unit: Shares; %

Title	Name	Gender Nationality Effective Shareholding Spouse & Minor by Shareholding Arr		Sharehol by Nom Arranger	inee	Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship							
				(Note)	Shares	%	Shares	%	Shares	%			Title	Name	Relation
President/ CEO/CSO	Lee-Cheng Liu	M	R.O.C	2013/4/1	2,317,484	0.76	231,108	0.08	132,600	0.04	 Ph.D., Chemical Engineering & Applied Chemistry, Columbia University President and COO of AnGes Inc. Process Development Department Manager, Novartis Inc. 	 Executive Director, Taiwan Bio Industry Organization Industry Consultant, Forward BioT Venture Capital. 		None	None
COO/ Senior Vice President	Chih-Jung Chang	M	R.O.C	2013/4/1	1,112,738	0.37	0	0	80,656	0.03	Ph.D., Chemistry, National Taiwan University.Ex-Director of PM for Oncology, TTY Biopharm	- Director, TFBS Bioscience Inc.	None	None	None
CFO/ Manager of Corporate Governance/ Vice President	Hsiu-Chuan Yang	F	R.O.C	2016/5/3	419,259	0.14	0	0	64,819	0.02	 Master of Accounting, University of New Haven, General Manager, JIATE Excelsior Co., Ltd. V.P., Arich Enterprise Co., Ltd. 	None	None	None	None
CMfgO/ Executive Director	Shang-Chung Ju	M	R.O.C	2013/4/1	430,827	0.14	0	0	34,032	0.01	Ph.D., Chemical Engineering, National Taiwan UniversityEx-Head of Production at DCB BPPF	None	None	None	None
CMC Strategy Lead/Executive Director	Ae-Ning Lin	F	R.O.C	2013/4/1	463,596	0.15	0	0	29,232	0.01	 Ph.D., Chemistry and Biochemistry, University of Maryland College Park. Ex-head of Purification and Protein Characterizations at DCB BPPF 	None	None	None	None
Executive Director	Ching-Ying Chen	F	R.O.C	2021/6/7	30,564	0.01	0	0	27,432	0.01	 Master of Chemical Engineering, National Taiwan University of Science and Technology V.P., MYCENAX Biotech Inc. Manager, R&D Department, Taiwan Advance Bio-Pharmaceutical Inc. 	None	None	None	None
Executive Director	Ren-Yo Forng	M	R.O.C U.S. A	2021/7/5	9,413	0.003	0	0	24,432	0.01	 Ph.D., Laboratory of Microbial and Biochemical Sciences, Georgia State University Scientific Director, Amgen Inc. 	None	None	None	None



Title	Name	Gender	Nationality	Date Effective	Shareholo	ding	Spouse & Minor Shareholding by Nominee Arrangement Experience (Education) Other Position		by Nominee Experience (Education) Other Pos		by Nominee by Nominee Experience (Education)		by Nominee Experience (Education)		Managers who are Spouses or Within Two Degrees of Kinship		
				(Note)	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
											- Head of QC Micro, Site Microbiologist, Astrazeneca biologics						
Executive Director	Ywan-Feng Li	F	R.O.C	2022/4/18	0	0	0	0	0	0	 Ph.D., Biology, University of North Carolina at Chapel Hill, USA Vice president, Medical, Clinical & Regulatory Center, United Biopharma Division of pharmaceutical science, Center for drug evaluation-Taiwan 	None	None	None	None		
Senior Director	Tsan-Hui Wu	M	R.O.C	2017/5/1	203,455	0.07	0	0	30,787	0.01	 Ph.D., Biochemistry, National Taiwan University Manager, R&D, PharmaEssentia Director, R&D, Adimmune Corporation Director, R&D, tpg biologics 	None	None	None	None		
Senior Director	Hwei-Rung Wang	F	R.O.C U.S. A	2022/9/26	1,847	0.01	0	0	387	0.000	 Ph.D., Material Science and Engineering, Univ. of Michigan Director, Drug Delivery and Device Development, Alexion Principal Engineer and Senior Engineer, Biogen Idec Principal Engineer, Amgen 	None	None	None	None		
Director	Chung-Huan Lin	M	R.O.C	2019/1/2	81,707	0.03	0	0	23,487	0.01	- MBA, Case Western Reserve University	None	None	None	None		
Director	Yu-Wen Liu	F	R.O.C	2019/5/20	94,112	0.03	0	0	22,237	0.01	- MBA, Business, St. U. of New York, New Paltz - Manager, China Productivity Center	None	None	None	None		
Director	Tsung-Chih Wang	M	R.O.C	2020/8/3	39,707	0.01	578	0.000	20,987	0.01	 MS, Taipei Medical University Marketing Manager, Marketing, Novartis Sandoz Pricing Strategy Manager, Pfizer 	None	None	None	None		



Title	Name	Gender	Nationality	Date Effective (Note)	Sharehol	ding %	Spouse & Sharehol		Shareho by Nom Arrange Shares	inee	Experience (Education)	Other Position	Spouse	ees of K	thin Two
Director	Ming-Tao Pai	M	R.O.C	2020/12/1	44,707	0.01	0	0	20,987	0.01	 Ph.D., National Tsing Hua University Director, Bio Manufacturing, WuXi Biologics/ Manager, MD, Taiwan Liposome Company 	None	None	None	None
Director	Yi-Yun Ciou	F	R.O.C	2021/5/17	4,707	0.002	2,381	0.001	20,987	0.01	 MS in Medical Sciences, Taipei Medical University. Medical Affairs Manager, Novartis Taiwan, Sandoz Division. Sr. Medical Science Liaison, AstraZeneca Taiwan. 	None	None	None	None
Director	Chih-Yuan Ma	М	R.O.C	2022/12/1	0	0	0	0	972	0.003	 Ph.D., Institute of Basic Medical Sciences, National Cheng Kung University Associate Director, PMO 	None	None	None	None

Note:

- a. Date effective is the date which be appointed as the position, not the actual date of on duty.
- b. The stock shares delivered to the trust account, and the vested conditions in the restricted stock issuance method will be reversed according to the vested ratio.
- c. If a manager's experience is related to their current position, such as having worked at the accounting firm or its affiliate during the disclosure period, the title and position shall be specified: None.
- (3) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

The Shareholders Meeting elected the 5th term of the Board on 2022/6/10. The Board nominated Director Lee-Cheng Liu as the Chairman of the Board at the unanimous consent of the Directors on the same day.

It is necessary to establish four seats for Independent Directors for the Chairman acting also in the capacity as the President. The Company has complied with applicable law in this regard. The number of Independent Directors and representatives of shareholders from the public sector occupied more than half of the seats of the 5th Board that the monitoring capacity is sound.

On the basis of the current stage of the operation and management of the Company, and in consideration of the development in the future, the 5th Board nominated Director and President Lee-Cheng Liu as the Chairman of the Company for the full-range operation of the Company.

For the proper pursuit of corporate governance and strengthening the independence of the Board, the 5th Board also requested the Company to select the right candidate to act as the President of the Company at the right time.



3. Remuneration of Directors, Supervisors, President, and Vice Presidents

(1) Remuneration of Directors

A. Remuneration of Directors (including Independent Directors) in 2022

Unit: NT\$ thousands; %

					Remu	neration				Remur	of Total neration				muneration Tho are Alse					Com	o of Total pensation	
			Base nsation (A)	Severan	ce Pay (B)	Dir Compe	rectors nsation(C)	Allow	rances (D)		D) to Net ne (%)		onuses, and nces (E)	Severano	ce Pay (F)	Emplo	yee Con	npensati	ion (G)		E+D+E+F+G) Income (%)	Remuneration from ventures other than
Title	Name	The company	All companies in the consolidated financial statements		All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The co	Stock	in consol fina	ments	company	Companies in the consolidated financial statements	subsidiaries or from the parent company
Chairman Lee-Cheng l	Liu	0	0	0	0	0	0	50	50	50 (0.04)	50 (0.04)	37,347	37,347	57	57	0	0	0	0	37,454 (32.42)	37,454 (32.42)	0
Director National De Fund, Execu		0	0	0	0	0	0	5	5	5 (0.004)	5 (0.004)	0	0	0	0	0	0	0	0	5 (0.004)	5 (0.004)	0
Director Rep Hsiu-Hui Ch		0	0	0	0	0	0	50	50	50 (0.04)	50 (0.04)	0	0	0	0	0	0	0	0	50 (0.04)	50 (0.04)	0
Former Dire Representati Wei-Feng K	ive	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Former Dire Representati Jing-Jer Lin	ive	0	0	0	0	0	0	10	10	10 (0.01)	10 (0.01)	0	0	0	0	0	0	0	0	10 (0.01)	10 (0.01)	0
Director Formosa La	aboratories, Inc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Director Rep Cheng-Yu C		0	0	0	0	0	0	45	45	45 (0.04)	45 (0.04)	0	0	0	0	0	0	0	0	45 (0.04)	45 (0.04)	0
	Blass Co., Ltd, nt Commission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Director Rep Ku-Sung W	eng	0	0	0	0	0	0	30	30	30 (0.03)	30 (0.03)	0	0	0	0	0	0	0	0	30 (0.03)	30 (0.03)	0
Former Dire Representati Wei-Hung C	ive	0	0	0	0	0	0	20	20	20 (0.02)	20 (0.02)	0	0	0	0	0	0	0	0	20 (0.02)	20 (0.02)	0



Unit: NT\$ thousands; %

																					Unit: N'	Γ \$ thousands; %
					Remu	neration					of Total				muneration						of Total	
		P	Base			Dir	ectors				neration +D) to Net	Salary R	onuses, and		ho are Also						pensation +D+E+F+G)	Remuneration
			nsation (A)	Severan	ce Pay (B)		nsation(C)	Allow	ances (D)		ne (%)		ances (E)	Severano	e Pay (F)	Employ	yee Con	npensati	ion (G)		Income (%)	from ventures other than
Title	Name	The company	All companies in the consolidated financial statements		All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	1 .	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements		All companies in the consolidated financial statements		All companies in the consolidated financial statements	The co			ncial ments	The company	Companies in the consolidated financial statements	subsidiaries or from the parent company
Director Foxconn Tec Ltd.	hnology Co.,	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Director Repr Yu-Ting Che		0	0	0	0	0	0	20	20	20 (0.02)	20 (0.02)	0	0	0	0	0	0	0	0	20 (0.02)	20 (0.02)	0
Former Direct Representative Jih-Luh Tang	ve	0	0	0	0	0	0	30	30	30 (0.03)	30 (0.03)	0	0	0	0	0	0	0	0	30 (0.03)	30 (0.03)	0
Former Direct Representative Hsueh-Yen K	ve	0	0	0	0	0	0	10	10	10 (0.01)	10 (0.01)	0	0	0	0	0	0	0	0	10 (0.01)	10 (0.01)	0
Independent Ming-Thaur		854	854	0	0	0	0	50	50	904 (0.78)	904 (0.78)	0	0	0	0	0	0	0	0	904 (0.78)	904 (0.78)	0
Independent Po-Chih Che		536	536	0	0	0	0	30	30	566 (0.49)	566 (0.49)	0	0	0	0	0	0	0	0	566 (0.49)	566 (0.49)	0
Independent I Fu-Shiow Yi		854	854	0	0	0	0	50	50	904 (0.78)	904 (0.78)	0	0	0	0	0	0	0	0	904 (0.78)	904 (0.78)	0
Independent Ming-Shen C		854	854	0	0	0	0	50	50	904 (0.78)	904 (0.78)	0	0	0	0	0	0	0	0	904 (0.78)	904 (0.78)	0
Former Direct Augusta Inc.	etor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Former Direct Representativ Chung-Hur L	ve	360	360	0	0	0	0	20	20	380 (0.33)	380 (0.33)	0	0	0	0	0	0	0	0	380 (0.33)	380 (0.33)	0
Former Direct Development Biotechnolog	t Center for	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Former Direct Taiwania Cap Bioventures,	pital Buffalo II	0	0	0	0	0	0	20	20	20 (0.02)	20 (0.02)	0	0	0	0	0	0	0	0	20 (0.02)	20 (0.02)	0



Unit: NT\$ thousands; %

			ase sation (A)	Severano	Remu ce Pay (B)		ectors nsation(C)	Allowa	ances (D)	Remur (A+B+C+	of Total neration +D) to Net ne (%)			Directors W	muneration Tho are Also te Pay (F)		yees	npensati	on (G)	Com (A+B+C	o of Total pensation C+D+E+F+G) Income (%)	Remuneration from ventures
Title	Name	The company	All companies in the consolidated financial statements	1 ,	All companies in the consolidated financial statements		All companies in the consolidated financial statements	1 7	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The co	1 7	in consol finar	ncial ments	company	Companies in the consolidated financial statements	other than subsidiaries or from the parent company
Former Dire Representati Chih-Lung S	ve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

- a. The Shareholders Meeting elected the 5th term of the Board on 2022/6/10.
- b. Salary, Bonuses, and Allowances (E) including the share-based payment.
- c. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

If the Company has net profit in this fiscal year, the Company shall set aside 3% (inclusive) or less of its profits as bonus to Directors. The distribution of director remuneration shall be heard by over two-thirds of the Board of Directors, be voted in favor for implementation by over one-half of the directors present and represented, and also be reported at the shareholders' meeting.

The Company did not pay any director remuneration during the previous two years. Directors only received traffic allowances for conducting businesses. Independent directors receive fixed emoluments for performing businesses. The aforesaid traffic allowances and emoluments for conducting businesses have been reviewed by Remuneration Committee and approved by the Board of Directors.

d. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.



B. Range of Remineration for Directors (including Inc	dependent Directors)	Nome	of Divertous	
	Total of (Name (A+B+C+D)	of Directors Total of (A+B)	+C+D+E+F+G)
Range of Remuneration	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial
Less than NT\$ 1,000,000	Chairman - Lee-Cheng Liu Directors - National Developmer Representative: Hsiu- Formosa Laboratories Representative: Chen - Yao-Hwa Glass C Commission Representative: Ku-S - Foxconn Technology Representative: Yu-T Independent Directors - Ming-Thaur Chang - Po-Chih Chen - Fu-Shiow Yin - Ming-Shen Chen Former Chairman - Augusta Inc. Representative: Chun Former Director	statements (H) Int Fund, Executive Yuan Hui Chen S, Inc. Inc. Inc. Inc. Inc. Inc. Inc. Inc.	Directors - National Development Representative: Hsituser Formosa Laboratorie Representative: Cheman Commission Representative: Ku-Sepresentative: Ku-Sepresentative: Yu-Technology Representative: Yu-Technology Repres	statements (I) Int Fund, Executive Yuan Hui Chen Is, Inc. Ing-Yu Cheng Co., Ltd, Managemen Hung Weng Co., Ltd. Ting Chen Ing-Hur Lee Ing-Hur Lee Int Fund, Executive Yuan
		Co., Ltd, Management Hung Chang Ifalo II Bioventures, LP Co., Ltd. uh Tang	- Yao-Hwa Glass C Commission Representative: Wei-	Co., Ltd, Manageme Hung Chang Ifalo II Bioventures, LP Co., Ltd. Juh Tang
NT\$1,000,000 (Included) ~ NT\$2,000,000 (Not included)	-	-	-	-
NT\$2,000,000 (Included) ~ NT\$3,500,000 (Not included)	-	-	-	-
NT\$3,500,000 (Included) ~ NT\$5,000,000 (Not included)	-	-	-	-
1\1\55,500,000 (metaded) ~ 1\1\55,000,000 (not included)		-	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included) NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included)	-			
	-	-	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included)	-	-	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included) NT\$10,000,000 (Included) ~ NT\$15,000,000 (Not included)	- - -		- Chairman - Lee-Cheng Liu	-
NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included) NT\$10,000,000 (Included) ~ NT\$15,000,000 (Not included) NT\$15,000,000 (Included) ~ NT\$30,000,000 (Not included) NT\$30,000,000 (Included) ~ NT\$50,000,000 (Not included)	- - - -	- - -	- Chairman - Lee-Cheng Liu	-
NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included) NT\$10,000,000 (Included) ~ NT\$15,000,000 (Not included) NT\$15,000,000 (Included) ~ NT\$30,000,000 (Not included)	- - - -	-		-

(2) Remuneration of Supervisors

EirGenix, Inc. has set up the Audit Committee on June 12th, 2018.



(3) Remuneration of the President and Vice President

A. Remuneration of the President and Vice Presidents in 2022

Unit: NT\$ thousands

		Sala	ary(A)	Severan	ace Pay (B)		ses and ances (C)	Empl	•	Compen D)	sation	compe (A+B+C	of total ensation (+D) to net me (%)	Remuneration from ventures
Title	Name	The company	All companies in the consolidated financial statements	The	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	com	he pany Stock	in consol final states	mpanies the lidated ncial ments	The company	All companies in the consolidated financial statements	other than subsidiaries or from the parent company
President	Lee-Cheng Liu													
Senior Vice President	Chih-Jung Chang	17,764	17,764	309	309	33,322	33,322	0	0	0	0	51,395	51,395	0
Vice President	Hsiu-Chuan Yang	·	·			·	·					(44.48)	(44.48)	
Vice President	Chih-Dung Teng (Note)													

Note

B. Range of Remuneration for President and Vice President

Pance of Pomynaration	Name of President	and Vice Presidents
Range of Remuneration	The company	Companies in the consolidated
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 (Included)~ NT\$2,000,000(Not included)	Chih-Dung	Teng (Note)
NT\$2,000,000 (Included)~ NT\$3,500,000(Not included)	-	-
NT\$3,500,000 (Included) ~ NT\$5,000,000(Not included)	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000(Not included)	Chih-Jung Chang,	Hsiu-Chuan Yang
NT\$10,000,000 (Included) ~ NT\$15,000,000(Not included)	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000(Not included)	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000(Not included)	Lee-Ch	eng Liu
NT\$50,000,000 (Included) ~ NT\$100,000,000(Not included)	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	4	4

C. Managerial officers with the top five highest remuneration amounts

Unit: NT\$ thousands

		Salar	ry(A)	Severanc	e Pay (B)		ses and nces (C)	Emplo	yee Cor	npensati	on (D)	compo (A+B+	of total ensation -C+D) to ome (%)	Remuneration from ventures
Title	Name	The company	All companies in the consolidated financial	The company	All companies in the consolidated financial	The company	All companies in the consolidated financial	The co	mpany	in consol	idated ncial	The company	All companies in the consolidated financial	other than subsidiaries or from the parent company
			statements		statements		statements	Cash	Stock	Cash	Stock		statements	
President	Lee-Cheng Liu	9,231	9,231	57	57	28,116	28,116	0	0	0	0	37,404 (32.37)	37,404 (32.37)	0
Senior Vice President	Chih-Jung Chang	4,242	4,242	108	108	2,357	2,357	0	0	0	0	6,707 (5.80)	6,707 (5.80)	0
Vice President	Hsiu-Chuan Yang	3,586	3,586	108	108	2,117	2,117	0	0	0	0	5,811 (5.03)	5,811 (5.03)	0
Executive Director	Ren-Yo Forng	3,816	3,816	108	108	4,121	4,121	0	0	0	0	8,045 (6.96)	8,045 (6.96)	0
Executive Director	Shang-Chung Ju	3,179	3,179	108	108	675	675	0	0	0	0	3,962 (3.43)	3,962 (3.43)	0

Note: Bonuses and Allowances in 2022 include the expenses of share-based payment.

a. Remuneration of the President and Vice Presidents in 2022 includes the expenses of share-based payment.

b. Chih-Dung Teng has resigned on April 29, 2022.



- (4) Employee Profit Sharing Granted to Management Team: None.
- (5) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice President
 - A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president, and vice presidents of the Company, to the net income.

Item	Ratio of total remun	eration paid to directors, supe income (· •	d vice presidents to net						
	2021 2022									
Title	Total remuneration	Companies in the consolidated financial statements	Total remuneration	Companies in the consolidated financial statements						
Directors	3,235	(7.6)	3,948	(3.42)						
President and Vice President	42,417	(99.61)	51,395	(44.48)						

- B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.
 - (A) Remuneration for Directors, President and Vice Presidents

Suppose the Company has the net profit in this fiscal year. In that case, the Company shall set aside between 1% to 5% of its profits as a bonus to the Company's employees and set aside 3% (inclusive) or less of its profits as a bonus to Directors. The distribution of bonus to employees may be made by way of cash or shares by the resolution of the Board of Directors. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company. Over two-thirds shall hear the distribution of employee remuneration and director remuneration of the Board of Directors, be voted in favor of implementation by over one-half of the directors present and represented and be reported at the shareholders' meeting.

The Company shall first offset its losses in previous years that have not been previously offset, and then set aside annual profits as a bonus to the Company's employees and set aside annual profits as a bonus to Directors.

EirGenix did not pay any director remuneration during the previous two years. Directors only received traffic allowances for conducting business. Former Chairman and independent directors receive fixed emoluments for performing businesses. The remaining remuneration to directors is the salary of the current Chairman as an employee. The aforesaid traffic allowances and emoluments for conducting businesses have been reviewed by Remuneration Committee and approved by the Board of Directors.

The President and Vice Presidents of the Company are remunerated in commensurate with their position, contribution to the Company and with reference to industry standards subject to the review of the Remuneration Committee and reporting to the Board for final approval. No remuneration has been appropriated by EirGenix as remuneration to employees in the last 2 years.

(B) Association with operation performance and risks in the future

The remunerations to the Directors and managers will be determined on the basis of the operation of the Company, the operation risk and development in the future with reference to industry standards and the assigned duties and contribution, and the association with the operating performance at a significant level. The management and the Remuneration Committee of the Company will review the remuneration level at regular intervals for appropriate adjustment for a proper balance between risk control and sustainable development of the Company.



4. Implementation of Corporate Governance

(1) Operations of the Board of Directors:

A total of 10 (A) meetings of the Board of Directors was held in 2022. The attendance of directors was as follows:

Title	Name	Actual Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Lee-Cheng Liu	10	0	100	Renewal of office
	National Development Fund, Executive Yuan Representative: Hsiu-Hui Chen	6	0	100	Renewal of office
Director	Former Representative: Wei-Feng Kao	1	1	50	Term expired
	Former Representative: Jing-Jer Lin	2	0	100	Left office on 2022/4/18
Director	Formosa Laboratories, Inc. Representative: Cheng-Yu Cheng	9	1	90	Renewal of office
Director	Yao-Hwa Glass Co., Ltd, Management Commission Representative: Ku-Sung Weng	6	0	100	New office assumed
	Former Representative: Wei-Hung Chang	4	0	100	Term expired
	Foxconn Technology Co., Ltd. Representative: Yu-Ting Chen	4	0	100	New office assumed
Director	Former Representative: Jih-Luh Tang	6	0	100	Left office on 2023/1/10
	Former Representative: Hsueh-Yen Ku	2	0	100	Left office on 2022/9/7
Independent Director	Ming-Thaur Chang	10	0	100	Renewal of office
Independent Director	Po-Chih Chen	6	0	100	New office assumed
Independent Director	Fu-Shiow Yin	10	0	100	Renewal of office
Independent Director	Ming-Shen Chen	10	0	100	Renewal of office
Former Chairman	Augusta Inc. Representative: Chung-Hur Lee	4	0	100	Term expired
Former Director	Development Center for Biotechnology Representative: Hsiu-Hui Chen	4	0	100	Term expired
Former Director	Taiwania Capital Buffalo II Bioventures, LP Representative: Chih-Lung Shen	4	0	100	Term expired

Note: The Shareholders Meeting elected the 5th term of the Board on 2022/6/10.

A total of 2 (A) meetings of the Board of Directors was held by the end of March 2023. The attendance of directors was as follows:

Title	Name	Actual Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Lee-Cheng Liu	2	0	100	-
Director	National Development Fund, Executive Yuan Representative: Hsiu-Hui Chen	2	0	100	-
Director	Formosa Laboratories, Inc. Representative: Cheng-Yu Cheng	2	0	100	-
Director	Yao-Hwa Glass Co., Ltd, Management Commission Representative: Ku-Sung Weng	1	1	50	-
Director	Foxconn Technology Co., Ltd. Representative: Chun-Fu Lu	2	0	100	Took office on 2023/1/10
Director	Foxconn Technology Co., Ltd. Representative: Yu-Ting Chen	2	0	100	-



Title	Name	Actual Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Ming-Thaur Chang	2	0	100	-
Independent Director	Po-Chih Chen	1	1	50	-
Independent Director	Fu-Shiow Yin	2	0	100	-
Independent Director	Ming-Shen Chen	2	0	100	-

Other mentionable items:

- A. In any of the following circumstances, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response to independent directors' opinion should be specified:
 - (A). The circumstances referred to in Article 14-3 of the Securities and Exchange Act:

(A). The circui	mstances referred to in Article 14-3 of the Securities and Exchange Act:		
Date of Meeting/ Term of Board of Directors	Contents of Motion	Independent Director's Opinion	The Company's Response to Independent Director's Opinion
2022/1/20 The 24th meeting of the 4th board	 a. Approval of "The Establishment of Phase II Facility and Production Equipment" in Hsinchu Biomedical Science Park b. Approved the investments in TFBS Bioscience with the consideration of the benefit of industrial vertical combination and extension of the service scope of CDMO. c. The company's board of directors' resolution of the lease of office from related parties d. Announcement that the company has modified the lease conditions for the assets that originally obtained the right of use from the related parties. a. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors. 	None	Not applicable
2022/3/22 The 25th meeting of the 4th board	 b. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs. c. Amendment to the Budget management Regulations. d. Approved the amendment to Articles of Procedures for Governing the Acquisition and Disposal of Assets and the Rules of Procedure for Shareholder Meetings. e. Adoption of the 2022 Employee Restricted Stock Awards. f. Approved the Company will raise capital through private placements of common shares. g. Examined the candidates for the fifth term of the board of directors for the election in shareholders' meeting and lifted the restriction on the Director's non-compete clause. 		
2022/4/19 The 26th meeting of the 4th board	Approved to update the 2022 First-time Employee Restricted Stock Awards to employees.		
2022/5/12	Approved the motion for the fixed remuneration to the Independent Directors of the 5th term of the Board.		



Date of Meeting/ Term of Board of Directors	Contents of Motion	Independent Director's Opinion	The Company's Response to Independent Director's Opinion
The 27th meeting of the 4th board			
2022/8/11 The 2nd meeting of the 5th board	a. Approved the Production Line Expansion and Production Equipment at Zhubei Facility. (Budget Increase)b. Approved the Construction Design and Consulting Fee for New Plant.c. Adoption of the Issuance of 2022 Employee Stock Options.		
2022/9/8 The 3rd meeting of the 5th board	 a. Approved the motion for participation in the fund-raising scheme of venture capital for biomedical technology. b. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of Chairman and President and Chief R&D Officer Lee-Cheng Liu in assuming office as the consultant of Fu Yao Biomedical Technology Venture Capital Investment Fund. c. Approved to grant 2022 Employee Restricted Stock Awards to employees. d. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of Director Cheng-Yu Cheng in assuming office as the consultant of Fu Yao Biomedical Technology Venture Capital Investment Fund. 		
2022/10/19 The 4th meeting of the 5th board	Approved the motion for the subscription of the 2 nd issue of new shares issued by TFBS Bioscience Inc. for raising new capital in 2022.		
2022/11/8 The 5th meeting of the 5th board	Approved to grant 2022 Employee Restricted Stock Awards to employees.		
2022/12/28 The 6th meeting of the 5th board 2023/3/10 The 8th meeting	 a. Approved the amendment to the Internal Control System and Internal Audit System. b. Approved the revision of the approval standard for material procurement in the Approval Authority Form. a. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors. b. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs. c. Approved the certified public accounts previously approved as the Independent Auditors, the CPA office and affiliates to render non-assurance services to the Company and the subsidiories. 		
The 8th meeting of the 5th board	 assurance services to the Company and the subsidiaries. d. Adoption of the 2023 Employee Restricted Stock Awards. e. Approved the Company will raise capital through private placements of common shares. f. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives. g. Approved to grant 2022 Employee Restricted Stock Awards to 		



Date of Meeting/ Term of Board of Directors	Contents of Motion	Independent Director's Opinion	The Company's Response to Independent Director's Opinion
	employees.		

- (B). In addition to said circumstances, any other matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing: None.
- B. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance, and voting should be specified:

Date of Meeting	Name	Meeting Agenda	Causes for avoidance	Result of Voting
2022/1/20	Development Center for Biotechnology Hsiu-Hui Chen Cheng-Yu Cheng	 a. Approved the investments in TFBS Bioscience with the consideration of the benefit of industrial vertical combination and extension of the service scope of CDMO. b. The company's board of directors' resolution of the lease of office from related parties. c. Announcement that the company has modified the lease conditions for the assets that originally obtained the right of use from the related parties. Acquired the revenue sharing rights of TSY0110 (EG12043) from Formosa Pharmaceuticals, Inc. 		
2022/5/12	Ming-Shen Chen Fu-Shiow Yin Ming-Thaur Chang	Approved the motion for the fixed remuneration to the Independent Directors of the 5th term of the Board.	Excused from	
2022/9/8	Lee-Cheng Liu Cheng-Yu Cheng	 a. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of Chairman and President and Chief R&D Officer Lee-Cheng Liu in assuming office as the consultant of Fu Yao Biomedical Technology Venture Capital Investment Fund. b. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of Director Cheng-Yu Cheng in assuming office as the consultant of Fu Yao Biomedical Technology Venture Capital Investment Fund. 	discussion and of this agenda pursuant to pa of Article 206 Company Act.	item ragraph 3 of the
2022/10/19	Hsiu-Hui Chen	Approved the motion for the subscription of the 2 nd issue of new shares issued by TFBS Bioscience Inc. for raising new capital in 2022.		
2023/1/16	Lee-Cheng Liu	Approved the motion of distribution of year-end bonuses for the managers.		
2023/3/10	Chun Fu Lu	Adoption of the 2023 Employee Restricted Stock Awards. Release the prohibition on directors or representatives of directors from participation in competitive business.		



C. Conducting Evaluations of Board Performance

Evaluation	Evaluation	Evaluation scope	Evaluation		
cycle	period	r	method		Evaluation content
Conducting	January	Board of	Internal self-	a.	Performance evaluation of the board of
once a year	1st—	Directors,	evaluation of the		directors: Include the degree of participation in
J	December	individual board	board of directors		the company's operations, the decision-making
	31st, 2022	member, and	and self-		quality of the board of directors, the
		functional	evaluation of		composition and structure of the board of
		committees	directors		directors, the selection and continuous
		(including			education of directors, internal control, etc.
		Remuneration		b.	Performance evaluation of individual directors:
		Committee and			Include grasping the company's objectives and
		Audit Committee)			tasks, recognition of directors' responsibilities,
					level of participation in the company's
					operations, internal relationship management
					and communication, expertise and continuous
					education of directors, internal control, etc.
				c.	Performance evaluation of functional
					committees: the degree of participation in the
					company's operations, the recognition of
					functional committee's responsibilities, the
					decision-making quality of functional
					committees, the composition of functional
					committees and the selection of members,
					internal control, etc.
				d.	The Board, Boardmembers, and functional
					committees (including Remuneration
					Committee and Audit Committee) received a
					self-assessment score over 90.
Conducting	October	Conducting	Appointment of	a.	The organization and professional
once three	1st,2021—	Evaluations of	the external		development of the Board.
years	September	Board	professional		Quality of decision-making of the Board.
	30th, 2022	Performance	institutions:		The performance result of the Board.
			Taiwan Investor		Internal control and risk management.
			Relations	e.	Level of participation in corporate social
			Institute		responsibility by the Board.

- D. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., the establishment of the Audit Committee, improvement of information disclosure transparency) and measures taken toward achievement:
 - (A) The board of directors is composed of ten directors (including four independent directors) with rich academic and industry experience. The board of directors follows the "Standards of the Board of Directors' Procedures" and the "Management Measures for the Operation of the Board of Directors' Procedures", and regularly reviews and discusses various business development plans.
 - (B) The PwC accountants attended the board meeting, provided taxation and legal information and suggestions, and reported the quarterly financial report inspection results to the directors.
 - (C) EirGenix establishes Audit Committee and to strengthen the effectiveness of internal control. In addition to helping independent directors fully understand the financial report review, they can also conduct substantive supervision



- through the disclosure and exchange of financial information and build an appropriate and comprehensive risk management supervision mechanism.
- (D) EirGenix has set up a Remuneration Committee in 2016, an Audit Committee in 2018, and Corporate Governance Committee in 2022. And EirGenix will set up other types of functional committees as required by operational development.
- (E) EirGenix has set up the spokesman and vice spokesman system and disclosed the financial and business information on the Market Observation Post System and the corporate website according to laws and regulations.

(2) Operation of Audit Committee

A. Information of Audit Committee Operation:

EirGenix established the 3rd Audit Committee to replace supervisors on June 10th, 2022.

A total of 10 (A) meetings of the Audit Committee were held in 2022. The attendance of independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) [B/A]
Independent Director	Ming-Thaur Chang	10	0	100
Independent Director	Po-Chih Chen (Note)	6	0	100
Independent Director	Fu-Shiow Yin	10	0	100
Independent Director	Ming-Shen Chen	10	0	100

Note: Independent director Po-Chih Chen was newly appointed on 2022/6/10 and should attend 6 meetings.

A total of 1 (A) meetings of the Board of Directors was held by the end of March 2023. The attendance of directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)
Independent Director	Ming-Thaur Chang	1	0	100
Independent Director	Po-Chih Chen (Note)	1	0	100
Independent Director	Fu-Shiow Yin	1	0	100
Independent Director	Ming-Shen Chen	1	0	100

Other mentionable items:

- (A) In any of the following circumstances, the dates of the meetings, sessions, contents of motion, audit committee's resolutions, and the company's response to the audit committee's opinion should be specified:
 - a. The circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Date and Term of Meeting	Contents of Motion	Audit Committee's Resolutions	The Company's Response to Audit Committee's Opinion
	a. Approval of "The Establishment of Phase II Facility and Production Equipment" in Heinaby Biomedical Science Park	Consent	Approved
2022/1/20 The 20th meeting of the 2nd term	 Equipment" in Hsinchu Biomedical Science Park. b. Approved the investments in TFBS Bioscience with the consideration of the benefit of industrial vertical combination and extension of the service scope of CDMO. c. The company's board of directors' resolution of the lease of office from related parties. d. Announcement that the company has modified the lease conditions for the assets that originally obtained the right of use from the related parties. 		as proposed
2022/3/22	a. Accept 2021 Financial Statements and Business Report.		
The 21st	b. Report Accumulated Losses Reaching One-Half of Paid-in Capital.		
meeting of the	According to Article 211 of Company Law, it shall be reported to		
2nd term	shareholders' Meetings.		



Date and Term of Meeting	Contents of Motion	Audit Committee's Resolutions	The Company's Response to Audit Committee's Opinion
	c. Approved the motion of issuance of the Declaration of Internal Control		
	System of the Company.		
	d. Approved the motion of the ratification of the assessment of the		
	independence and competence of the CPAs retained as external Auditors.		
	e. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.		
	f. Amendment to the Budget management Regulations.		
	g. Approved the amendment to the Article of the Company.		
	h. Approved the amendment to die 7 title of the Company. h. Approved the amendment to Articles of Procedures for Governing the		
	Acquisition and Disposal of Assets and the Rules of Procedure for		
	Shareholder Meetings.		
	i. Approved to grant 2021 Employee Stock Options to employees.		
	j. Adoption of the 2022 Employee Restricted Stock Awards.		
	k. Approved the Company will raise capital through private placements of		
	common shares.		
	1. Acquired the revenue sharing rights of TSY0110 (EG12043) from		
	Formosa Pharmaceuticals, Inc.		
2022/4/19			
The 22nd	Approved to update the 2022 First-time Employee Restricted Stock Awards to		
meeting of the	employees.		
2nd term	A 2022 O1 E'm		
2022/5/12 The 23rd	a. Accept 2022 Q1 Financial Statements.b. Approved the adjustment of the utilization plan for capital injection by		
meeting of the	private placement.		
2nd term	c. Approved to grant 2021 Employee Stock Options to employees.		
2022/6/10	or rippio rea to grain 2021 Employee Stoom options to employees.		
The 1st			
meeting of the	Elect the convener and chairman of the meeting.		
3rd term			
	a. Accept 2022 Q2 Financial Statements.		
2022/8/11	b. Approved the Production Line Expansion and Production Equipment at		
The 2nd	Zhubei Facility. (Budget Increase)		
meeting of the	c. Approved the Construction Design and Consulting Fee for New Plant.		
3rd term	d. Adoption of the Issuance of 2022 Employee Stock Options.		
	e. Approved to grant 2021 Employee Stock Options to employees.		
	a. Approved the motion for the repair and budget for the animal cell and		
2022/9/8	purification laboratory at the 3rd floor of Xizhi Plant of the Company. Approved the motion for participation in the fund-raising scheme of		
2022/9/8 The 3rd	b. Approved the motion for participation in the fund-raising scheme of venture capital for biomedical technology.		
meeting of the	c. Approved the motion for lifting the ban on the competition for the		
3rd term	avoidance of the conflict of interest in favor of Chairman and President and		
	Chief R&D Officer Lee-Cheng Liu in assuming office as the consultant of		
	Fu Yao Biomedical Technology Venture Capital Investment Fund.		



Date and Term of Meeting	Contents of Motion	Audit Committee's Resolutions	The Company's Response to Audit Committee's Opinion
	 d. Approved the motion for the amendment to the Employee Restricted Stock Awards Rules in 2021 in part. e. Approved to grant 2021 Employee Stock Options to employees. f. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of Director Cheng-Yu Cheng in assuming office as the consultant of Fu Yao Biomedical Technology Venture Capital Investment Fund. 		
2022/10/19 The 4th meeting of the 3rd term	Approved the motion for the subscription of the 2 nd issue of new shares issued by TFBS Bioscience Inc. for raising new capital in 2022.		
2022/11/8 The 5th meeting of the 3rd term	a. Accept 2022 Q2 Financial Statements.b. Approved to grant 2022 Employee Stock Options to employees.c. Approved to grant 2022 Employee Restricted Stock Awards to employees.		
2022/12/28 The 6th meeting of the 3rd term	 a. Approved the Internal Audit Plan for the fiscal year 2023. b. Approved the amendment to the Internal Control System and Internal Audit System. c. Approved the revision of the approval standard for material procurement in the Approval Authority Form. d. Approved the budget for 2023. e. Amendment to the Execution of the Improvement Plan of Business Operations. 		
2023/3/10 The 7th meeting of the 3rd term	 a. Accept 2022 Financial Statements and Business Report. b. Ratification of the 2022 Deficit Offset Proposal. c. Approved the motion of issuance of the Declaration of Internal Control System of the Company. d. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors. e. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs. f. Approved the certified public accounts previously approved as the Independent Auditors, the CPA office and affiliates to render non-assurance services to the Company and the subsidiaries. g. Approved the amendment to the Article of the Company. h. Approved the amendment to the Regulations Governing Procedure for Board of Directors Meetings. i. Adoption of the 2023 Employee Restricted Stock Awards. j. Approved the Company will raise capital through private placements of common shares. k. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives. l. Approved to grant 2022 Employee Stock Options to employees. 		



b. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

- (B) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance, and voting should be specified: None.
- (C) Communications between the independent directors, the Company's chief internal auditor, and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.):

For the implementation of the supervision mechanism, the internal audit reports are submitted to the board of directors and management for review on a regular basis by the audit unit and also delivered and notified to independent directors according to regulations. The Company's execution of the internal control system is compliant with regulations and will be continually followed up. When a board of directors meeting is held, attending directors with opinions may have discussion and communication. If there's any material violation or any likelihood of material damage to the company, related personnel shall promptly prepare and present a report and notify the independent directors.

The Company invites CPA, independent directors, and internal auditors to the communication meeting at least once a year. CPA will report the Company's financial position and auditing process to independent directors and then listen to the voice of independent directors and the chief internal auditor.

The Company has invited the Independent Auditors to sit in the meetings of the Audit Committee and the Board as observers at least 4 times as year (2022/3/22, 2022/5/12, 2022/8/11,2022/11/8) for engagement in discussion and review the audit or review result of the quarterly reports and annual financial statements, significant accounting standards and interpretation, applicable legal rules governing securities, and tax law. The internal auditors joined the forum with the Independent Directors and the Independent Auditors on 2022/11/28. The topic is the Explanation of the Risk Assessment and Key Audit Issues of the Company in terms of the AQI Audit Quality Indicators. A sign-in book has also been prepared. The conclusion of this forum suggested closer attention to key audit issues. In addition, Independent Director Ming-Shen Chen suggested the sharing of ESG-related information with the Independent Auditors for reinforcement of the idea of sustainable risk and the upgrade of the interpretation skills of financial reports.

- (D) The powers of the Committee are as follows:
 - The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - b. Assessment of the effectiveness of the internal control system.
 - c. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
 - d. Matters in which a director is an interested party.
 - e. Asset transactions or derivatives trading of a material nature.
 - f. Loans of funds, endorsements, or provision of guarantees of a material nature.
 - g. The offering, issuance, or private placement of equity-type securities.
 - h. The hiring or dismissal of a certified public accountant, or their compensation.
 - i. Annual and semi-annual financial reports.
 - j. Other material matters as may be required by this Corporation or by the competent authority.
- B. EirGenix established the Audit Committee to replace supervisors on June 12, 2019.



(3) Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

	TWSE/TPEx Listed Companies".				
				Implementation Status	Deviations from
	Evaluation Item	Y	N	Abstract Illustration	"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
1.	Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		EirGenix has formulated the Corporate Governance Best Practice Principles and Corporate Social Responsibility Best Practice Principles; and EirGenix has operated in accordance with the institutional regulations of internal control and internal audit, and also formulated institutional measures such as Regulations Governing the Acquisition and Disposal of Assets, Procedures for Endorsements and Guarantees, Procedures for Loaning Funds to Others, Rules of Procedure for the Board of Directors Meetings, Management of Procedure for the Board of Directors, Procedure for Election of Directors, Rules of Procedure for Shareholders Meetings and Codes of Ethical Conduct, with the goal of implementing Corporate Governance.	Corporate Governance Best-Practice Principles for TWSE/TPEx Listed
2.	Shareholding structure & shareholders' rights Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedure?	✓		EirGenix has established a spokesman and vice spokesman system and has dedicated personnel responsible for disclosing corporate information and handling shareholders' suggestions and doubts to ensure shareholders' rights.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(2)	Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	√		EirGenix has regularly collected the list of shareholders according to the list of shareholders obtained by the stock affair agency on the book closure date of EirGenix and maintains good interaction with major shareholders to further collect the list of ultimate controllers.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(3)	Does the company establish and execute the risk management and firewall system within its conglomerate structure?	√		EirGenix has established a German subsidiary and has also established risk control mechanisms such as Management of Related Party Transactions, Measures for Management of Transactions with Related Party, Specific Companies and Group Enterprises, internal control, and internal audit system, which are regularly reviewed and handled in accordance with regulations	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(4)	Does the company establish internal rules against insiders trading with undisclosed information?	✓		EirGenix has established the administrative measures for preventing insider trading and Codes of Ethical Conduct from forbidding insiders from acquiring private interests or competing with EirGenix with undisclosed information.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"



			Implementation Status	Deviations from
Evaluation Item	Y	N	Abstract Illustration	"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
3. Composition and Responsibilities of the Board of Director(1) Does the Board develop and implement a diversified policy for the composition of its members?	√		Please refer to this Annual Report – E. Diversity and independence of the Board of Directors.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	√		EirGenix has set up a Remuneration Committee in 2016, an Audit Committee in 2018, and Corporate Governance Committee in 2022. EirGenix will set up other types of functional committees as required by operational development.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			On November 11, 2020, the Board of Directors formulated the performance evaluation method for the Board of Directors, specifying that external evaluation shall be carried out at least once every three years. EirGenix conducts performance evaluations regularly every year. As recently as March 10, 2023, the Board of Directors submitted a 2022 internal self-assessment of the Board of Directors, assessing 45 items around the degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, the composition, and structure of the Board of Directors, the election of directors and their continuing education, and internal controls with an average score of more than 90 points, good performance and no major matters to be improved. The Company has retained Taiwan Investor Relations Institute to evaluate the Board in performing its function. The evaluation period was 2021/10/1 to 2022/9/30 and the reporting day was 2022/11/11. The summary of the report has been presented to the Boards on 2023/3/10. The overall condition and recommendation are specified as follows: A. Establishment of the functional committees for the "Sustainable Development Committee": Assist the Board in the ongoing advocacy and intensification of sustainable development and corporate governance pertinent to corporate social responsibility and review the allocation of corporate sources and performance from a higher altitude, and how to systematically connect with and present the ESG Sustainability Report. These will be essential for vitalizing the function of the Board in monitoring and bolstering management mechanisms.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"



Evaluation Item Y N Abstract Illustration Best-Practice Pri for TWSE/TPEx Companies" and Reasons B. Early scheduling of the Board meetings and the key issues of the agenda of the year: There are far too many motions proposed in the sessions of the Board and these motions always entail professional content. The early planning of the schedule allows the Directors who do not participate in the routine operation of the Company understand the operation strategy, policy and progress of the Company systematically in full-range and helps to enhance the functional performance of the Board. C. In other words, it should be high time to prepare the 2022 consolidated financial statements and the schedule in compliance with applicable laws (presentation of unaudited financial statements to the Board for resolution within 75 days after the conclusion of the fiscal year).	nciples
Evaluation Item Y N Abstract Illustration Gor TWSE/TPEx Companies" and Reasons B. Early scheduling of the Board meetings and the key issues of the agenda of the year: There are far too many motions proposed in the sessions of the Board and these motions always entail professional content. The early planning of the schedule allows the Directors who do not participate in the routine operation of the Company understand the operation strategy, policy and progress of the Company systematically in full-range and helps to enhance the functional performance of the Board. C. In other words, it should be high time to prepare the 2022 consolidated financial statements and the schedule in compliance with applicable laws (presentation of unaudited financial statements to the Board for resolution within 75 days after the conclusion of the	•
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unaudited financial statements to the Board for resolution within 75 days after the conclusion of the	
resolution within 75 days after the conclusion of the	ļ
fiscal year)	
11stat year).	
(4) Does the company regularly evaluate the ✓ The Audit Committee of the Company consult the Compliant with "	the
independence of CPAs? AQIs annually for the assessment of the independence and Corporate Govern	nance
competence of the certified public accountants (CPAs) Best-Practice Print	-
retained as Independent Auditors and present the for TWSE/TPEx	Listed
assessment report to the Board. There are 17 AQIs Companies"	
including the following dimensions:	
A. The CPAs do not have any direct or indirect financial	
interest with the Company, and do not share any	
benefit.	
B. There is no undue related between the CPAs and the	
Group in terms of conflict of interest, financing, or acceptance of kickback.	
C. The CPAs do not hold any stock or other securities	
issued by the Group.	
D. The CPAs do not hold any concurrent positions of the	
Group.	
E. No CPA has ever been retained by the Company for	
more than 7 years and the audit fee is justifiable.	
F. Annual declaration of the independence of CPAs.	
G. The CPAs have not been subject to disciplinary action	
or administrative penalty.	
H. The stability of audit and taxation staff, provide	
quality service, conforming to time limit requirement	
and update information on applicable laws.	
I. The communication between CPAs and the Directors	
and Management is good.	



				Implementation Status	Deviations from		
Eva	Evaluation Item			Abstract Illustration	"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons		
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?		✓		J. The CPAs have presented recommendation to the system and internal control of the Group and assess and monitor the inherent and potential risks. The Board and the Audit Committee assessed the independence of Sheng-Wei Teng and Yu-Fang Yan, CPAs of PwC Taiwan on 2023/3/10, and confirmed that they are conforming to the aforementioned requirements in independence and competence and are retained as our Independent Auditors for certification. On May 12, 2021, the Board of Directors approved the appointment of Chief Financial Officer Hsiu-Chuan Yang, who has more than three years of experience in the position of head of finance and stock affairs in public issuing companies, as the head of corporate governance to protect the equities of shareholders, strengthen the functions of the Board of Directors, and be responsible for affairs related to corporate governance jointly with the Finance Department. The head of corporate governance main duties includes the following items: A. Handling matters relating to board meetings and shareholders meetings according to laws. B. Assisting in onboarding and continuous development of directors. C. Furnishing information required for business execution by directors. D. Assisting directors with legal compliance. E. Report to the Board on review result of the Independent Directors at the time of their nomination, election, and eligibility within the term of office. F. Processing the change in Directors. G. Other matters set out in the articles or corporation or contracts.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"		
		ining	rec		1		
Date	Learning institutions			Course Title	Hours		
2022/9/27	Taiwan Investor Relations I			The legal responsibility and reciprocal risk prevention of risk.	3		
2022/10/25	Taiwan Academy of Bankin	ig an	d Fi		3		
2022/11/14	Taiwan Investor Relations I			Exploring the Practice of Corporate ESG stra Greenhouse Gas Inspection. The Practice of Corporate Mergers and Acquir	3		
2022/11/25	Taiwan Investor Relations I	nstit	ute	Taiwan.	3		
	pany establish a	✓		EirGenix has set up the spokesman and vice spokesman system and disclosed the financial and business	Compliant with "the Corporate Governance		
communicatio	communication channel and build a spokesman system and disclosed the financial and business Corporate Governance						



			Implementation Status	Deviations from
Evaluation Item	Y	N	Abstract Illustration	"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities			information on the Market Observation Post System and the corporate website according to laws and regulations, designated dedicated personnel responsible for properly responding to important issues regarding corporate social responsibility concerned by stakeholders, and set up a stakeholder's area on the corporate website to maintain a good and smooth communication channel.	Best-Practice Principles for TWSE/TPEx Listed Companies"
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs	✓		EirGenix has appointed a professional stock affair agency to handle the shareholders' meeting and stock affairs as the Agency Department of KGI Securities (Stock) Company (Address: 5th Floor, No.2, Section 1, Chongqing South Road, Taipei City, 100, Tel: (02)2389-2999).	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
7. Information Disclosure(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The website of EirGenix is www.eirgenix.com, on which the corporate governance and financial business information is disclosed in Chinese and English versions.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(2) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The website of EirGenix is equipped with a language switching interface, including Chinese and English versions; there is also the spokesman and acting spokesman system and special personnel responsible for collecting and disclosing the corporate information. In addition, relevant information about EirGenix's participation in the Investor Conference has been published on the Market Observation Post System and the corporate website in accordance with regulations.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		√	EirGenix has announced and reported the financial reports for the first, second and third quarters and the operating conditions for each month in advance before the prescribed time limit; and has not announced and reported the annual financial report within two months after the end of the accounting year.	To be improved.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and	~		Employee rights and employee care: EirGenix has regularly held all-staff communication meetings and Management and Labor Council to exchange opinions with employees, and also learned about the needs of employees in a timely manner through multiple mechanisms such as communication, educational training, and incentive.	Best-Practice Principles for TWSE/TPEx Listed
supervisors' training records, the implementation of risk management	✓		Investor relations and stakeholder rights:	Compliant with "the Corporate Governance



			Implementation Status	Deviations from
Evaluation Item				"Corporate Governance
				Best-Practice Principles
Evaluation item	Y	N	Abstract Illustration	for TWSE/TPEx Listed
				Companies" and
				Reasons
policies and risk evaluation measures,			In addition to disclosing the financial and business	Best-Practice Principles
the implementation of customer relations			information in accordance with laws and regulations,	for TWSE/TPEx Listed
policies, and purchasing insurance for			EirGenix has also established the spokesman and vice	Companies"
directors and supervisors)?			spokesman system and special personnel responsible for	
			maintaining good investor relations and stakeholder rights.	
	✓		Supplier relationship:	Compliant with "the
			EirGenix has set up a supplier management policy	Corporate Governance
			whose cooperation with suppliers complies with laws and	Best-Practice
			regulations, and contracts to safeguard the rights of both	Principles for
			parties.	TWSE/TPEx Listed
				Companies"
Directors' training records:				Compliant with "the
A. Chairman- Lee-Cheng Liu: The legal res	pons	ibili	ty and reciprocal risk and exploring the practice of corporate	Corporate Governance
ESG strategy and greenhouse gas inspecti	on.			Best-Practice Principles
B. Director-Hsiu-Hui Chen: The internation	al tr	end	of net zero carbon emission and the action of Taiwan in the	for TWSE/TPEx Listed
transformation to net zero carbon emissio risk.	n an	d the	e legal responsibility and reciprocal risk and the prevention of	Companies"
	onsi	ibilit	y and reciprocal risk and the prevention of risk and exploring	
the practice of corporate ESG strategy and	l gre	enho	ouse gas inspection.	
D. Director- Ku-Sung Weng: The legal response	onsit	oility	and reciprocal risk and the prevention of risk, and corporate	
governance lectures, and exploring the pr	ractio	ce o	f corporate ESG strategy and greenhouse gas inspection, and	
financial reporting responsibility and risk	man	ager	ment.	
E. Director- Jih-Luh Tang: Insider stake pro	moti	onal	seminar to the TPEx and emergent market listed companies,	
and the legal responsibility and reciprocal	risk	and	the prevention of risk and exploring the practice of corporate	
ESG strategy and greenhouse gas inspecti	on, a	and t	the practice of corporate mergers and acquisitions in Taiwan.	
F. Director-Yu-Ting Chen: The legal respon-	sibil	ity a	nd reciprocal risk and the prevention of risk and exploring the	
practice of corporate ESG strategy and g	green	hou	se gas inspection, and the practice of corporate mergers and	
acquisitions in Taiwan, and the strategy for	or the	e leg	acy of family business under the trend of digitization.	
G. Independent Director-Ming-Thaur Change	: Ne	w ch	allenges to the financial industry - anti-money laundering and	
fair treatment of customers, ESG and su	stair	nable	e development: the trend and sanction of the latest financial	
supervisory body of Taiwan.				
H. Independent Director- Po-Chih Chen: The	e leg	al re	sponsibility and reciprocal risk and the prevention of risk and	
exploring the practice of corporate ESG st	trate	gy a	nd greenhouse gas inspection.	
I. Independent Director-Fu-Shiow Yin: The	lega	al res	sponsibility and reciprocal risk and the prevention of risk and	
exploring the practice of corporate ESG st				
			rence guide for independent directors and audit committees in	
			ors and supervisor's symposium and exploring the practice of	
corporate ESG strategy and greenhouse ga				
	✓		Status of implementation of risk management policies and	Compliant with "the
			risk measurement standards:	Corporate Governance
			EirGenix has set up the risk management policies and	Best-Practice Principles
			procedures and regularly submitted them to the Board of	



			Implementation Status	Deviations from
Evaluation Item		N	Abstract Illustration	"Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Directors; EirGenix has operated in accordance with laws and regulations, corporate management measures, and various internal control systems, and carried out various risk assessments and controls. Report to the status of risk management at regular intervals of the year: the last report to the Board was presented on 2022/11/8.	for TWSE/TPEx Listed Companies"
	√		Status of implementation of customer policies: EirGenix has cooperated with the client in accordance with laws and regulations, and contracts to safeguard the equities of both parties and also designated exclusive personnel responsible for client communication and contact matters.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	✓		Status of EirGenix purchasing liability insurance for Directors: In the Articles of Incorporation, it has been stated clearly that, within the term of the Directors, EirGenix shall purchase liability insurance for the compensation liabilities of the Directors in accordance with the law in the scope of their business. EirGenix has underwritten the Directors' Liability Insurance of US\$ 5 million to Shin Kong Insurance. In the future, in addition to continuing underwriting the insurance according to regulations, EirGenix will adjust the insured amount in due course according to operation needs to provide appropriate coverage.	Compliant with "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

^{9.} Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

EirGenix has been ranked among the top 5% of publicly listed companies by the Taipei Exchange Corporate Governance Evaluations.

EirGenix will evaluate the feasibility of the strategies in the current year and future through the items that have not passed the evaluation every year in the future, obtain a balance between the policy development of the competent authority and the development of the company, and immediately promote the implementation plan for the items that can be improved at this stage.



(4) Composition, Responsibilities and Operations of the Remuneration Committee

A. Members of Remuneration Committee

Title	Criteria Name	Professional Qualification / Work Experience		Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Ming-Thaur Chang	Please refer to In	formation of	0
Independent Director	Po-Chih Chen	Directors.		0
Independent Director	Fu-Shiow Yin			1
Independent Director	Ming-Shen Chen			0

B. Information of Remuneration Committee Operation

- (A) Total members of EirGenix's Remuneration Committee are four people.
- (B) The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below and shall submit its recommendations for deliberation by the board of directors.
 - i. Prescribe and periodically review the Remuneration Committee Charter.
 - ii. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
 - iii. Periodically evaluate and prescribe the remuneration of directors and managerial officers.
- (C) The current term of the Remuneration Committee is from August 11, 2022, until June 9, 2025.

A total of 6 (A) Remuneration Committee meetings were held in 2022. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By proxy	Attendance Rate (%) 【B/A】
Convener	Ming-Thaur Chang	6	0	100
Committee Member	Po-Chih Chen	3	0	100
Committee Member	Fu-Shiow Yin	6	0	100
Committee Member	Ming-Shen Chen	6	0	100

Note: Independent director Po-Chih Chen was newly appointed on 2022/6/10 and should attend 6 meetings.

A total of 2 (A) meetings of the Board of Directors was held by the end of March 2023. The attendance of directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)
Independent Director	Ming-Thaur Chang	2	0	100
Independent Director	Po-Chih Chen (Note)	1	1	50
Independent Director	Fu-Shiow Yin	2	0	100
Independent Director	Ming-Shen Chen	2	0	100

Other mentionable items:

- a. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, the content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- b. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, the content of the motion, all members' opinions, and the response to members' opinion should be specified: None.
- c. All members of the Company's Remuneration Committee the attended the committee meetings at least twice a year, with a total attendance of 100% and regularly review the policies, systems, standards, and structures for performance evaluation and remuneration to directors and managers as at the 14th meeting convened by the 2nd the Remuneration Committee, to comply with the existing system. Its regular review is based on three major aspects: 1. to ensure external competitiveness, it formulates the salary structure for the senior management with reference to the salary levels in the same industry to enhance the Company's



- competitive advantage; 2. it evaluates the values of their work according to their contribution and abilities based on their responsibilities and positions to ensure fairness in the organization; 3. it rewards them for their special performance and links senior managers' remuneration with the Company's business performance to ensure individual fairness and the organization's competitiveness. The objectives of this salary policy are reviewed based on fairness, reasonableness, motivation, finance, and market competitiveness.
- d. If the Company has net profit in this fiscal year, the Company shall set aside between 1% to 5% of its profits as bonus to employees of the Company and set aside 3% (inclusive) or less of its profits as bonus to Directors. The distribution of bonus to employees may be made by way of cash or shares by the resolution of the Board of Directors. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company. The distribution of employee remuneration and director remuneration shall be heard by over two-thirds of the Board of Directors, be voted in favor for implementation by over one-half of the directors present and represented, and also be reported at the shareholders' meeting. The Company shall first offset its losses in previous years that have not been previously offset, and then set aside annual profits as a bonus to employees of the Company and set aside annual profits as a bonus to Directors.
- e. The performance evaluation of directors and senior managers is linked to their remuneration and their remuneration is determined with reference to the payment standard in the industry and the salary at each job level, while based on their performance and contribution, responsibilities, continuous learning, realization of the Company's core value, leadership and management abilities, training ability, and business goal achievement rate, financial position (such as revenue or achieving status of after-tax net income target), and the progress of self-developed products (such as launch and sales of EG12014 or international factory inspection and certification). It regularly evaluates the performance achievement and reviews the remuneration policy in a timely manner.

C. Nominating Committee: None.

(5) Fulfillment of ESG and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

			Implementation Status	Deviations from "the Corporate Social
				Responsibility Best-
Evaluation Item				Practice Principles for
	Y	N	Abstract Explanation	TWSE/TPEx Listed
				Companies" and
				Reasons
1. Does the company assess ESG	✓		The Board of Directors delegates the President to integrate the	N
risks associated with its operations			sustainable development concept into the Company's business strategy	None.
based on the principle of			and lead the finance, human resources, R&D, production, and other	
materiality and establish related			departments to promote the Company's core spirit, namely empathy,	
risk management policies or			integrity, responsibility, and global vision, while implementing corporate	
strategies?			governance, employee care, environmental sustainability, and social	
			charity projects, on a long-term and systematic basis. The Department of	
			Finance has been responsible for the integration of relevant sustainable	
			development mechanism since the Company was established and recently	
			reported on the implementation status to the Board of Directors on March	
			10, 2023. The management team reports on the progress of the financial	
			business and devises and regularly reviews business strategy at each	
			Board meeting.	
			2022 Chairman Chung-Hur Lee was appointed the Chief Corporate	
			Sustainable Development Officer and established the Greenhouse Gas	
			Inspection Committee and planned to complete greenhouse gas inspection	
			and confirmation in 2023, which is ahead of schedule.	



			Implementation Status Deviations from "th Corporate Social					
E	Evaluation Item			Abstract Explanation	Responsibility Best- Practice Principles for TWSE/TPEx Listed Companies" and Reasons			
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		✓		The Company's and our subsidiaries' main operational sites and sustainable development performance are within the boundaries of risk assessment. Our risk management organization evaluates the concern about and impact of corporate sustainability and risks in the aspects of environment, society, and corporate governance as per the GRI Standards, the Company's business characteristics, and factors of internal and external environments and stakeholders. The management team formulates management policies after discussions to reinforce our business advantages and risk control. Each operating unit completed the planning of implementation of risk countermeasures and reported them to the Board of Directors on November 8, 2022.				
Environment	Environment and Management	(2)(3)(4)	Grancate, Obta 202: Eir Chas	Genix's Zhubei plant has passed the review by the FDA and obtained an EII nted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHL gory of "biological products" and effective date from 2022/10/24 to 2027/ains ISO14001 (Certificate No. ARES/TW/I2211076E), the expiration 5/11/23. Genix has made great efforts in energy conservation and sustainable environincorporated the concept of green building into the plant in Zhubei. In 202 en Building Certificate (Green Building Certificate No.: GB-GF-01-00055	LW, with the accreditation 10/30. In date is 2022/11/24 to a mental development and 20, EirGenix obtained the			
	Safe Working Environment	(2)	202	ains ISO45001 Occupational Health and Safety (Certificate No. OHS75179 1/11/9 to 2024/11/8. Sanges the employee health examination and holds public health and safety the education training relevant GMP regularly.				
Social	Products and services comply with relevant laws and international standards	EirGenix has designated exclusive personnel responsible for client contacts, and the responsible unit has set up the processing standards to regularly supervise the implementation results, implement product improvement and strengthen service processes.						
	Legal			ure that our personnel duly comply with laws and regulations by es	tablishing a governance			
Corporate Governance	Corporate of directors		 Keep updated on the revision of laws and regulations, review various internal norms, and follow laws and regulations to reduce the risk of violations. EirGenix has underwritten the Directors' Liability Insurance of US\$ 5 million to Shin Kong Insurance. In the future, in addition to continuing underwriting the insurance according to regulations, EirGenix will adjust the insured amount in due course according to operation needs to provide appropriate coverage. 					
	Stakeholder rights	(1) (2)	We it	identify the issues various stakeholders are concerned about and include the ly manner through the positive interaction with them, while providing appoints has established the stakeholders' communication mailbox IR@eirgen respectively.	oropriate responses. ix.com, and designed the			
(1) Does the	nental issues company establish proper nental management	✓		As a professional drug R&D and production company, EirGenix has established perfect environmental management systems and implemented them. On February 3, 2020, EirGenix received PMDA's	None.			



			Implementation Status					Deviations from "the Corporate Social
	Evaluation Item				Abstract E	xplanation		Responsibility Best- Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	systems based on the characteristics of their industries?			official approval in Notification, procuregulations regard pharmaceutical manifestone for Eir Carillaty to receive passed the review launch.				
(2)	Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		EirGenix bel industry, which be environmental los adhered to relevar policies and been utilization.	None.			
(3)	Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business and take appropriate action to counter climate change issues?	✓		The President business operation raw material costs to devise measure disclosure, energy minimizing the in and reports regular	None.			
(4)	Does the company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years and implement policies on energy efficiency and carbon	✓		Year 2022 2021 Weight of waste	None.			
	dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			Year 2022 2021	7.928 15.577	Non-hazardous waste 75.440 38.499	Total 83.368 54.076	

The greenhouse gas emission for the past 2 year is recorded in the 2022 ESG report. As of the printing date, EirGenix has not published the 2022 ESG report. The report will upload to EirGenix's website accordingly.

Policy on energy conservation and carbon reduction, GHG reduction, water consumption reduction, or other waste management:

- (1) The primary source of power consumption for the Company is electricity. The Company will save energy through (1) continued power monitoring and control system, (2) voluntary management of power consumption units, (3) introduction of energy efficient and green equipment, and (4) effective adjustment of production scheduling to enhance the efficient use of power and avoid unnecessary waste.
- (2) In responding to global climate change, stabilization of water supply emerged as an issue confronting all countries. The Company seeks to pursue its corporate social responsibility and respond to the issue of global water shortage through (1) the continued water consumption monitoring and control system, (2) recycling and reuse of water emitted from pure water system, (3) effective adjustment of production scheduling to reduce the water productivity intensity (total water consumption volume/production value at US million) with the expectation of tackling the challenge from climate change in joint action with enterprises of the world.
- (3) EirGenix belongs to the pharmaceutical research and development industry, which basically does not use materials with high impact on



			Implementation Status	Deviations from "the
			1	Corporate Social
	Y N		Responsibility Best-	
Evaluation Item			Practice Principles for	
		Abstract Explanation	TWSE/TPEx Listed	
			Companies" and	
				Reasons

environmental load; Moreover, since its establishment, EirGenix has adhered to relevant government environmental protection laws and policies and been committed to improving the efficiency of resource utilization. Mitigate the impacts of products on the environment, and engage in joint venture with academic units in the development of material for disposable items that could possibly be recycled and reused.

- (4) Management of toxic substances: duly observe the rules and regulations governing toxic and chemical items of concern and make all functional units staffed with toxic substances management personnel. In addition, the Company keeps track on the volume of toxic substances in the operation with proper marking of the storage zones and operation areas. All these facilities and areas will be controlled by locking.
- 4. Social issues
- (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?

In order to fulfill the corporate social responsibility and implement None. the protection of human rights, with reference to the principles enshrined in international human rights conventions such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, EirGenix has respected the basic internationally-recognized human rights and formulated human rights policies applicable to EirGenix, to prevent violations of human rights, provide reasonable and safe workplaces and enable the current colleagues to obtain reasonable and dignified treatment.

The Company's human rights policy and specific management program are as follows:

(1) Diversity, inclusion, and equal opportunity:

In terms of recruitment, remuneration and benefits, training, performance evaluation, promotion, resignation, or retirement, the Company treats all employees and job applicants equally regardless of their socioeconomic status, age, gender, sexual orientation, marriage, family status, disabilities, race, religion, appearance, nationality, language, political affiliation, or pregnancy. We also provides effective and appropriate grievance mechanisms and diverse communication channels to avoid situations that endanger employees' rights and interests, thereby achieving equal employment.

(2) Against forced labor and child labor:

To ensure compliance with corporate social responsibility and ethical standards, the Company's regulations on normal working hours and extended working hours, leave, paid leave, and other types of leave are in compliance with labor laws. We do not force employees to perform labor services. The Company complies with the local regulations on the minimum working age and does not employ child workers.

- (3) Physical and psychological health, work balance, and a safe work environment:
 - The Company attaches great importance to safety and health in the workplace for employees to work in a healthy, safe, and humane environment with a healthy body and mind. The Company encourages employees to participate in health promotion activities and set up their own clubs to bond through club activities. In addition to holding the year-end party, cycling, and basketball games to balance their life and help them bond, the Company has installed fitness equipment for them to use after work.
- (4) The Company has established the policies for the prevention of sexual harassment at workplace and the regulations governing reporting on complaints to protect the employees, dispatched personnel and applicants for jobs from sexual harassment and provide them a workplace free of such harassment. The Company also adopts proper measures to prevent, correct, punish and respond any misconduct of this kind and protect the right and privacy of the complainants.
- (5) The company values the opinions and thoughts of all circles and devotes itself to providing open and transparent channels. The company has complaint telephone, mailbox, quarterly labor management meetings. Employees may reflect various problems regarding organization, system and working environment through different channels to carry out our diversified voice response and valuation.
- EirGenix has formulated and implemented reasonable employee None.

 welfare measures, which can be detailed in the explanation of V. Labor (including salaries, leave, and other benefits), and do business

 EirGenix has formulated and implemented reasonable employee None.

 Relations of this annual report.



				Deviations from "the Corporate Social				
Evaluation Item				Abstract Explanation	Responsibility Best- Practice Principles for TWSE/TPEx Listed Companies" and Reasons			
performance or results refleemployee salaries?	ect on		EirGenix has also appropriately reflected the operating performance and results in the salaries of employees, has set up bonuses associated with the performance target achievement of employees, departments, and company, and has also issued employee stock options associated with in-service seniority, restricted stock awards associated to the corporate objectives at various stages, and cash capital increase to retain employee stock options, so as to share the corporate operation performance with employees.					
(3) Does the company provide healthy and safe working environment and organize on health and safety for its employees on a regular base	training		EirGenix has attached great importance to providing a healthy and None. safe working environment, regularly organized public safety and health, GMP-related educational training, arranged physical examination and group insurance for employees to ensure the safety and health of employees, and also provides the COVID-19 rapid test kit for employee to reduce the infection risk. EirGenix obtains ISO45001 Occupational Health and Safety (Certificate No. OHS751791) in 2021.					
No occupational accident took p	place in 2022	and	2021. Occuj	pational security education and training ov	er the past two years	:		
Site	Y	ear		Number of training sessions	Number of attended	lees for the training		
Zhubei		2022 2021		777 154		313		
		2022		383		529		
Xizhi 2				137		322		
(1)Employee safety and health:								

- A. On the first day when employees enter the Company, they will receive the first-day training; the Company will hold safety education and training for at least 3 hours each time at least twice a year. The training mainly covers fire escape drills, emergency drills for poisoning disasters, basic knowledge of occupational safety, and chemical classification management.
- B. We provide adequate personal protective equipment according to the needs in the work environment.
- C. Each employee will undergo vital organ health screening every two years, while employees engaging in special operations will undergo a special health check-up every year in accordance with the Occupational Safety and Health Act.

(2) Work environment:

- A. We conduct work environment inspections every six months.
- B. We perform an audit of the work environment from time to time and have eliminated unsafe factors.

	B. We perform an addition the work environment from time to time and have eminiated distance factors.			
(4)	Does the company provide its ✓	The employees will perform to achieve their annual targets based on None.		
	employees with career	their personal strength. The supervisors will also provide advice and		
	development and training sessions?	guidance; EirGenix organized internal education and training regularly		
		and encouraged employees to participate in external educational training		
		or continue their studies to enhance their self-ability. In September 2017,		
		EirGenix established the "EIRGer's Learning Center," planning		
		diversified internal training courses every year. The key learning focus is		
		on professional, technical orientation, supplemented by management and		
		core functions.		
(5)	Do the company's products and ✓	EirGenix will follow the relevant regulations and international None.		
	services comply with relevant laws	standards on the advertisement, labeling of products and services,		



	Evaluation Item		Implementation Status		Deviations from "the Corporate Social
			N	Abstract Explanation	Responsibility Best- Practice Principles for TWSE/TPEx Listed Companies" and Reasons
(6)	and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health, and safety, or labor and human rights?	✓		customer health and safety, and client privacy When the self-owned products come into the market, EirGenix will formulate the customer protection policies and appealing procedures; In addition, for CDMO of bio-pharmaceuticals, EirGenix has designated exclusive personnel responsible for client contacts, and the responsible unit has set up the processing standards to regularly supervise the implementation results, implement product improvement and strengthen service processes. EirGenix has established the procedures for the assessment and management of suppliers in 2020 and specify in the contracts with the suppliers that all shall duly observe applicable laws governing labor, human right, environmental protection, safety and health, and environment and the society, or provide related declarations for the upgrade of sustainable development of the enterprises as the goal. In addition, the Company also includes environmental, occupational safety and health management, technical skills and supply capacity evaluation as management measures for the screening of contractors.	None.
5.	Does the company reference internationally accepted reporting standards or guidelines and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?	✓		EirGenix published the Corporate Social Responsibility Report based on the GRI Standard in 2022 and uploaded to MOPS and company website. EirGenix will continue the compilation of the report in 2023 and will appoint a third-party accreditation institution for assurance inspection.	

6. Describe the difference, if any, between actual practice and the corporate social responsibility principles if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:

EirGenix has formulated the corporate social responsibility principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and EirGenix has operated in accordance with relevant laws and regulations without significant difference

7. Other useful information for explaining the status of corporate social responsibility practices:

With the corporate spirit indicators of Empathy, Integrity, Responsibility, and Global Vision, all employees of EirGenix shall follow this indicator spirit to practice corporate social responsibility.



(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item			Implementation Status	Deviations from the "Ethical
		N	Abstract Illustration	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
 Establishment of ethical corporate management policies and programs Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? 	~		The Board of Directors of EirGenix has passed the establishment of the Ethical Corporate Management Best Practice Principles as well as Procedures and Guidelines of Conduct for Integrity Management to express the policies of integrity operation. The Board of Directors and the management team have also actively implemented integrity management and clearly expressed the policies and practices of integrity management in the corporate regulations and external business contracts.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(2) Does the company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			EirGenix has formulated the Ethical Corporate Management Best Practice Principles, Procedures, and Guidelines of Conduct for Integrity Management, Codes of Ethical Conduct, and Procedures of Administrative Measures for Preventing Insider Trading. The Legal Department and Audit Department have also regularly reported to the Board of Directors on the status of implementation and irregularly checked, analyzed, and evaluated the operating activities within the business scope that have a high risk of dishonest behavior.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

- A. When engaging in commercial activities, directors, managers, employees, and mandataries of the company or persons having substantial control over such companies shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.
- B. The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

The company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

(A) Offering and acceptance of bribes.



			Implementation Status	Deviations from the "Ethical
	Evaluation Item	Y	Implementation Status N Abstract Illustration	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
(3)	(E) Misappropriation of trade(F) Engaging in unfair compet(G) Damage directly or indirect	ions of unreast secret titive partitive partit	onable presents or hospitality, or other improper benefits. and infringement of trademark rights, patent rights, copyrights, and other	
2. (1)	regular reviews and amendments? Fulfill operations integrity policy. Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓	EirGenix has conducted its business activities in a fair and transparent manner. Before business activities, EirGenix has avoided dealings with trading partners who have dishonest behaviors, with the terms of cooperation stated in the contract.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(2)	Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors, which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	1	EirGenix has set up a dedicated unit under the Board of Directors to promote corporate integrity management as the Legal Department, which is responsible for formulating and supervising the implementation of integrity management policies and prevention plans, handling and reporting the breach of integrity that may be found in the internal control audit in accordance with relevant laws and regulations, and ensuring that the corporate integrity management policies can be implemented and reported to the Board of Directors regularly every year, with the latest reporting date of March 10, 2023.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(3)	Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	1	EirGenix has formulated the Ethical Corporate Management Best Practice Principles, Procedures and Guidelines of Conduct for Integrity Management, Employee Working Principles, Codes of Ethical Conduct, and Administrative Measures for Preventing Insider Trading, and set up whistle blower policy with a designated email for employees putting a stop on all unethical immoral or illegal work.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."



					Deviations from the "Ethical
	Evaluation Item	Y	N	Implementation Status Abstract Illustration	Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
(4)	Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		EirGenix has established effective systems for both accounting and internal control, and the internal audit unit has also conducted audits on a regular basis and reported to the Board of Directors and the audit committee every time; it has also appointed CPAs to carry out the audit.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(5)	Does the company regularly hold internal and external educational trainings on operational integrity?	√		EirGenix has regularly held all-staff communication meetings and internal educational training to make employees understand the corporate spirit indicators and the corporate culture of integrity management and encouraged employees to participate in external educational training.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
3. (1)	Operation of the integrity channel Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up	✓		EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management. In case of any breach of integrity, employees can report it to the heads of department, Legal Department or Audit Department at any time through the reporting email address or in any form.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(2)	Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management, provided smooth reporting channels, and implemented the principle of confidentiality.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(3)	Does the company provide proper whistleblower protection?	✓		EirGenix keeps the contents of reporting on breach of integrity management confidential and protects the whistleblower from improper disposal due to reporting.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
4.	Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the	√		EirGenix has disclosed the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management and information related to integrity management on the Market Observation Post System, annual report, and corporate website.	Compliant with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."



			Implementation Status	Deviations from the "Ethical
Evaluation Item				Corporate Management Best
			Abstract Illustration	Practice Principles for
	Y	N		TWSE/GTSM Listed
				Companies" and Reasons
company's website and				
MOPS?				

5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:

EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management in accordance with the Integrity Management Principles for TWSE/GTSM Listed Companies, with no difference between the actual operation and the principles.

- 6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies):
 - (1) EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management, which will be amended as appropriate according to the operational development.
 - (2) All employees have signed the Declaration of Ethic Code of Conduct and Business Integrity.
 - (3) Education on applicable laws and important notice of insider trade and equity holding of insider for the Directors and the management will be provided at least once a year. The Directors have completed their training of legal responsibility and reciprocal risk and the prevention of risk for 3 hours by 2022/9/27.
 - (4) Required training for all employees on laws and prevention of insider trade for one hour on 2022/5/13 and 2022/5/18, respectively.
 - (5) Legal Affairs, Audit Office and Finance Department provide information on applicable laws and case studies to the Directors, managers, and employees from time to time to realize ethical corporate management and the prevention of insider trade. Related rules and regulations have been disclosed at the intranet and external official website of the Company.
 - (6) Legal Affairs and Audit Office conduct audit on respective functional departments at random, and report to the Board of the status, conduct analysis and control of business activities at high risk of unethical practices within the scope of operation of the Company.



(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

EirGenix has instituted related rules and regulations in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the requirements of the competent authority of securities and exchange. For further information, visit the official website of the Company for inquiry of the content of related rules and regulations.

(8) Other Important Information Regarding Corporate Governance:

All directors, managers, and insider newly assumed office would be released the updated version of the "Regulations Governing the Equity Ownership of Insiders of Companies listed at TPEx and Emerging Stock Market" compiled by Taipei Exchange. Information on the amendment to the regulations will be announced and promoted in the Board meeting and the executive meeting every year for the insiders to abide by.

The Company has established the Corporate Governance Committee organized by the Chairman and four Independent Directors. The purpose is to strengthen corporate governance and upgrade the performance of the Board. This committee shall perform the following functions:

- A. Review the institution and amendment to corporate governance systems such as the Corporate Governance Best Practice Principles of the Company.
- B. Monitor and supervise the practice of corporate governance of the Company.
- C. Monitor and supervise the Company in the participation of corporate governance evaluation.
- D. Evaluate the performance of the Board, the committees and the Directors, the independence of the Independent Directors, and present the evaluation result to the Board.
- E. Assess the channels for the gathering of information for the Board, and the quality and timing of the information received by the Directors.
- F. Monitor the governance relations between the Company and its subsidiaries and other affiliates.
- G. Other materiality as required by the Company or the competent authority.

The tenure for the members of the 1st term of the committee started on 2022/12/28 and ends on 2025/6/9. The Committee convened once at the end of March 2023 for discussion on the amendment to the Corporate Governance Best Practice Principles.

Title	Name	Main expertise	Attendance in Person	Attendance Rate (%)
Convener	Ming-Shen Chen	Finance · Corporate Governance	1	100
Committee Member	Lee-Cheng Liu	Operation management Biotechnology Corporate Governance	1	100
Committee Member	Ming-Thaur Chang	Finance	1	100
Committee Member	Po-Chih Chen	Economist	1	100
Committee Member	Fu-Shiow Yin	Biotechnology	1	100

- (9) Disclosures Required for the Implementation of the Internal Control System:
 - A. Statement of Internal Control System: Please refer to appendix 1.
 - B. If CPA has been hired to carry out a special audit of the Internal Control System, the company shall furnish the CPA audit report:

 None.
- (10) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.



(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year (2022) or during the current fiscal year up to the date of publication of the annual report:

Item & Date	Major Resolutions of Shareholders' Meeting/ Board of directors
	A. Approval of "The Establishment of Phase II Facility and Production Equipment" in Hsinchu Biomedica
	Science Park.
	B. Approved the investments in TFBS Bioscience with the consideration of the benefit of industrial vertical
Board	combination and extension of the service scope of CDMO.
Meeting	C. The company's board of directors' resolution of the lease of office from related parties.
2022/1/20	D. Announcement that the company has modified the lease conditions for the assets that originally obtained
	the right of use from the related parties.
	E. Approved the motion of distribution of year-end bonuses for the managers.
	F. Matter of management appointment at a European subsidiary.
	A. Accept 2021 Financial Statements and Business Report.
	B. Report Accumulated Losses Reaching One-Half of Paid-in Capital. According to Article 211 of Compan
	Law, it shall be reported to shareholders' Meetings.
	C. Approved the motion of issuance of the Declaration of Internal Control System of the Company.
	D. Approved the motion of the ratification of the assessment of the independence and competence of the
	CPAs retained as external Auditors.
	E. Approved the motion of the ratification of the appointment of CPAs as external auditors and the
	remuneration to the CPAs.
	F. Approved the additional application and extension to Shanghai Commercial & Savings Bank for the loa
	G. Amendment to the Budget management Regulations.
	H. Approved the amendment to the Article of the Company.
	I. Approved the amendment to Articles of Procedures for Governing the Acquisition and Disposal of Asse
	and the Rules of Procedure for Shareholder Meetings.
Board	J. Approved the base date of employee stock option into common stocks capital increase.
Meeting	K. Approved the base date of convertible corporate bonds into common stocks capital increase.
2022/3/22	L. Approved the base date of cancellation of the restricted stock award.
	M. Approved to grant 2021 Employee Stock Options to employees.
	N. Adoption of the 2022 Employee Restricted Stock Awards.
	O. Approved the Company will raise capital through private placements of common shares.
	P. Examined the candidates for the fifth term of the board of directors for the election in shareholders'
	meeting and lifted the restriction on the Director's non-compete clause.
	Q. Approved the motion of the agenda and related matters of the Shareholders' Meeting of 2022.
	R. Acquired the revenue sharing rights of TSY0110 (EG12043) from Formosa Pharmaceuticals, Inc.
	S. Approved salary policies, regulations, standards, and structure.
	T. Approve the appointment of executive.
	U. Approve the appointment of executive.
	V. Approved a special bonus of executives at a European subsidiary.
	W. Approved a continuing appointment of a General Manager at a European subsidiary.
	X. Approve the annual adjustment to the salary of the executive.
Board	A. Approved the application to Panhsin Bank for the loan.
Meeting	B. Approved the extension to Shanghai Commercial & Savings Bank for the loan.
2022/4/19	C. Approved to update the 2022 First-time Employee Restricted Stock Awards to employees.
	A. Accept 2022 Q1 Financial Statements.
Board	B. Approved the base date of employee stock option into common stocks capital increase.
Meeting	C. Approved the base date of convertible corporate bonds into common stocks capital increase.
2022/5/12	c. 1-pp-10. The time cancer of contractions corporate contact into continion stocks capital increase.



Item & Date		Major Resolutions of Shareholders' Meeting/ Board of directors					
	E. Approved to grant	t 2021 Employee Stock Options to employees.					
		tion for the adjustment of salaries for the managers in the subsidiaries of Europe.					
		tion for the fixed remuneration to the Independent Directors of the 5th term of the					
	Board.	and for the fixed remaineration to the independent Breetons of the 5th term of the					
		tion for the procurement of raw materials under the CDMO mode.					
		*					
	Proposed Resolutions						
	_	ncial Statements and Business Report.					
	Implementation review: Implementation completed in accordance with the resolution of the Shareholders						
	Meeting.						
		2021 Deficit Offset Proposal.					
	_	view: Implementation completed in accordance with the resolution of the Shareholders					
	Meeting.						
	Matters for discussion						
		endment to the Article of the Company.					
	Implementation re	view: Approval No. 11101115160 dated July 6, 2022.					
	B. Approved the ame	endment to the Procedures for Acquisition or Disposal of Assets.					
	Implementation review: Implementation completed in accordance with the resolution of the Shareholders						
	Meeting.						
	C. Approved the amendment to the rules of the shareholders' meeting.						
	Implementation review: Implementation completed in accordance with the resolution of the Shareholders						
	Meeting.						
Shareholders	D. Approved the Issuance of Employee Restricted Stock Awards.						
Meeting	Implementation review: Implementation completed in accordance with the resolution of the Shareholders						
2022/6/10	Meeting. Approval No. 11103557171 dated Sep. 6, 2022.						
	E. Approved the Company will raise capital through private placements of common shares.						
	Implementation review: As the termination date is near, in consideration of working capital and market						
	status, the said private placement shall not be renewed and continued.						
	Election Fifth Term of Board Directors:						
	Director	Lee-Cheng Liu					
		National Development Fund, Executive Yuan Representative: Hsiu-Hui Chen					
		Formosa Laboratories, Inc. Representative: Cheng-Yu Cheng					
		Yao-Hwa Glass Co., Ltd, Management Commission					
		Foxconn Technology Co., Ltd. Representative: Jih-Luh Tang					
		Foxconn Technology Co., Ltd. Representative: Hsueh-Yen Ku					
		Ming-Thaur Chang					
	Independent Director	Po-Chih Chen					
	Birector	Fu-Shiow Yin Ming-Shen Chen					
	Ming-Shen Chen Other Proposely						
	Other Proposal: A. Palance the Prohibition on Directors or Populatives of Directors from Participation in Competitive						
	A. Release the Prohibition on Directors or Representatives of Directors from Participation in Competitive Business.						
Board	Dusiness.						
Meeting	Election Fifth Term of	m of chairman.					
000015155							
2022/6/10							
2022/6/10 Board	A. Accept 2022 Q2 F						
Board	B. Approved the app	lication to CTBC Bank for the loan.					
	B. Approved the appC. Approved the app						



Item & Date	Major Resolutions of Shareholders' Meeting/ Board of directors
	E. Approved the application to SinoPac Bank for the loan.
	F. Approved the amendment to the Corporate Governance Best Practice Principles.
	G. Approved the amendment to the Sustainable Development Best Practice Principles.
	H. Approved the Internal Material Information Processing Procedures.
	I. Approved the Production Line Expansion and Production Equipment at Zhubei Facility. (Budget Increase)
	J. Approved the Construction Design and Consulting Fee for New Plant.
	K. Approved the appointment for the 3rd term of the Remuneration Committee.
	L. Adoption of the Issuance of 2022 Employee Stock Options.
	M. Approved to grant 2021 Employee Stock Options to employees.
	Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of
	COO Chih-Jung Chang in assuming office as the director of TFBS Bioscience Inc.
	A. Approved the amendment to the Remuneration Committee Charter.
	B. Approved the appointment of additional members for the 3rd term of the Remuneration Committee.
	C. Approved the motion for the repair and budget for the animal cell and purification laboratory at the 3rd
	floor of Xizhi Plant of the Company.
	D. Approved the motion for participation in the fund-raising scheme of venture capital for biomedical
	technology.
	E. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of
	Chairman and President and Chief R&D Officer Lee-Cheng Liu in assuming office as the consultant of Fu
	Yao Biomedical Technology Venture Capital Investment Fund.
Board	F. Approved the base date of employee stock option into common stocks capital increase.
Meeting	G. Approved the base date of cancellation of the restricted stock award.
2022/9/8	H. Approved the motion for the amendment to the Employee Stock Option Rules in 2022 in part.
	I. Approved the motion for the amendment to the Employee Restricted Stock Awards Rules in 2022 in part.
	J. Approved the motion for the amendment to the Employee Restricted Stock Awards Rules in 2021 in part.
	K. Approved to grant 2022 Employee Restricted Stock Awards to employees.
	L. Approved to grant 2021 Employee Stock Options to employees.
	M. Approve the appointment of executive.
	N. Approved the motion for lifting the ban on competition for avoidance of the conflict of interest in favor of
	Director Cheng-Yu Cheng in assuming office as the consultant of Fu Yao Biomedical Technology Venture
	Capital Investment Fund.
Board	1
Meeting	Approved the motion for the subscription of the 2 nd issue of new shares issued by TFBS Bioscience Inc. for
2022/10/19	raising new capital in 2022.
	A. Accept 2022 Q2 Financial Statements.
Board	B. Approved the base date of employee stock option into common stocks capital increase.
Meeting	C. Approved to grant 2022 Employee Stock Options to employees.
2022/11/8	D. Approved to grant 2022 Employee Restricted Stock Awards to employees.
	A. Approved the Internal Audit Plan for the fiscal year 2023.
	B. Approved the amendment to the Internal Control System and Internal Audit System.
	C. Approved the revision of the approval standard for material procurement in the Approval Authority Form.
Board	D. Approved the application to TCB Bank for the loan.
Meeting	E. Approved the extension to Taiwan Business Bank for the loan.
2022/12/28	F. Approved the budget for 2023.
	G. Amendment to the Execution of the Improvement Plan of Business Operations.
	H. Approved the establishment of the Corporate Governance Committee.
	I. Approve the appointment of the Corporate Governance Committee.
	1. 11pp1010 the appointment of executive.



Item & Date	Major Resolutions of Shareholders' Meeting/ Board of directors							
Board								
Meeting 2023/1/16	Approved the motion of distribution of year-end bonuses for the managers.							
	A. Accept 2022 Financial Statements and Business Report.							
	B. Ratification of the 2022 Deficit Offset Proposal.							
	C. Approved the motion of issuance of the Declaration of Internal Control System of the Company.							
	D. Approved the motion of the ratification of the assessment of the independence and competence of the							
	CPAs retained as external Auditors.							
	E. Approved the motion of the ratification of the appointment of CPAs as external auditors and the							
	remuneration to the CPAs.							
	F. Approved the certified public accounts previously approved as the Independent Auditors, the CPA office							
	and affiliates to render non-assurance services to the Company and the subsidiaries.							
	G. Approved the application to Far Eastern International Bank for the loan.							
	H. Approved the extension to Shanghai Commercial & Savings Bank for the loan.							
	I. Approved the extension to Chang Hwa commercial bank for the loan.							
	J. Approved the extension to Cathay United bank for the loan.							
	K. Approved the amendment to the Article of the Company.							
Board	L. Approved the amendment to the Regulations Governing Procedure for Board of Directors Meetings.							
Meeting	M. Approved the amendment to the Sustainable Development Best Practice Principles.							
2023/3/10	N. Approved the amendment to the Corporate Governance Best Practice Principles.							
	O. Approved the base date of employee stock option into common stocks capital increase.							
	P. Approved the base date of cancellation of the restricted stock award.							
	Q. Adoption of the 2023 Employee Restricted Stock Awards.							
	R. Approved the discontinue the Private Security Offering Approved by the 2022 Shareholders' Meeting.							
	S. Approved the Company will raise capital through private placements of common shares.							
	T. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of							
	directors and their representatives. U. Approved the motion of the agenda and related matters of the Shareholders' Meeting of 2023.							
	V. Approved salary policies, regulations, standards, and structure.							
	W. Approved to grant 2022 Employee Stock Options to employees.							
	X. Approved to grant 2022 Employee Stock Options to employees.X. Approved to grant 2022 Employee Restricted Stock Awards to employees.							
	Y. Approve the annual adjustment to the salary of the executive.							
	Z. Approved the annual adjustment to the salary and the motion for distribution of year-end bonuses for the							
	managers at a European subsidiary.							
	managoro ai a Daropean suosiaiary.							

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

The Shareholders Meeting of the Company elected a new Board on 2022/6/10. Dr. Lee-Cheng Liu was elected Chairman of the Board.



5. Information Regarding the Company's Audit Fee and Independence

(1) The non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm, the amounts of both audit and non-audit fees as well as details of non-audit services:

Unit: NT\$ thousands

Accounting Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total
PricewaterhouseCoopers	Sheng-Wei Teng	January 1 st ,2022 to December	2,250	526	2,786
Taiwan.	Yu-Fang Yen	31 st ,2022	2,230	536	2,700

Details of non-audit services:

- Matter of new common stock issuance for employee stock option and RS, NT\$170,000.
- Legal and tax consulting, NT\$16,000.
- Business income tax audit, NT\$300,000.
- The full-time non-supervisory employee's salary check sheet, NT\$50,000.
- (2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons: None.
- (3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor: None.

6. Replacement of CPA

- (1) Regarding the former CPA: None.
- (2) Regarding the successor CPA: None.
- (3) The company shall mail to the former certified public accountant a copy of the disclosures it is making pursuant to item A and to (c) of the here preceding item and advise the accountant of the need to respond by mail within 10 days should the accountant disagree. The company shall disclose the content of the reply letter from the former certified public accountant: None.
- 7. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.
- 8. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:
 - (1) Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

		20	22	2023 Until March 31st		
Title	Name	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairman/ President	Lee-Cheng Liu	305,000	0	30,600	0	
	National Development Fund, Executive Yuan		0	0	0	
Director	Representative: Hsiu-Hui Chen	0	0	0	0	



Unit: Shares

		20	22	2023 Until March 31 st		
Title	Name	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
	Former Representative: Wei- Feng Kao	0	0	0	0	
	Former Representative: Jing- Jer Lin	0	0	0	0	
	Formosa Laboratories, Inc.	(273,000)	5,000,000	(10,000)	0	
Director	Representative: Cheng-Yu Cheng	0	0	0	0	
	Yao-Hwa Glass Co., Ltd, Management Commission	0	0	0	0	
Director	Representative Ku-Sung Weng	0	0	0	0	
	Former Representative: Wei- Hung Chang	0	0	0	0	
	Foxconn Technology Co., Ltd.	0	0	0	0	
	Representative Chun- Fu Lu	N/A	N/A	0	0	
Director	Representative Yu-Ting Chen	0	0	0	0	
	Former Representative Jih-Luh Tang	0	0	0	0	
	Former Representative Hsueh-Yen Ku	0	0	N/A	N/A	
Independent Director	Ming-Thaur Chang	0	0	0	0	
Independent Director	Po-Chih Chen	0	0	0	0	
Independent Director	Fu-Shiow Yin	0	0	0	0	
Independent Director	Ming-Shen Chen	0	0	0	0	
Manager	Chih-Jung Chang	16,500	0	(20,000)	0	
Manager	Hsiu-Chuan Yang	22,269	0	0	0	
Manager	Shang-Chung Ju	17,084	0	0	0	
Manager	Ae-Ning Lin	17,084	0	0	0	
Manager	Ching-Ying Chen	10,564	0	0	0	
Manager	Ren-Yo Forng	9,413	0	0	0	
Manager	Ywan-Feng Li	0	0	0	0	
Manager	Tsan-Hui Wu	(12,043)	0	(2,250)	0	
Manager	Hwei-Rung Wang	0	0	1,847	0	
Manager	Chung-Huan Lin	(2,293)	0	(1,000)	0	
Manager	Yu-Wen Liu	(543)	0	0	0	
Manager	Tsung-Chih Wang	4,707	0	25,000	0	



Unit: Shares

		20	22	2023 Until	March 31st
Title	Name	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Manager	Ming-Tao Pai	4,707	0	0	0
Manager	Yi-Yun Ciou	4,707	0	0	0
Manager	Chih-Yuan Ma	0	0	0	0
	Augusta Inc.	0	0	N/A	N/A
Former Director (Note)	Former Representative Chung-Hur Lee	0	0	N/A	N/A
Former Director (Note)	Development Center for		0	N/A	N/A
	Taiwania Capital Buffalo II Bioventures, LP	(240,000)	0	N/A	N/A
Former Director (Note)	Former Representative Chih-Lung Shen	0	0	N/A	N/A
	Former Representative I-ta Lu	0	0	N/A	N/A
Former Manager (Note)	Tung-Lung Lin	0	0	5,929	0
Former Manager (Note)	Hong-Jun Yeh	0	0	N/A	N/A
Former Manager (Note)	Chih-Dung Teng	0	0	N/A	N/A

Note: The Shareholders Meeting elected the 5th term of the Board on 2022/6/10.

Note: Tung-Lung Lin has resigned on March 13, 2023. Hong-Jun Yeh has resigned on August 5, 2022. Chih-Dung Teng has resigned on April 29,2022.

- (2) Information of Stock Trade: The counterparties of equity transfer are not related parties.
- (3) Information of Stock Pledge: The counterparties of share pledges are not related parties.

9.Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.

April 2, 2023; Unit: Shares; %

Name	Current Share	Current Shareholding		Spouse's/ minor's Shareholding		lding by iinee gement	Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Foxconn Technology Co., Ltd.	27,500,000	9.03	0	0	0	0	Yonglin Capital Holding Co., Ltd.	Chairman
Representative: Jun-Fu Lu	0	0	0	0	0	0	N/A	N/A
Yonglin Capital Holding Co., Ltd.	26,500,000	8.70	0	0	0	0	Foxconn Technology Co., Ltd.	Chairman
Representative: Kai-Lin Huang	0	0	0	0	0	0	N/A	N/A
Formosa Laboratories, Inc.	18,572,818	6.10	0	0	0	0	N/A	N/A
Representative: Cheng-Yu Cheng	0	0	0	0	0	0	N/A	N/A



Name	Current Share	Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		
	Shares	%	Shares	%	Shares	%	Name	Relationship
National Development Fund, Executive Yuan	15,288,860	5.02	0	0	0	0	N/A	N/A
Convener: Ming-Hsin Kung, Minister, National Development Council	0	0	0	0	0	0	N/A	N/A
Yao-Hwa Glass Co., Ltd, Management Commission	13,078,082	4.29	0	0	0	0	N/A	N/A
Representative: Chuan-Neng Lin	0	0	0	0	0	0	N/A	N/A
Wen-Ming Pan	11,001,123	3.61	0	0	0	0	N/A	N/A
Taiwania Capital Buffalo II Bioventures, LP	6,970,286	2.29	0	0	0	0	N/A	N/A
Representative: Taiwania Capital Biotechnology Corporation	0	0	0	0	0	0	N/A	N/A
Development Center for Biotechnology	4,506,484	1.48	0	0	0	0	N/A	N/A
Representative: Shiing-Jer Twu	0	0	0	0	0	0	N/A	N/A
CTBC Financial Holding Co, Ltd.	4,482,414	1.47	0	0	0	0	N/A	N/A
Representative: Zhi-Gang Wang	0	0	0	0	0	0	N/A	N/A
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,869,868	0.94	0	0	0	0	N/A	N/A

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

Unit: Shares; %

Affiliated Enterprises	Ownership by	y the Company	Direct or Indirect Own	Total Ownership		
•	Shares	%	Shares	%	Shares	%
EirGenix Europe GmbH	-	100%	0	0	(Note)	100%

Note: As a limited liability company, there are no shares.



IV. Capital Overview

1. Source of Capital

(1) Source of Capital

		Authoriz	ed Capital	Paid-ir	n Capital	Re	emark	
Month/ Year	Par Value (NT\$)	Shares	Amount (Unit: NT\$)	Shares	Amount (Unit: NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Dec. 2012	10	800,000	8,000,000	800,000	8,000,000	Established share capital \$8,000,000	None	Approval No. 10191008500 dated Dec. 2, 2012
Jun. 2013	10	54,000,000	540,000,000	40,800,000	408,000,000	Capital increase \$310,000,000	Contributes capital by assigning a monetary claim \$90,000,000	Approval No. 10284539110 dated Jun. 17, 2013
Jun. 2013	10	54,000,000	540,000,000	46,430,000	464,300,000	Capital increase \$56,300,000	None	Approval No. 10285226000 dated Jun. 26, 2013
Nov. 2013	11	54,000,000	540,000,000	54,000,000	540,000,000	Capital increase \$75,700,000	None	Approval No. 10201232600 dated Nov. 21, 2013
Jan. 2015	20	120,000,000	1,200,000,000	79,000,000	790,000,000	Capital increase \$250,000,000	None	Approval No. 10401010080 dated Jan. 30, 2015
Jan. 2016	10.2	120,000,000	1,200,000,000	80,970,000	809,700,000	Exercising employee stock option \$19,700,000	None	Approval No. 10501014160 dated Jan. 25, 2016
Mar. 2016	35	120,000,000	1,200,000,000	100,970,000	1,009,700,000	Capital increase \$200,000,000	None	Approval No. 10501052380 dated Mar. 21, 2016
Aug. 2016	15/20	120,000,000	1,200,000,000	101,216,500	1,012,165,000	Exercising employee stock option \$2,465,000	None	Approval No. 10501202320 dated Aug. 17, 2016
Oct. 2016	15/20	120,000,000	1,200,000,000	101,301,375	1,013,013,750	Exercising employee stock option \$848,750	None	Approval No. 10501249150 dated Oct. 26, 2016
Dec. 2016	0	120,000,000	1,200,000,000	102,960,875	1,029,608,750	Issuing Restricted Stock Awards \$16,595,000	None	Approval No. 10501279680 dated Dec. 9, 2016
Sept. 2017	15/20	120,000,000	1,200,000,000	103,265,375	1,032,653,750	Exercising employee stock option \$1,050,000 Issuing Restricted Stock Awards \$2,575,000 Deregistering Restricted Stock Awards \$580,000	None	Approval No. 10601124110 dated Sep. 11, 2017
Apr. 2018	CI 24/ ESO 15/20	200,000,000	2,000,000,000	124,099,125	1,240,991,250	Capital increase \$208,000,000 Exercising employee stock option \$337,500	None	Approval No. 10701038010 dated Apr. 20, 2018
Aug. 2018	15/20	200,000,000	2,000,000,000	124,029,875	1,240,298,750	Exercising employee stock option \$507,500 Deregistering Restricted Stock Awards \$1,200,000	None	Approval No. 10701107230 dated Aug. 29, 2018
Nov. 2018	32	200,000,000	2,000,000,000	149,029,875	1,490,298,750	Capital increase \$250,000,000	None	Approval No. 10701140040 dated Nov. 13, 2018



	D- ::	Authoriz	zed Capital	Paid-ii	n Capital	Ren	mark	
Month/ Year	Par Value (NT\$)	Shares	Amount (Unit: NT\$)	Shares	Amount (Unit: NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Mar. 2019	15/20	200,000,000	2,000,000,000	149,111,375	1,491,113,750	Exercising employee stock option \$815,000	None	Approval No. 10801021840 dated Mar. 7, 2019
Aug. 2019	30.85	200,000,000	2,000,000,000	169,120,375	1,691,203,750	Capital increase \$200,090,000	None	Approval No. 10801093250 dated Aug. 5, 2019
Sept. 2019	15/20/34.5	200,000,000	2,000,000,000	169,197,825	1,691,978,250	Exercising employee stock option \$3,047,500 Deregistering Restricted Stock Awards \$2,273,000	None	Approval No. 10801128290 dated Sep. 24, 2019
Jun. 2020	CI 29/ ESO15/20/ RS 0	300,000,000	3,000,000,000	204,856,475	2,048,564,750	Capital increase \$350,000,000. Exercising employee stock option \$1,312,500 Issuing Restricted Stock Awards \$6,945,000 Deregistering Restricted Stock Awards \$1,671,000	None	Approval No. 10901090610 dated Jun. 20, 2020
Aug. 2020	ESO 15/20/27/28.8/3 3.6/43.2/RS 0	300,000,000	3,000,000,000	206,002,675	2,060,026,750	Exercising employee stock option \$2,405,000 Issuing Restricted Stock Awards \$9,057,000	None	Approval No. 10901167820 dated Aug. 28, 2020
Dec. 2020	ESO 15/20/33/ 33.6/28.3/ 26.5/RS 0	300,000,000	3,000,000,000	206,375,125	2,063,751,250	Exercising employee stock option \$1,342,500 Issuing Restricted Stock Awards \$2,382,000	None	Approval No. 10901238130 dated Dec. 18, 2020
Jun. 2021	CI 91.5	300,000,000	3,000,000,000	243,038,856	2,430,388,560	Capital increase \$350,000,000 Convertible Bond \$16,637,310	None	Approval No. 11001092980 dated Jun. 15, 2021
Aug. 2021	ESO 15/30.3	300,000,000	3,000,000,000	243,690,584	2,436,905,840	Exercising employee stock option \$275,000 Convertible Bond \$8,705,280 Deregistering Restricted Stock Awards \$2,463,000	None	Approval No. 11001133670 dated Aug. 6, 2021
Nov. 2021	Private Placement 91.5/ ESO 24.8/26.4/ 30.3/30.8/ 36.2/39.6 RS 0	400,000,000	4,000,000,000	300,231,738	3,002,317,380	Private Placement \$550,000,000 Exercising employee stock option \$3,260,000 Convertible Bond \$2,626,540 Issuing Restricted Stock Awards \$6,125,000 Issuing Restricted Stock Awards \$3,400,000	None	Approval No. 11001199560 dated Nov. 18, 2021
Feb. 2022	RS 0	400,000,000	4,000,000,000	300,447,630	3,004,476,300	Issuing Restricted Stock Awards	None	Approval No. 11101013220 dated Feb. 8, 2022
Apr. 2022	ESO 15/20/23.5/25/2 5.2/28.7/ 29.2/34.3 /37.5	400,000,000	4,000,000,000	302,160,055	3,021,600,550	Exercising employee stock option \$3,092,500 Convertible Bond \$15,821,750 Deregistering Restricted Stock Awards \$1,790,000	None	Approval No. 11101055960 dated Apr. 15, 2022
Jun. 2022	ESO 15/20/23.5/ 25/25.2/28.7/ 29.2/34.3	400,000,000	4,000,000	303,686,235	3,036,862,350	Exercising employee stock option \$3,482,500 Convertible Bond \$11,779,300	None	Approval No. 11101090540 dated Jun. 14, 2022
Sept. 2022	ESO 15/23.5/25/ 25.2/28.8/29.2/ 34.3/51.2/RS 0	400,000,000	4,000,000	303,970,392	3,039,703,920	Exercising employee stock option \$2,575,000 Issuing Restricted Stock Awards \$1,900,000 Issuing Restricted Stock Awards \$626,570 Deregistering Restricted Stock Awards \$2,260,000	None	Approval No. 11101184450 dated Sept. 28, 2022



		Authoriz	ed Capital	Paid-ir	n Capital	Remark		
Month/ Year	Par Value (NT\$)	Shares	Shares Amount (Unit: NT\$)		Amount (Unit: NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Nov. 2022	ESO 15/25/28.8/ 34.3/51.2	400,000,000	4,000,000	304,290,279	3,042,902,790	Exercising employee stock option \$1,247,500 Issuing Restricted Stock Awards \$1,951,370	None	Approval No. 11101225680 dated Nov. 29, 2022
Apr. 2023	ESO 15/20/25/ 25.2/28.7/28.8/ 29.2/42.1/51.2/ RS 0	400,000,000	4,000,000	304,491,454	3,044,914,540	Exercising employee stock option \$2,742,500 Issuing Restricted Stock Awards \$59,290 Deregistering Restricted Stock Awards \$790,040	None	Approval No. 11230051460 dated Apr. 10, 2023



(2) Type of Stock

March 31, 2023; Unit: Shares

CI T	Authorized Capital			D 1
Share Type	Issued Shares	Un-issued Shares Un-issued Sha		Remarks
Common	304,667,204	95,332,796	400,000,000	TPEx Listed Stock
Share	304,007,204	93,332,790	400,000,000	Private Placement 55,000,000 shares

(3) Information for Shelf Registration: None.

2. Structure of Shareholders

As of April 2, 2023; Unit: Person; Shares; %

Shareholders' Structure Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	2	134	32,918	129	33,185
Shareholding (shares)	16,939,860	1,070,000	122,421,457	145,242,783	18,993,104	304,667,204
Percentage	5.56	0.35	40.19	47.67	6.23	100

3. Shareholding Distribution Status

(1) Shareholding Distribution Status

As of April 2, 2023; Unit: Person; Shares; %

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1~999	7,036	1,321,199	0.43
1,000~5,000	22,211	40,437,918	13.27
5,001~10,000	1,950	14,927,390	4.90
10,001~15,000	632	8,016,052	2.63
15,001~20,000	373	6,864,343	2.25
20,001~30,000	350	8,796,773	2.89
30,001~40,000	165	5,822,161	1.91
40,001~50,000	98	4,469,355	1.47
50,001~100,000	187	13,237,525	4.34
100,001~200,000	77	10,673,580	3.50
200,001~400,000	41	11,028,650	3.62
400,001~600,000	19	8,983,812	2.95
600,001~800,000	12	8,379,122	2.75
800,001~1,000,000	10	8,953,639	2.94
1,000,001 or over	24	152,755,685	50.15
Total	33,185	304,667,204	100

(2) Preferred Shares: None.



4. List of Major Shareholders

As of April 2, 2023; Unit: Shares; %

Shareholder's Name	Shares	Percentage
Foxconn Technology Co., Ltd.	27,500,000	9.03
Yonglin Capital Holding Co., Ltd.	26,500,000	8.70
Formosa Laboratories, Inc.	18,572,818	6.10
National Development Fund, Executive Yuan	15,288,860	5.02
Yao-Hwa Glass Co., Ltd, Management Commission	13,078,082	4.29
Wen-Ming Pan	11,001,123	3.61
Taiwania Capital Buffalo II Bioventures, LP	6,970,286	2.29
Development Center for Biotechnology	4,506,484	1.48
CTBC Financial Holding Co, Ltd.	4,482,414	1.47
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,869,868	0.94

5. Share prices for the Past 2 Fiscal Years, Together with the Company's Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information

Unit: NT\$; Thousands of Shares

Citivity, Thousands of Shares					
Item		Year	2021	2022	2023 Until Mar. 31 st
Market Highest Market Price		Highest Market Price	188.5	158.5	131
Price per		Lowest Market Price	38.5	71.6	108
Share		Average Market Price	125.05	120.54	119.77
Net Worth		Before Distribution	34.72	35.10	-
per Share	After Distribution		34.72	35.10	-
Earnings per	Weighted Average Shares		242,662	303,258	-
Share	Diluted Earnings Per Share		(0.18)	(0.38)	-
		Cash Dividends	0	0	-
Dividends	Stock	Dividends from Retained Earnings	0	0	-
per Share	Dividend Distribution	Dividends from Capital Surplus	0	0	-
	Accumulated Undistributed Dividends		-	-	-
	Price / Earnings Ratio (Note)		N/A	N/A	-
Return on Investment		Price / Dividend Ratio	N/A	N/A	-
III v Obtiliolit	C	ash Dividend Yield Rate	N/A	N/A	-

6. Dividend Policy and Implementation Status

(1) The Dividend Policy Adopted in the Company's Articles of Incorporation

In accordance with Article 25 and Article 25-1 of EirGenix's Articles of Incorporation. "Article 25: If the Company has net profit in this fiscal year, the Company shall set aside between 1% to 5% of its profits as a bonus to employees of the Company and set aside 3% (inclusive) or less of its profits as a bonus to Directors. The distribution of bonuses to employees may be made by way of cash or shares by the resolution of the Board of Directors. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company. The distribution of employee remuneration and director remuneration shall be heard by over two-thirds of the Board of Directors, be voted in favor for implementation by over one-half of the directors present and represented, and also be reported at the shareholders' meeting. The Company shall first offset its losses in previous years that have not been previously offset, and then set aside annual profits as a bonus to employees of the Company and set aside annual profits as a bonus to Directors. "



"Article 25-1: If the Company has earnings at the end of the fiscal year, the Company shall first pay all relevant taxes, offset its losses in previous years, and set aside a legal capital reserve at 10% of the net profit, until the accumulated paid-in capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The board of directors may propose the distribution for approval in the shareholders' meeting. The company has the surplus profit distributable as dividends and bonuses to shareholders of no less than 50% of its net income and shall be a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company. As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall take into consideration the Company's capital expenditures, R&D plan, future expansion plans, and financial structure and funds requirement for sustainable development needs, etc. The cash dividends may not be less than 10% of the total dividend amount. However, the actual distribution ratio is still subject to the resolution of the shareholders meeting."

(2) The Dividend Distributions Proposed at the Shareholders' Meeting

The proposal for distribution was passed at the Meeting of the Board of Directors. In this proposal, due to net losses of 2022, none of the cash dividend and none of the stock dividend will be discussed at the annual shareholders' meeting.

- (3) If a material change in dividend policy is expected, provide an explanation: None.
- 7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

8. Compensation of employees, directors, and supervisors

- (1) The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation.
 - Please refer to 6. Dividend Policy and Implementation Status.
- (2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
 - The amount of payment in the past will be taken as the foundation for the estimation of the amount.
 - If there is a significant change in the amount resolved by the Board to pay after the end of the fiscal year, the amount of change will be recognized as the expense of the year.
 - If there are still further changes at the time of the decision of the Shareholders Meeting, proceed to the accounting principle of change and enter as adjustment of the year under the resolution of the Shareholders Meeting.
- (3) Information on any approval by the board of directors of the distribution of compensation:

None.

- A. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.
- B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.
- (4) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

9. Status of a Company Repurchasing its own Shares: None.



10. Corporate bond

(1) Status of Corporate bond: None.

(2) Information of Convertible Bond: None.

(3) Exchangeable Bond: None.

(4) Shelf Registration: None.

(5) Bond with Warrants: None.

11. Preferred Shares: None.

12. Global Depository Receipts: None.

13. Employee Share Subscription Warrants

(1) Status of Employee Share Subscription Warrants

March 31, 2023

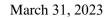
			Wiaicii 51, 2025			
Type of Stock Option	2014 2nd Employee Share Subscription Warrants					
Regulatory approval date and units issued	2016/7/19 2,100					
Issue date	2015/7/1	2015/7/1 2015/7/1 2015/7/6				
	1,270	130	80			
Units issued	Each uni	t can subscribe 1,000 commo	on shares.			
Number of shares still available for issuance		0				
Option shares to be issued as a percentage of outstanding shares	0.42 %	0.04 %	0.03 %			
Exercising Period	2016/7/1 ~ 2025/6/30	2016/7/1 ~ 2025/6/30	2016/7/6 ~ 2025/7/5			
Conversion measures		Issue new common shares.				
Conditional conversion periods and percentages	1	e year, the accumulated maxioroportion will increase 25% iption right can be exercised				
Converted shares	890,250 shares	92,500 shares	80,000 shares			
Exercised amount	NT\$ 13,353,750	NT\$ 1,850,000	NT\$ 1,600,000			
Number of shares yet to be converted	140,250 shares	5,000 shares	0 share			
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 15	NT\$ 20	-			
Unexercised shares as a percentage of total issued shares	0.05% 0.002% -					
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.					

Type of Stock Option	2014 2 nd Employee Share Subscription Warrants					
Regulatory approval date and units		2016/7/19				
issued		2,1	00			
Issue date	2015/7/15 2015/7/19 2015/7/26 2015/8/17					
Tirian incomed	10	30	20	10		
Units issued	Each unit can subscribe 1,000 common shares.					
Number of shares still	0					
available for issuance			J			



Option shares to be issued as a percentage of outstanding shares	0.003%	0.01%	0.01%	0.003%	
Exercising Period	2016/7/15		2016/7/26~2025/7/2		
	~2025/7/14	8	5	6	
Conversion measures		Issue new con	mmon shares.		
Conditional conversion periods and percentages	For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.				
Converted shares	10,000 shares	15,000 shares	5,000 shares	1,875 shares	
Exercised amount	NT\$ 200,000	NT\$ 300,000	NT\$ 100,000	NT\$ 37,500	
Number of shares yet to be converted	0 share	0 share	15,000 shares	0 share	
Adjusted exercise price for those who have yet to exercise their rights	-	-	NT\$ 20	-	
Unexercised shares as a percentage of total issued shares	-	-	0.005%	-	
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.				

				March 31, 2023	
Type of Stock Option	2014 2 nd Employee Share Subscription Warrants				
Regulatory approval date and units issued	2016/7/19 2,100				
Issue date	2015/8/20	2015/8/31	2015/9/29	2015/11/10	
**	20	60	20	30	
Units issued	Е	ach unit can subscribe	e 1,000 common share	es.	
Number of shares still available for issuance		(0		
Option shares to be issued as a percentage of outstanding shares	0.01%	0.02%	0.01 %	0.01%	
Exercising Period	2016/8/20 ~2025/8/19	2016/8/31~2025/8/3	2016/9/29~2025/9/2	2016/11/10~2025/1 1/9	
Conversion measures		Issue new co	mmon shares.		
Conditional conversion periods and percentages		n of one year, the acc proportion wil subscription right ca	l increase 25%.	•	
Converted shares	20,000 shares	30,000 shares	10,000 shares	22,500 shares	
Exercised amount	NT\$ 400,000	NT\$ 600,000	NT\$ 200,000	NT\$ 450,000	
Number of shares yet to be converted	0 share	10,000 shares	0 share	0 share	
Adjusted exercise price for those who have yet to exercise their rights		NT\$ 20	-	-	
Unexercised shares as a percentage of total issued shares	-	0.003%	-	-	
Impact on possible dilution of shareholdings	_	oloyee stock option ce I shareholders, which	•		





			March 31, 2023			
Type of Stock Option	2014 2 nd Employee Share Subscription Warrants					
Regulatory approval date and units		2016/7/19				
issued		2,100				
Issue date	2015/12/1	2015/12/14	2015/12/21			
** **	5	20	25			
Units issued	Each unit	can subscribe 1,000 commo	on shares.			
Number of shares still available for issuance		0				
Option shares to be issued as a percentage of outstanding shares	0.002% 0.01% 0.01%					
Exercising Period	2016/12/1~ 2025/11/30 2016/12/14~ 2025/12/13 2016/12/21~ 2025/13					
Conversion measures		Issue new common shares.				
Conditional conversion periods and percentages	For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.					
Converted shares	5,000 shares	0 share	25,000 shares			
Exercised amount	NT\$ 100,000	NT\$ 0	NT\$ 500,000			
Number of shares yet to be converted	0 share	0 share	0 share			
Adjusted exercise price for those who have yet to exercise their rights						
Unexercised shares as a percentage of total issued shares						
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.					

				March 31, 2023	
Type of Stock Option	2014 2 nd Employee Share Subscription Warrants				
Regulatory approval date and units issued	2016/7/19 2,100				
Issue date	2016/1/1	2016/1/12	2016/1/13	2016/2/14	
	30	10	15	25	
Units issued	Ea	ch unit can subscribe	1,000 common shar	es.	
Number of shares still available for issuance		()		
Option shares to be issued as a percentage of outstanding shares	0.01 %	0.003 %	0.005 %	0.01 %	
Exercising Period	2017/1/1~2025/12/ 31	2017/1/12~2026/1/	2017/1/13~2026/1/ 12	2017/2/14~2026/2/	
Conversion measures		Issue new con	mmon shares.		
Conditional conversion periods and percentages	For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.				
Converted shares	3,750 shares	5,000 shares	15,000 shares	18,750 shares	
Exercised amount	NT\$ 75,000	NT\$ 100,000	NT\$ 300,000	NT\$ 375,000	
Number of shares yet to be converted	0 share	0 share	0 share	0 share	
Adjusted exercise price for those who have yet to exercise their rights	-	-	-	-	
Unexercised shares as a percentage of total issued shares	-	-	-	-	
Impact on possible dilution of shareholdings		oloyee stock option copany and shareholders.			





	T		Water 51, 2023			
Type of Stock Option	2014 2 nd Employee Share Subscription Warrants					
Regulatory approval date and		2016/7/19				
units issued	2,100					
Issue date	2016/3/1	2016/3/9	2016/3/14			
TT 1. 1	150	25	15			
Units issued	Each unit	can subscribe 1,000 comm	on shares.			
Number of shares still available for issuance		0				
Option shares to be issued as a percentage of outstanding shares	0.05%	0.01%	0.005 %			
Exercising Period	2017/3/1~2026/2/28	2017/3/9~2026/3/8	2017/3/14~2026/3/13			
Conversion measures		Issue new common shares.				
Conditional conversion periods	For every expiration	of one year, the accumulate	ed maximum exercise			
and	subscri	ption proportion will increa	se 25%.			
percentages	100% subscri	ption right can be exercised	after 4 years.			
Converted shares	37,500 shares	0 share	15,000 shares			
Exercised amount	NT\$ 750,000	-	NT\$ 300,000			
Number of shares yet to be converted	0 share	25,000 shares	0 share			
Adjusted exercise price for those who have yet to exercise their rights	- NT\$ 20 -					
Unexercised shares as a percentage of total issued shares	- 0.01% -					
Impact on possible dilution of shareholdings		The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.				

Type of Stock Option	2016 1st Employee Share Subscription Warrants		
Regulatory approval date and units	2016/7/19		
issued	2,100		
Issue date	2016/5/5	2016/6/1	
II	45	55	
Units issued	Each unit can subscribe	e 1,000 common shares.	
Number of shares still		0	
available for issuance		·	
Option shares to be issued as a			
percentage of	0.01%	0.02%	
outstanding shares			
Exercising Period	2018/5/5~2026/5/4	2018/6/1~2026/5/31	
Conversion measures	Issue new co	mmon shares.	
	50% subscription right car	be exercised after 2 years.	
Conditional conversion periods and		one year, the accumulated maximum	
percentages	exercise subscription proj	portion will increase 25%.	
	100% subscription right ca	n be exercised after 4 years.	
Converted shares	35,000 shares	40,000 shares	
Exercised amount	NT\$ 1,099,000	NT\$ 1,264,000	
Number of shares yet to be converted	10,000 shares	0 share	
Adjusted exercise price for those who have yet to exercise their	NT\$ 29.2		
rights	1 N 1 \$\phi \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	-	
Unexercised shares as a percentage			
of total issued shares	0.003%	-	



Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.
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		March 31, 2023	
Type of Stock Option	2016 2 nd Employee Share Subscription Warrants		
Regulatory approval date and units issued	2016/8/30 600		
Issue date	2016/10/12 2016/12/29		
	515	85	
Units issued	Each unit can subscribe	2 1,000 common shares.	
Number of shares still available for issuance	()	
Option shares to be issued as a percentage of outstanding shares	0.17 %	0.03 %	
Exercising Period	2018/10/12~2026/10/11	2018/12/29~2026/12/28	
Conversion measures	Issue new common shares.		
Conditional conversion periods and percentages	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.		
Converted shares	241,250 shares	40,000 shares	
Exercised amount	NT\$ 7,401,750	NT\$ 1,578,675	
Number of shares yet to be converted	150,000 shares	15,000 shares	
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 29.2	NT\$ 37.5	
Unexercised shares as a percentage of total issued shares	0.05 %	0.005 %	
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.		

			March 31, 2023
Type of Stock Option	2017 1st Employee Share Subscription Warrants		
Regulatory approval date and units issued	2017/5/10 1,700		
Issue date	2017/8/8	2017/12/27	2018/3/23
II	395	570	175
Units issued	Each unit	t can subscribe 1,000 commo	on shares.
Number of shares still available for issuance		0	
Option shares to be issued as a percentage of outstanding shares	0.13 %	0.19 %	0.06 %
Exercising Period	2019/8/8~2027/8/7	2019/12/27~2027/12/26	2020/3/23~2028/3/22
Conversion measures		Issue new common shares.	
Conditional conversion periods and percentages	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maximum exercises subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.		
Converted shares	231,000 shares	310,250 shares	62,000 shares
Exercised amount	NT\$ 7,044,200	NT\$ 8,120,300	NT\$ 1,516,700
Number of shares yet to be converted	4,000 shares	78,500 shares	48,000 shares



Adjusted exercise price for those who have yet to exercise their	NT\$ 29.2	NT\$ 25	NT\$ 23.5
rights			
Unexercised shares as a	0.001 %	0.03 %	0.02 %
percentage of total issued shares	0.001 70	0.05 70	0.02 70
shareholdings	The issuance of employee stock option certificate may create the common interest of the Company and shareholders, which shall be positive effects to the rights of shareholders.		

		March 31, 2023	
Type of Stock Option	2017 1st Employee Share Subscription Warrants		
Regulatory approval date and	2018/8/9		
units issued	1,5	00	
Issue date	2019/1/25	2019/5/13	
** ** *	520	285	
Units issued	Each unit can subscribe	1,000 common shares.	
Number of shares still available for issuance	0		
Option shares to be issued as a percentage of outstanding shares	0.17 %	0.09 %	
Exercising Period	2021/1/25~2029/1/24	2021/5/13~2029/5/12	
Conversion measures	Issue new common shares.		
Conditional conversion periods and percentages	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maximum exercises subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.		
Converted shares	259,250 shares	64,500 shares	
Exercised amount	NT\$ 7,660,475	NT\$ 2,226,600	
Number of shares yet to be converted	57,000 shares	135,000 shares	
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 28.7	NT\$ 34.3	
Unexercised shares as a percentage of total issued shares	0.02 %	0.04 %	
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.		

			Wiaich 51, 2025
Type of Stock Option	2019 1st Employee Share Subscription Warrants		
Regulatory approval date and	2019/10/29		
units issued		2,000	
Issue date	2019/11/12 2020/4/15 2020/8/12		
Units issued	960	775	205
Units issued	Each unit can subscribe 1,000 common shares.		
Number of shares still	0		
available for issuance			
Option shares to be issued as a percentage of outstanding shares	0.32 %	0.26 %	0.07 %
Exercising Period	2021/11/12~2029/11/11	2022/4/15~2030/4/14	2022/8/12~2030/8/11
Conversion measures	Issue new common shares.		
Conditional conversion periods	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maxi		after 2 years.
•			accumulated maximum
and	exercise sub	scription proportion will in	crease 25%.
percentages	100% subscri	ption right can be exercised	after 4 years.



Converted shares	260,000 shares	220,000 shares	55,000 shares
Exercised amount	NT\$ 6,552,000	NT\$ 6,336,000	NT\$ 2,816,000
Number of shares yet to be converted	270,000 shares	135,000 shares	115,000 shares
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 25.2	NT\$ 28.8	NT\$ 51.2
Unexercised shares as a percentage of total issued shares	0.09 %	0.04 %	0.04 %
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interest of the Company and shareholders, which shall be positive effects to the rights of shareholders.		

Type of Stock Option	202	20 1st Employee Shar	e Subscription Warra	ants
Regulatory approval date and units issued	2020/11/6 3,000			
Issue date	2020/12/23	2021/5/12	2021/8/12	2021/10/1
This issued	830	315	505	1,185
Units issued	Ea	ch unit can subscribe	e 1,000 common shar	es.
Number of shares still available for issuance		()	
Option shares to be issued as a percentage of outstanding shares	0.27 %	0.10 %	0.17 %	0.39 %
Exercising Period		2023/5/12~2031/5/		2023/10/1~2031/9/
	2/22	11	11	30
Conversion measures		Issue new con		
Conditional conversion periods and percentages	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.			ulated maximum 25%.
Converted shares	136,000 shares	0 share	0 share	0 share
Exercised amount	NT\$ 5,725,600	NT\$ 0	NT\$ 0	NT\$ 0
Number of shares yet to be converted	379,000 shares	235,000 shares	290,000 shares	990,000 shares
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 42.1	NT\$ 146.4	NT\$ 128.4	NT\$ 117.5
Unexercised shares as a percentage of total issued shares	0.12 %	0.08%	0.10%	0.32%
Impact on possible dilution of shareholdings	_	oloyee stock option copany and shareholders.	•	

Type of Stock Option	2021 1st Employee Share Subscription Warrants			
Regulatory approval date and units issued	2021/10/15 3,000			
Issue date	2022/3/22 2022/5/12 2022/8/11 2022/9/8			2022/9/8
Thits issued	160	225	685	510
Units issued	Each unit can subscribe 1,000 common shares.		es.	
Number of shares still available for issuance		(0	
Option shares to be issued as a percentage of outstanding shares	0.05 %	0.07 %	0.22 %	0.17 %



Exercising Period	2024/3/22~2032/3/	2024/5/12~2032/5/ 11	2024/8/11~2032/8/ 10	2024/9/8~2032/9/7
Conversion measures		Issue new con	mmon shares.	
	50% s	subscription right can	be exercised after 2	years.
Conditional conversion periods	After 2 years, fo	r every expiration of	one year, the accum	ulated maximum
and percentages		cise subscription prop		
	100%	subscription right car	be exercised after 4	years.
Converted shares	0 share	0 share	0 share	0 share
Exercised amount	NT\$ 0	NT\$ 0	NT\$ 0	NT\$ 0
Number of shares yet to be converted	130,000 shares	225,000 shares	575,000 shares	410,000 shares
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 93.5	NT\$ 71.6	NT\$ 85.9	NT\$ 118.5
Unexercised shares as a percentage of total issued shares	0.04 %	0.07%	0.19%	0.13%
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.			

		March 31, 2023	
Type of Stock Option	2022 1st Employee Share Subscription Warrants		
Regulatory approval date and	2022/9/6		
units issued	4,0	000	
Issue date	2022/11/8	2023/3/10	
TT '. '	615	1,105	
Units issued	Each unit can subscribe	1,000 common shares.	
Number of shares still available for issuance	2,2	80	
Option shares to be issued as a percentage of outstanding shares	0.20 %	0.36 %	
Exercising Period	2024/11/8~2032/11/7	2025/3/10~2033/3/9	
Conversion measures	Issue new common shares.		
Conditional conversion periods and percentages	50% subscription right can be exercised after 2 years. After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%. 100% subscription right can be exercised after 4 years.		
Converted shares	0 share	0 share	
Exercised amount	NT\$ 0	NT\$ 0	
Number of shares yet to be converted	580,000 shares	1,105,000 shares	
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 103.5	NT\$ 111.5	
Unexercised shares as a percentage of total issued shares	0.19 %	0.36 %	
Impact on possible dilution of shareholdings	The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.		



(2) The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report. The annual report shall also disclose the names of the ten employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees, as of the date of publication of the annual report.

March 31st, 2023

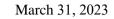
							Exercised				Unexercised	Water 31, 2023
	Title	Name	No. of Option Shares	Option Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$)	Converted Shares as a Percentage of Shares issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$)	Converted Shares as a Percentage of Shares issued
	President	Lee-Cheng Liu										
	Senior Vice President	Chih-Jung Chang										
	Vice President	Hsiu-Chuan Yang										
	Executive Director	Ae-Ning Lin										
	Executive Director	Shang-Chung Ju								\$25.2		
	Executive Director	Ching-Ying Chen								\$29.2		
Mar	Executive Director	Ren-Yo Forng			1,641,000 shares	1 315 1			0.54% 775,000 shares	\$34.3 \$42.1	NT\$ 69,193,000	0.25%
Management	Executive Director	Ywan-Feng Li	2,416,000 shares	0.79%			NT\$ 17,728,000	0.54%		775,000 shares \$111.5 \$117.5 \$118.5 \$128.4		
nent	Senior Director	Tsan-Hui Wu							Shares			
	Senior Director	Hwei-Rung Wang										
	Director	Chung-Huan Lin								\$146.4		
	Director	Yu-Wen Liu										
	Director	Tsung-Chih Wang										
	Director	Ming-Tao Pai										
	Director	Yi-Yun Ciou										
	President of EirGenix Europe GmbH	Thomas Schulze										
	Executive Director of EirGenix Europe GmbH	Barbara Grohmann-Izay								\$15 \$23.5		
	Associate Director	Chien-Hao Chen										
	Associate Director	Wan-Ting Hsieh				¢15				\$25.2 \$28.8		
Staff	Associate Director	Chia-Hsin Hsiao	580,000	0.19%	100,000	\$15 \$25.2	NT\$ 2,286,000	0.03%	480,000	\$28.8 \$42.1	NT\$ 32,601,000	0.16%
f	Associate Director	Ching-Cheng Hsiao	shares		shares	\$28.8			shares	\$93.5 \$111.5		
	Senior Project Manager	Ryan Lee								\$117.5		
	Senior Project Manager	Yen-Ming Peng								\$128.4		
	Senior Manager	An-Chi Fan										
	Senior Manager	Huan-Chih Chiu										



14. Restricted Employee Share

(1) Status of Restricted Employee Share

Type of Stock Option	1 st Employee Restr	icted Stock in 2016					
Regulatory approval date							
and shares issued	2016/10/5 2,000,000 shares						
Issue date	2016/11/18	2016/8/8					
Units issued	1,659,500 shares	257,500 shares					
Number of shares still available for issuance	0 sł	nare					
Strike price	NT	T\$ 0					
Restricted Stock Awards							
shares to be issued as a percentage of outstanding shares	0.55 %	0.08 %					
Conditional conversion periods and percentages	Condition A: Company operation performance and Achieve a positive income before tax for three be over 2.66 for three consecutive years. 30% Condition B: Employee job tenure and employee p Work in EirGenix for ten years, and employee three consecutive years. 15% of total shares with Condition C: Development of biosimilar EG12014 Timing I: Complete EG12014 Phase 3 and the for three consecutive years. 10% of total share: Timing II: EG12014 Launched to market and a 2.66 for three consecutive years. 10% of total share: Timing I: Complete EG1206A Phase 1, and en 2.66 for three consecutive years. 5% of total sharing II: Complete EG1206A out-licensing of KPI shall be over 2.66 for three consecutive years. 5% of total shall be over 2.66 for three consecutive years. 10% of total share process validation and employee personal KPI. The new plant in Zhubei starts running and convalidation, and the employee personal average years. 10% of total shares will be released. Condition F: Complete IPO in TPEx and employee Complete IPO in TPEx and employee personal consecutive years. 10% of total shares will be released.	quarters, and employee's average KPI shall of total shares will be released. personal KPI personal average KPI shall be over 2.66 for ill be released. and employee personal KPI employee's average KPI shall be over 2.66 s will be released. employee personal average KPI shall be over shares will be released. And employee personal KPI employee personal average KPI shall be over shares will be released. And employee personal average KPI shall be over enares will be released. Or Phase 3 and employee personal average ears. 10% of total shares will be released. de completes 1,000L or 2*2,000L scale Employee personal KPI average KPI shall be over 2.66 for three consecutive					
Restricted Conditions	Please refer to the following table for details.						
Depository methods of new shares	Please refer to the following table for details.						
Handling of an employee's failure to meet the vesting conditions	Please refer to the following table for details.						
Bought-back or canceled new shares of Restricted Stock Awards	632,750 shares	164,000 shares					
Shares of Unrestricted Stock Awards	259,450 shares	23,350 shares					
New shares of Restricted Stock Awards	763,300 shares						
Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%)	0.25 %	0.02 %					
Impacts on Shareholders' Equity	The ratio accounted for by the new shares with resonant to the existing shares. There is no major impact to the existing shares.	•					





Type of Stock Option	1 st Employee Restricted	d Stock in 2019			
Regulatory approval date and	2019/12/30				
shares issued	600,000 sh	ares			
Issue date	2020/5/13	2020/12/10			
Units issued	454,500 shares	144,000 shares			
Number of shares still available for issuance	0 share				
Strike price	NT\$ 0				
Restricted Stock Awards shares to be issued as a percentage of outstanding shares	0.15 % 0.05%				
Conditional conversion periods and percentages	 Condition A: Calculated from the working day when relocated to Zhubei branch, after serving for 0.25 years, 0.5 years, 0.75 years and 1 year; 750 shares will be released on each timing. Condition B: Calculated from the working day when relocated to Zhubei branch, after serving for 1.5 years, and 2 years; 2,000 shares will be released on each timing. Condition C Calculated from the working day when relocated to Zhubei branch, after serving for 3 years; 5,000 shares will be released on each timing. 				
Restricted Conditions	Please refer to the following table for details.				
Depository methods of new shares	Please refer to the following table for details.				
Handling of an employee's failure to meet the vesting conditions	Please refer to the following table for details.				
Bought-back or canceled new shares of Restricted Stock Awards	35,250 shares	0 share			
Shares of Unrestricted Stock Awards	395,250 shares	28,250 shares			
New shares of Restricted Stock Awards	24,000 shares	115,750 shares			
Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%)	0.01 %	0.04 %			
Impacts on Shareholders' Equity	The ratio accounted for by the new shares with re is a mere 0.05%. There is no major impact to the				

		Watch 51, 2025				
Type of Stock Option	2 nd Employee Res	stricted Stock in 2019				
Regulatory approval date		9/12/30				
and shares issued	1,000,	000 shares				
Issue date	2020/8/14	2020/12/10				
Units issued	905,700 shares	94,200 shares				
Number of shares still	0	share				
available for issuance	O Silaic					
Strike price	N	VT\$ 0				
Restricted Stock Awards						
shares to be issued as a	0.30 %	0.03%				
percentage of outstanding	0.30 %	0.03%				
shares						
	Condition A: Company operation performance					
	Achieve a positive income before tax for three quarters, and employee's average KPI					
	shall be over 2.66 for three consecutive years. 30% of total shares will be released.					
	Condition B: Employee job tenure and employee personal KPI					
Conditional conversion	Work in EirGenix for ten years, and employee personal average KPI shall be over 2.66					
	for three consecutive years. 15% of total shares will be released.					
periods and	Condition C: Development of biosimilar EG12014 and employee personal KPI					
percentages	Timing I: Complete EG12014 Phase 3 and the employee's average KPI shall be over					
	2.66 for three consecutive years. 10% of total shares will be released.					
	Timing II: EG12014 Launched to market and employee personal average KPI shall be					
	over 2.66 for three consecutive years. 10% of total shares will be released.					
	Condition D: Development of biosimilar EG12	206A and employee personal KPI				



	Timing I: Complete EG1206A Phase 1, and	employee personal average KPI shall be						
	over 2.66 for three consecutive years. 5% of total shares will be released.							
	Timing II: Complete EG1206A out-licensin	g or Phase 3 and employee personal						
	average KPI shall be over 2.66 for three cor	nsecutive years. 10% of total shares will be						
	released.							
	Condition E: New plant in Zhubei start running process validation and employee personal I	-						
	The new plant in Zhubei starts running and	completes 1,000L or 2*2,000L scale						
	process validation, and the employee persor	nal average KPI shall be over 2.66 for three						
	consecutive years. 10% of total shares will 1	be released.						
	Condition F: Complete IPO in TPEx and emplo	yee personal KPI						
	Complete IPO in TPEx and employee perso	onal average KPI shall be over 2.66 for						
	three consecutive years. 10% of total shares	three consecutive years. 10% of total shares will be released.						
Restricted Conditions	Please refer to the following table for details.	Please refer to the following table for details.						
Depository methods of								
new shares	Please refer to the following table for details.							
Handling of an employee's								
failure to meet the vesting	Please refer to the following table for details.							
conditions		ease refer to the following table for details.						
Bought-back or canceled								
new shares of Restricted	230,200 shares	0 share						
Stock Awards								
Shares of Unrestricted	83,250 shares	11,800 shares						
Stock Awards	83,230 shares	11,000 shares						
New shares of Restricted	592,250 shares	82,400 shares						
Stock Awards	392,230 Shares	02,400 Shares						
Percentage of new shares								
of Restricted Stock Awards	0.19 %	0.03 %						
to Total Issued Shares (%)								
Impacts on Shareholders'	The ratio accounted for by the new shares with	restricted rights that have not yet been lifted is a						
Equity	mere 0.22%. There is no major impact to the ex-	isting shareholders of the Company.						

			March 31, 2023				
Type of Stock Option	1 st	Employee Restricted Stock in 2	021				
Regulatory approval date		2021/9/10					
and shares issued	1,000,000 shares						
Issue date	2021/10/15	2022/1/15	2022/9/8				
Units issued	612,500 shares	184,000 shares	190,000 shares				
Number of shares still available for issuance		0 share					
Strike price		NT\$ 0					
Restricted Stock Awards							
shares to be issued as a	0.20 %	0.06%	0.06%				
percentage of	0.20 /0	0.0070	0.0070				
outstanding shares	Condition A: Company operati						
Conditional conversion periods and percentages	KPI shall be over 2.66 for released. Condition B: Employee job ter Work in EirGenix for ten y 2.66 for three consecutive Condition C: Development of Timing I: Complete EG120 over 2.66 for three consecutiving II: EG12014 Launch be over 2.66 for three consecutiving II: Complete EG120 be over 2.66 for three consecutiving II: Complete EG120 be over 2.66 for three consecutiving II: Complete EG120 be over 2.66 for three consecutivity III: Complete EG	three consecutive years. 33.3% nure and employee personal KPlayears, and employee personal average years. 16.7% of total shares will biosimilar EG12014 and employee's attive years. 11.1% of total share when the market and employee personal average years. 11.1% of total share when the market and employee personal average years. 11.1% of total share when the personal average years. 11.1% of total share when the personal average years. 11.1% of total share when the personal average years. 11.1% of total share when the personal average years. 11.1% of total share years. 11.1% of total sh	of total shares will be I. erage KPI shall be over I be released. yee personal KPI average KPI shall be s will be released. ersonal average KPI shall ares will be released. yee personal KPI sonal average KPI shall res will be released.				



	will be released. Condition E: New plant in Zhubei start running and completes 1,000L or 2*2,000L scale process validation and employee personal KPI. The new plant in Zhubei starts running and completes 1,000L or 2*2,000L scale process validation, and the employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.							
Restricted Conditions	Please refer to the following ta	able for details.						
Depository methods of new shares	Please refer to the following ta	Please refer to the following table for details.						
Handling of an employee's failure to meet the vesting conditions	Please refer to the following table for details.							
Bought-back or canceled new shares of Restricted Stock Awards	165,500 shares	44,000 shares	10,500 shares					
Shares of Unrestricted Stock Awards	4,000 shares	0 share	0 share					
New shares of Restricted Stock Awards	443,000 shares	140,000 shares	179,500 shares					
Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%)	0.15 %	0.05 %	0.06 %					
Impacts on Shareholders' Equity	The ratio accounted for by the new shares with restricted rights that have not yet been lifted is a mere 0.26%. There is no major impact to the existing shareholders of the Company.							

Type of Stock Option	1 st	Employee Restricted Stock in 20)22					
Regulatory approval date	2022/9/6							
and shares issued	850,000 shares							
Issue date	2022/9/8	2022/11/8	2024/3/10					
Units issued	62,657 shares	195,137 shares	5,929 shares					
Number of shares still available for issuance		586,277 shares						
Strike price		NT\$ 0						
Restricted Stock Awards shares to be issued as a percentage of outstanding shares	0.02 %	0.002%						
Conditional conversion periods and percentages	period. During the vesting periocompany or violate the Companagreement, company governance best practice principles, work ruccompany or any agreement with and the Company's business per Stock Awards Rules. Condition A: Employees on boas shares will be vested at the Condition C: Employees on boas of shares will be vested at the Condition D: Shares granted for performance ratin Condition E: Shares granted for	ed at the end of same year. rd in the fourth quarter of 2022, he end of following year. rd between the first quarter to the vested at the end of same year. employees 2021 personal perfor g over 2.5, will be vested 100%. employees 2022 company performance rating plus company per	any agreement with the ice agreement, trust corporate management sure agreement of the ee performance metrics Employee Restricted of 2022, 100% of 100% of shares ird quarter of 2023, 100% mance and company rmance rating over 2.0,					
Restricted Conditions		refer to the following table for c	letails					
Restricted Conditions	ricase	Teres to the following table for t	icums.					



Depository methods of new shares	Please refer to the following table for details.							
Handling of an employee's								
failure to meet the vesting	Pleas	e refer to the following table for	details.					
conditions								
Bought-back or canceled								
new shares of Restricted	0 share	504 shares	0 share					
Stock Awards								
Shares of Unrestricted	62.657 shows	150 006 shares	O shows					
Stock Awards	62,657 shares	159,906 shares	0 share					
New shares of Restricted	O ahara	24 4727 shares	5 020 shares					
Stock Awards	0 share	34,4727 shares	5,929 shares					
Percentage of new shares								
of Restricted Stock Awards	-	0.01 %	0.002%					
to Total Issued Shares (%)								
Impacts on Shareholders'	The ratio accounted for by the	new shares with restricted rights	that have not yet been lifted is a					
Equity	mere 0.012%. There is no major impact to the existing shareholders of the Company.							

Employee Restricted Stock	
Restricted Conditions	 During the vesting period, the employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted stock awards Voting right in Shareholders' Meeting: The same as common stock. Dividend: The same as common stock.
Depository methods of new shares	The Employee Restricted Stock issued may be deposited in a security trust account.
Handling of an employee's failure to meet the vesting conditions	 No matter of the Voluntary departure from employment, Dismissal from employment, Retirement, Death or Job position transfer to an affiliate, EirGenix shall buy back and cancel all Restricted Stock Awards. Sufferers of disability due to an occupational accident: EirGenix shall buy back and cancel Restricted Stock Awards unless the permission by the Board. Employees will not have to return the stock dividend or cash dividend occurred by forfeited restricted stock awards Employees who have not reached the vesting conditions: Employees who has subscribed but fail to meet the grant conditions, EirGenix shall buy back and cancel Restricted Stock Awards in accordance with the laws.



(2) List of Executives and the Top 10 Employees Receiving Restricted Stock Awards

March 31st, 2023

			No of	Receiving	Receiving Unrestricted			Restricted Restricted				
	Title	Name	No. of Receiving Restricted Stock Shares	Restricted Stock Shares as a Percentage of Shares issued	No. of Shares Converted	Strike Price	Amount	Converted Shares as a Percentage of Shares issued	No. of Shares Converted	Strike Price	Amount	Converted Shares as a Percentage of Shares issued
Ma	President	Lee-Cheng Liu										
nage	Senior Vice President	Chih-Jung Chang										
Management	Vice President	Hsiu-Chuan Yang										
nt	Executive Director	Shang-Chung Ju										
	Executive Director	Ae-Ning Lin	_				T\$0 NT\$0 0.2					
	Executive Director	Ching-Ying Chen										
	Executive Director	Ren-Yo Forng	1,318,000 shares	0.43%	828,000 shares	NT\$0			490,000 shares	s NT\$0	NT\$0	
	Senior Director	Tsan-Hui Wu						0.27%				0.16%
	Senior Director	Hwei-Rung Wang										
	Director	Chung-Huan Lin										
	Director	Yu-Wen Liu										
	Director	Tsung-Chih Wang										
	Director	Ming-Tao Pai										
	Director	Yi-Yun Ciou										
	Director	Chih-Yuan Ma	_									
Staff	President of EirGenix Europe GmbH	Thomas Schulze										
	Associate Director	Bo-chin Lei										
	Associate Director	Chien-Hao Chen										
	Senior Manager	Yi-Hsuan Pan										
	Senior Manager	Ying-Chun Chen	348,000	0.11%	108,000	NT\$0	NT\$0	0.03%	240,000 shares	NT\$0	NT\$0	0.08%
	Senior Manager	Jui-Chi Lee	shares	01170	shares	11140	11140	0.0270	2 :0,000 51141 25	1,140	1,140	
	Senior Manager	Ya-Fen Yang										
	Manager	Chia-Feng Liao										
	Manager	Wen-Yuan Ting										
	Assistant manager	Ya-Han Liu										



15. Issuance of new Shares in Connection with Mergers or Acquisitions or With Acquisitions of Shares of Other Companies: None.

16. The Status of Implementation of Capital Allocation Plans

- (1)Cash Capital Increase in 2020
 - A. Description of the Plan:
 - (A) Date and document reference number for effective registration: Official letter No.1090379952 on January 28th, 2021 for effective registration. Official letter No. 1100134277appoval on March 31st, 2021, to extend the period of the subscription until July 27th, 2021.
 - (B) Total Amount of the Plan: NT\$ 3,202,500,000.
 - (C) Source of Funds: Issuance 35,000,000 new common shares for capital increase. Par value is NT\$ 10 per shares, issuance price is NT\$ 91.5 per share, and the total amount is NT\$ 3,202,500,000.
 - (D) Plan item and Expect implementation progress of fund:

Unit: NT\$ thousands

	T 10 1	Ex	pect implem	entation prog	gress of Capi	s of Capital Allocation Plans (Note 1) 2022			
Item	Total fund		2021						
	needed	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Replenishment of working capital (Note 2)	3,202,500	400,000	520,000	550,000	510,000	410,000	410,000	402,500	

Note 1: If the fund-raising funds are not in place as expected, then the relevant planned projects will be funded by bank loans, and the borrowed bank loans will be repaid after the fund-raising funds are in place.

- Note 2: Replenishment of working capital is used to cover research and development expenditure and funds required for daily operations other than EG62054 and EG12021 (non-HER2).
- (E) Planned benefit: The total amount of capital increase by EirGenix in this plan is NT\$ 3.2025 billion, which will be fully used for replenishment of working capital and R&D expenses except EG62054 and EG12021. Based on the current bank loan interest rate of 1.7970%, it is estimated that EirGenix will save NT\$ 38.366 million in 2021 and NT\$ 57.549 million in interest expense in the future. After the Capital Allocation Plans completes, the plan not only can cover the funds of product developments and daily operations but also can save the interest expenses effectively, improve the financial structure, decrease the dependence on the bank, enhance the flexibility for future capital allocation, and reduce the operation risk. The plan has useful help on the business and operational development of EirGenix.
- (F) Date of entering to MOPS: January 28th, 2021
- (G) Change the content of the plan, the reason for changing, and the benefit of changing: Not Applicable.

B.Implementation status

Unit: NT\$ thousands

Item	Implementation status			Advance or delay of plans and the reasons	
	2023		Q1	The Company has previously completed the	
Replenishment of working capital		Expect	3,202,500	capital utilization plan for the 2022 Q4, but was	
	Used Amount	Actual	100%	delayed in raising capital, to the extent that the use of fund was delayed. As such, an amount	
	Actual Implementation	Expect	3,202,500	of NT\$362,092 thousand was still unconsumed	
		Actual	100%	as of December 31, 2022. Accordingly, the capital utilization plan was deferred to 2023	
				Q1.	



A. The impact on shareholders' rights and interests

The fundraising will be completed in the second quarter of 2021, which has no major difference from the expected schedule. The raised funds are used to cover research and development expenses and daily operation funds other than EG62054 and EG12021 (non-HER2), as well as the research and development expenses for investing its products and completing the research and development schedule of each stage of the products, to achieve a sound financial structure, enhance solvency, maintain the working capital requirements needed for its operation and further enhance the competitiveness. In the long run, there should be no significant adverse impact on shareholders' rights and interests.

B. Expect the Implementation Benefit

(A) Replenishment of working capital

The total amount of capital increase by EirGenix in this plan is NT\$ 3.2025 billion, which will be fully used for replenishment of working capital. Through the long-term and stable capital infusion to ensure the company's daily operation. At the same time, it can implement the drug development smoothly and increase the operation scale and value of the company, also can improve the financial structure, and avoid increasing the financing costs to ensure the company operation normally and decrease the operation risk. Based on the current bank loan interest rate of 1.7970%, it is estimated that EirGenix will save NT\$ 38.366 million in 2021 and NT\$ 57.549 million in interest expense in the future.

(B)Improve financial structure:

Unit: NT\$ thousands; %

Office 1710 thousands, 70				
Year		2020	2021	
Item		(Before Capital increase)	(After Capital Increase)	
Basic Financial Information	Current assets	1,494,307	9,070,266	
	Total assets	3,835,215	11,440,873	
	Current liabilities	642,163	703,216	
	Total liabilities	1,929,598	1,012,122	
	Shareholders' equity	1,905,617	10,428,751	
	Operation revenue	1,071,838	1,697,359	
	Interest expenses	28,500	21,149	
	Earnings per share	(5.41)	(0.18)	
T' ' 1	Debt Ratio	50.31%	8.85%	
Financial structure	Ratio of long-term capital to property, plant and equipment	172.42%	569.09%	
C - 1	Current ratio	232.70%	1,289.83%	
Solvency	Quick ratio	195.19%	1,215.91%	

To meet the capital demand for operation, EirGenix conducted this capital increase, with the raised amount of NT\$ 3.2025 billion, which was fully used for replenishment of working capital, to enhance EirGenix's capital, make the financial structure sounder, further reduce EirGenix's operating risks, increase long-term capital stability and enhance market competitiveness. The estimated time of completion for this capital increase is 2012Q2, and this capital increase will replenish the working capital. The Ratio of long-term capital to property, plant and equipment will increase from 172.42% to 569.09%; the current ratio and quick ratio increased from 232.70% and 195.19% to 1,289.83% and 1,215.91%; Its financial structure will improve compared with that before the capital increase; can maintain the solvency and the stability of the financial structure at the same time when expanding the scale of operation and the flexibility for future capital allocation will be maintained. If EirGenix had failed to raise funds this time, it would have increased its financial burden. Therefore, the capital increase this time to replenish working capital will help fulfill the operation funs, and its benefits will be reasonable.



(2)Private Placement in 2021

A. Description of the Plan:

- (A) Date and document reference number for effective registration: Official letter No.11001199560 on November 18th, 2021.
- (B) Total Amount of the Plan: NT\$ 5,032,500,000.
- (C) Source of Funds: Issuance 55,000,000 new common shares for capital increase. Par value is NT\$ 10 per shares, issuance price is NT\$ 91.5 per share, and the total amount is NT\$ 5,032,500,000.
- (D) Plan item and Expect implementation progress of fund:

Unit: NT\$

Item	The Usage of funds	Budget Amount
Replenishment of working capital	R&D expenses	3,000,000,000
Building factory	Expansion and building factory	500,000,000
Others	Repay bank loans and replenish horizontal and vertical integration, and other operational funding needs	1,532,500,000

(E) Planned benefit:

- a. To accelerate the product developing efficiency as well as the process of the same drug series to complete the production line. By the comprehensive effect of expanding the market, it can establish EirGenix's unique status in the international biosimilars and CDMO field.
- b. Expand the facility and equipment and increase the production scale to meet the needs of the CDMO business expansion and self-development product commercial operation.
- c. Repay bank loan NT\$316,322,000 and save annual interest expenses roughly about NT\$5,684,000 which calculating under the current EirGenix loan rates of 1.797%. Other unused funds will follow the plan and demonstrate effects continuously.
- d. Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer with Formosa Pharmaceuticals.
- (F) Date of entering to MOPS: May 4, 2021; May 12, 2022.
- (G) Change the content of the plan, the reason for changing, and the benefit of changing:
 - a. Approved by the board of directors on May 12, 2022, in response to the company's medium and long-term strategic development plan, the adjustments to the capital utilization plan are as follows:

Unit: NT\$

Item	The Usage of funds	Budget Amount
Replenishment of working capital	R&D expenses	1,016,178,000
Building factory	Expansion and building factory	1,700,000,000
	Repay bank loans and replenish horizontal and vertical integration, and other operational funding needs.	316,322,000
Others	Acquisition or purchase the intangible assets, operation- related assets, and right-of-use assets.	2,000,000,000

- b. Considering the operation and benefits of the company, and avoiding the impact on the shareholder equity, the capital plan and project expenditure situation will be adjusted and changed appropriately according to the needs. It will benefit the company's business and fund while shareholder equity should not be materially affected.
- c. Date of submitting to the shareholders meeting: May 31, 2023.



B.Implementation status

Unit: NT\$

The Usage of funds	Budget Amount	Implementation as of 2023 First Quoter
R&D expenses	1,016,178,000	R&D expenses 65,139,431 and deposit other funds in EirGenix bank accounts.
Expansion and building factory	1,700,000,000	Expansion and building factory 568,200 and deposit other funds in EirGenix bank accounts.
Repay bank loans and replenish horizontal and vertical integration, and other operational funding needs	316,322,000	Repay bank loan 316,322,000 and deposit other funds in EirGenix bank accounts.
Acquisition or purchase the intangible assets, operation- related assets, and right-of-use assets.	2,000,000,000	Acquisition important assets 60,112,501 and deposit other funds in EirGenix bank accounts.

C. The impact on shareholders' rights and interests

Boost EirGenix's operating scale, horizontal and vertical integration, and product or market development collaboration, assist EirGenix to improve technology, efficiency, expand the operational scale, and elevate the market status. It has positive benefits in creating EirGenix and shareholder value.

D. Expect the Implementation Benefit

- (A) EirGenix is currently developing the product for the treatment of HER2+ breast cancer. Phase 1 clinical trial of EG1206A (Pertuzumab Biosimilar) is scheduled for completion by the second quarter of 2023.
- (B) A three-stage expansion of the mammalian plant which has 150,000L capacity, is under planning at Ciaotou Science Park, Tainan.
- (C) Repay bank loan NT\$316,322,000 and save annual interest expenses roughly about NT\$5,684,000 which calculating under the current EirGenix loan rates of 1.797%. Other unused funds will follow the plan and demonstrate effects continuously.
- (D) Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer with Formosa Pharmaceuticals.

(E) Improve financial structure:

Unit: NT\$ thousands; %

Year		2021 Q3	2021 Q4	
Item		(Before Capital increase)	(After Capital Increase)	
	Current assets	4,451,420	9,070,266	
	Total assets	6,804,041	11,440,873	
	Current liabilities	862,482	703,216	
Davis	Total liabilities	1,463,501	1,012,122	
Basic	Shareholders' equity	5,340,540	10,428,751	
Financial	Operation revenue	1,273,814	1,697,359	
Information	Operating cost	401,661	604,305	
	Operating profit	872,153	1,093,054	
	Interest expenses	17,161	21,149	
	Earnings per share	(0.20)	(0.18)	
	Debt Ratio	21.51%	8.85%	
Financial structure	Ratio of long-term capital to property, plant and equipment	318.70%	569.09%	
G - 1	Current ratio	516.12%	1,289.83%	
Solvency	Quick ratio	461.55%	1,215.91%	



To meet the capital demand for operation, EirGenix conducted this capital increase, with the raised amount of NT\$ 5.0325 billion, which was fully used for the replenishment of working capital. The private placement can enhance equity capital, make the financial structure sounder, further reduce EirGenix's operating risks, increase long-term capital stability and enhance market competitiveness. The Ratio of long-term capital to property, plant and equipment in 2021 increased from 318.70% to 569.09%; the current ratio and quick ratio increased from 516.12% and 461.55% to 1,289.83% and 1,215.91%; the financial structure improved compared with that before the capital increase; can maintain the solvency and the stability of the financial structure at the same time when expanding the scale of operation and the flexibility for future capital allocation will be maintained. Therefore, the capital increases this time to replenish working capital will help fulfill the operation funds, and its benefits will be reasonable.



V. Operational Highlights

1. Business Activities

(1) Business Scope

A. Main areas of business operation

- ©C199990 Other Food Manufacturing Not Elsewhere Classified
- ②C802041 Drugs and Medicines Manufacturing
- ③C802060 Animal Use Medicine Manufacturing
- **4**C802990 Other Chemical Products Manufacturing
- **⑤**F107990 Wholesale of Other Chemical Products
- **©F108021** Wholesale of Drugs and Medicines
- ⑦F108031 Wholesale of Drugs, Medical Goods
- **®F208021 Retail Sale of Drugs and Medicines**
- ¹⁰F401010 International Trade
- **11199990 Other Consultancy**
- ②IC01010 Pharmaceuticals Examining Services
- ³IG01010 Biotechnology Services
- 14IG02010 Research Development Service
- ⑤ZZ99999All business items that are not prohibited or restricted by law, except

those that are subject to special approval.

EirGenix is a R&D company for biosimilars and new drugs, provides the biopharmaceutical CDMO (Contract Development & Manufacturing Organization) services, cell line building platform, process development platform, analytical science, protein identification and PIC/S manufacturing plant, and provides production of clinical trial drugs, etc.

EirGenix adopts the dual-track mode of bio-pharmaceutical CDMO and Product Development for operation, to make good use of the company's cGMP production equipment and high-level technical manpower of the company. The core competitiveness of EirGenix is mainly based on the two major technologies: mammalian cell development and microbial strain fermentation development, and the professional energy of R&D, manufacturing, and analysis. Through the vertically integrated operation mode, the company can master the quality and cost control. In view of the high price of biopharmaceuticals, they are not affordable for many patients and the burden of medical costs on government is increasing. Therefore, the purpose of EirGenix's establishment is to provide customers with high-quality and cost-effective services and to develop Biosimilar, while the medium to long-term goal is to develop Niche biologics to enhance human and social well-being and improve the quality of life. EirGenix aims to become an international biopharmaceutical corporate "located in Taiwan and offering the service to clients around the world."

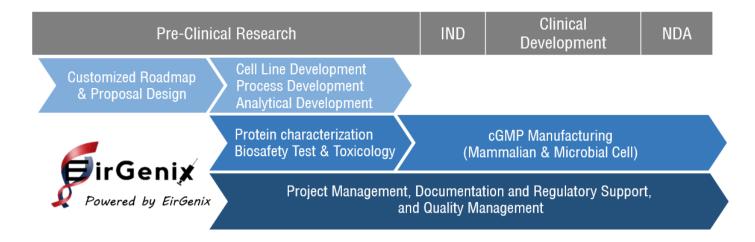
B. Revenue distribution

Unit: NT\$ thousands

Year	2021		2022	
Item	Revenue	%	Revenue	%
Service Revenue	864,515	50.93	757,680	51.16
Sales Revenue	336,755	19.84	461,461	31.16
Licensing Revenue	496,089	29.23	261,876	17.68
Total	1,697,359	100	1,481,017	100



C. Main products (Service)



EirGenix has developed the following CDMO-related core technologies and platforms: (A) cell line development; (B) process development and process amplification; (C) development and validation of analytical methodology; (D) product identification; (E) GMP production and stability tests for clinical trials; (F) CMC (chemical, manufacturing, and control) documents, which are stated separately as follows:

(A) Cell line development platform

In order to speed up the R&D/clinical/marketing speed of bio-pharmaceutical products, EirGenix focus on the development of cell line/strain-the first important key technology in the bio-pharmaceutical development stage. The development of cell line/strain includes the development and optimization of high-yield cell lines/strains, the optimization of medium and culture methods, and the establishment of MCB (master cell bank/seed cell bank)/WCB (working cell bank/production cell bank). The focus of this stage is on how to maximize the production and quality of cell lines/strains (recombinant protein drugs or monoclonal antibody drugs, etc.) with the best host cells (animal cells such as CHO, Sp2/0, NS0, Hybridoma, HEK 293, and PER.C6 cells; in microbiology, such as E. coli., S. cerevisiae, and Pichia) together with medium and process development. The mode of execution is to insert a gene expressing a protein into a vector, carry out transfection of the constructed expression system into the host cell (which have been adapted to serum-free and suspension culture), and then select the cell line with stable and high yield, compare the stability of the yield and quality, establish master cell bank and working cell bank, and select or develop cell culture medium for production at the same time.

(B) Process development and process amplification platform

The upstream process development and process amplification mainly focus on the process development and optimization of high cell density fed-batch culture of cell line/strain for production, as well as the scalability and manufacturing friendliness of the production process.

The downstream process development and process amplification focus on the recovery and purification process development, virus clearance experimental research, process amplification (currently 100 liters), dosage form development, and the needs for providing products/materials to support animal experimental research, reference standards, and quality control (QC).

(C) Analytical method development and validation platform

The development of analytical method and validation are related to the quality confirmation of products, including:

(A)Identification: SDS-PAGE, Western blot, IEF, peptide mapping, IEC-HPLC

(B)Quantitative determination: BCA/Bradford, A280

(C)Purity: SEC-HPLC, RP-HPLC, SDS-PAGE

(D)Activity: ELISA, cell-based assay

(E)Impurity: Host cell DNA, host cell protein, ProA residue, endotoxin, bioburden

These analysis methods will be validated through linearity & range, accuracy, and precision, etc.

(D) Product identification platform

As protein identification has been paid more attention by regulatory organizations year by year, EirGenix has established a set of HPLC and LC/MS/MS system to perform Peptide mapping, complete sequence, N-/O-linked carbohydrates, disulfide linkages, Oxidation, Deamination, post-modifications, N-/C-terminal variants, secondary and higher-order structures, and other analysis work



(E) GMP production and stability test platform for clinical trials

In the pilot run part, drugs need to pass animal toxicology test, early stability test data and reference standards can be provided, and sufficient operating parameters as the basis for GMP production preparation can also be provided. GMP production includes GMP engineering run, GMP production, End of production cell banking and testing, virus clearance experimental research (limited to mammalian cell culture), stability test, and clean validation.

(F) CMC files

EirGenix provides complete CMC file service for customers to apply for a clinical trial of subsequent products; at every stage of new drug research, sufficient CMC data should be submitted to provide a proper guarantee for the identification, quality, purity, potency, and stability of new drugs, and the CMC data required to vary with different research stages, proposed test periods, dosage forms and the amount of other available data. For example, stability data are necessary for all stages of a new drug in the test to prove that the physical and chemical properties of the raw material and the drug are within acceptable limits during the predetermined research period. CMC files can be compared to the resume data of the manufacturing process and can be used as an important basis for the safety assessment of regulatory organizations.

D. The new products (services) are planning to development:

(A)EG12014

EG12014 is the first Trastuzumab biosimilar developed by EirGenix. Trastuzumab, marketed under the brand name Herceptin by Genentech (acquired by Roche in March 2009) and got approval for marketing in September 1998. As a recombinant monoclonal antibody, Trastuzumab is a drug against breast cancer with high expression of oncogene (HER2/neu), which is mainly used in the treatment of patients with early breast cancer (EBC), metastatic breast cancer (MBC), and metastatic gastric cancer (mGC) of HER2 over-expression or HER2 gene amplification. For early breast cancer (EBC), it includes (1) adjuvant therapy after surgery and chemotherapy (preoperative or postoperative). (2) adjuvant therapy of Doxorubicin and Cyclophosphamide combined with Paclitaxel or Docetaxel. (3) adjuvant therapy of Docetaxel combined with Carboplatin. (4) Preoperative chemotherapy and postoperative adjuvant therapy are used to treat locally advanced (including inflammatory) breast cancer or tumor (diameter > 2 cm); For metastatic breast cancer (MBC), (1) it is used alone for metastatic breast cancer that has been treated with chemotherapy once or more; Unless the patient is not suitable for using Anthracycline or Taxane, the previous chemotherapy should include at least Anthracycline or Taxane. It is used for patients positive in hormone receptors who have failed in hormone therapy unless the patient is not suitable for hormone therapy. (2) Combined with Paclitaxel or Docetaxel for patients with metastatic breast cancer that has not been treated with chemotherapy. (3) Combined with aromatic cyclase inhibitors for patients with hormone receptorpositive metastatic breast cancer; In metastatic gastric cancer (mGC), combined with capecitabine (or 5-fluorouracil) and cisplatin for the treatment for metastatic gastric adenocarcinoma (or gastroesophageal junction adenocarcinoma) of HER2 over-expression that has not been treated with chemotherapy.

In March 2021, the analysis results of the Phase III clinical trial indicator data reached the bioequivalency. In December 2021, EirGenix submitted documents of EG12014 to FDA and EMA to apply for marketing authorization. In January 2022, EirGenix submitted documents of EG12014 as 1st case for Taiwan CDE accelerated approval pilot project review In September 2022, EirGenix submitted documents of EG12014 to TFDA to apply for marketing authorization. EirGenix accelerate development and operations to access global breast cancer therapy market.

In terms of a marketing plan, in April 2019, EirGenix Inc. signed a global licensing agreement with Sandoz AG, a global leader in generics and biosimilars. The licensing agreement authorized Sandoz AG to the exclusive commercial rights of EirGenix's EG12014 (Trastuzumab biosimilar) in all global markets except mainland China and Taiwan. The licensing agreement includes a signing fee and milestone payments, and additional royalty payment in the authorized markets after product launch. EirGenix, Inc. also undertook the post-marketing production of EG12014. Sandoz and Novartis Group are the world leaders in the field of generic drugs and biosimilar drugs, with 137 years of long history and rich experience in drug development and sales for biosimilar drugs and cancer drugs. This strategic cooperation is expected to improve the global competitiveness of EirGenix's product line, thus expanding EirGenix's overall operating scale and increasing profits, which is of great positive help to financial and business development. Once the product goes on the market, it can provide more treatment options and opportunities for patients with breast cancer patients with HER2 expression.

(B) EG1206A

EG1206A is a biosimilar of Pertuzumab. The reference drug of Pertuzumab, Perjeta, is approved for Early Breast Cancer (EBC)



and Metastatic Breast Cancer (MBC). For MBC, Pertuzumab is used in combination with Trastuzumab and Docetaxel to treat patients with HER2-positive metastatic breast cancer who have not been treated with anti-HER2 or chemotherapy after metastasis. For EBC, Pertuzumab is used for neoadjuvant treatment of patients with HER2-positive, locally advanced, inflammatory, or early-stage breast cancer (either greater than 2 cm in diameter or node-positive) as part of a complete treatment regimen and for the adjuvant treatment of patients with HER2-positive early breast cancer (EBC) at high risk of recurrence. Pertuzumab has different binding mechanisms to HER2 receptor, which can produce the effect of Dual Blockade. EG1206A is a recombinant humanized monoclonal antibody targeting the extracellular dimerization domain (Sub-domain II) of HER2. Therefore, it can block ligand-dependent heterodimerization of HER2 and other members of the HER family (including EGFR, HER3, and HER4). Therefore, mitogen-activated protein (MAP) kinase and phosphoinositide 3-kinase (PI3K) can be generated through two main signal pathways to inhibit ligand-initiated intracellular signaling. When these signaling pathways are inhibited, cell growth stop and apoptosis will be caused, respectively. The original manufacturer is also planning to expand the indications to diseases such as early breast cancer and gastric cancer so as to expand the scope of treatment and market potential. In Jan 2022, EirGenix submitted EG1206A documents to the EMA to apply for drug phase I clinical trial and it is underway. Once EG1206A commercialized, it can be combined with EG12014 in breast cancer treatment and provide more clinical benefit for patients.

(C)TSY0110 (EG12043)

TSY0110 (EG12043), an antibody-drug conjugate (ADC), is a next-generation treatment option with the ability to accurately target highly cytotoxic drugs at malignant tumors without affecting the characteristics of other normal tissues. The ADC developed by EirGenix not only retains the original anti-cancer efficacy of Trastuzumab but also enables the powerful cytotoxic drugs attached to it to exert stronger efficacy, mainly for the treatment of breast cancer. In response to the increasing demand for research and production of antibody-drug conjugates and highly cytotoxic/potent substances, many foreign CDMO and CMO companies have successively expanded their service energy, especially for highly cytotoxic/potent active pharmaceutical ingredient (API) and final products. For example, the plants of CordenParma in Plankstadt (Germany), Latina (Italy), and Boulder (Colorado) can provide the manufacture of highly cytotoxic/potent API and drugs. Aesica, located in the United Kingdom, has also opened their highly cytotoxic/potent substance plant in Queenborough to provide final product preparations and further upgraded their API production plants in Cramlington and Queenborough to produce the highly cytotoxic/potent API.

With the cGMP plant, EirGenix has the capability of developing and manufacturing monoclonal antibody drug processes. At the same time, the company forms a strategic alliance with Formosa Laboratories, which has the most experience in developing and manufacturing high-activity raw materials in Taiwan, and integrates experienced antibody drug development technology, cGMP production practice talents and international cooperation network resources, so as to assemble these advantages into a technological platform conducive to the development of ADC. At present, the company has screened out anti-HER2 +/neu ADC molecules with therapeutic effects and will gradually complete pre-clinical trials as planned and further promote the process of clinical trials.

(D)EG74032

EG74032 is modified from diphtheria toxin (Diphtheria toxin) and is no longer toxic after modification by amino acid. Therefore, it can be used as a carrier in manufacturing the conjugate vaccine to promote immune efficacy. CRM197 is an unpatented carrier protein for assisting vaccine immunity. EirGenix can produce high-purity EG74032 with the unique microbial expression system and process. Compared with other products in the current market, EG74032 has a highly competitive advantage. EirGenix's development strategy for EG74032 is to provide small amounts of reagent products (5 mg, 10 mg) to reagent suppliers and research institutes for research and development and to provide products with GMP specifications above gram level to research and development manufacturers for drug development. EG74032 can be used not only by manufacturers that are developing vaccine biosimilars but also by other manufacturers that are developing new vaccine products. At present, EirGenix has completed the development and pilot run of EG74032 process, with the current production scale reaching a 150-liter fermentation tank, which has been sold at home and abroad.

(E) EG13074

EG13074 is a new subcutaneous injection form of Trastuzumab. The reference drug of Trastuzumab subcutaneous injection, Herceptin SC, is approved for treatment of patients with early breast cancer (EBC), metastatic breast cancer (MBC) of HER2 overexpression, or HER2 gene amplification. In early breast cancer (EBC), it includes (1) adjuvant therapy after surgery and chemotherapy (preoperative or postoperative). (2) Adjuvant therapy of Doxorubicin and Cyclophosphamide combined with Paclitaxel or Docetaxel. (3) Adjuvant therapy of Docetaxel combined with Carboplatin. (4) Preoperative chemotherapy and



postoperative adjuvant therapy are used to treat locally advanced (including inflammatory) breast cancer or tumor (diameter > 2 cm); In metastatic breast cancer (MBC): (1) it is used alone for metastatic breast cancer that has been treated with chemotherapy once or more; Unless the patient is not suitable for using Anthracycline or Taxane, the previous chemotherapy should include at least Anthracycline or Taxane. It is used for patients positive in hormone receptor who have failed in hormone therapy unless the patient is not suitable for hormone therapy. (2) Combined with Paclitaxel or Docetaxel for patients with metastatic breast cancer that has not been treated with chemotherapy. (3) Combined with aromatic cyclase inhibitors for patients with hormone receptor-positive metastatic breast cancer. At present, this plan is at the stage of dosage form development.

(F) EG13084

EG13084 is a new subcutaneous injection form combines Trastuzumab and Pertuzumab. The reference drug of Trastuzumab and Pertuzumab combined subcutaneous injection, Phesgo, is approved for Early Breast Cancer (EBC) and Metastatic Breast Cancer (MBC). For EBC, Pertuzumab is used for neoadjuvant treatment of patients with HER2-positive, locally advanced, inflammatory, or early-stage breast cancer (either greater than 2 cm in diameter or node-positive) as part of a complete treatment regimen and for the adjuvant treatment of patients with HER2-positive early breast cancer (EBC) at high risk of recurrence. For MBC, Pertuzumab is used in combination with Trastuzumab and Docetaxel to treat patients with HER2-positive metastatic breast cancer who have not been treated with anti-HER2 or chemotherapy after metastasis. At present, this plan is in the stage of dosage form development with EG13074, Once EG13084 commercialized, it can provide convenience and benefit for patients.

(2) Industry Overview

A. The Current Status and Development of the Industry

In the biopharmaceutical industry, drugs can be divided into two categories including macromolecular drug and small molecule drug according to the size of the molecule. With a long history of development, most small molecule drugs are manufactured in chemical synthesis. Common antibiotics, analgesics, and hypnotics are all small molecule drugs. The large molecule drugs, also known as biologics, with the molecular weight much larger than that of the small molecule drugs, are mainly genetically modified from microorganisms and plant or animal cells for the production of therapeutic biopharmaceuticals, such as insulin and targeted drugs for cancer treatment. Biosimilars also belong to the category of large molecule drug, which can be defined as follows according to FDA: "When the drug patent of the original manufacturer expires, the bio-pharmaceuticals developed and marketed by other companies through biotechnology are highly similar to the bio-pharmaceuticals of the original manufacturer(reference drugs) with no clinical difference in safety, quality and curative effect, and they are marketed after being checked and approved by the health authorities, which are collectively referred to as biosimilars. "Different from traditional small molecule drugs, biologics have stable chemical structure, whose molecular weight is relatively large and structure is complex. After being approved for marketing, most biologics can become blockbuster drugs in a short time after marketing because of their specificity, high safety, and remarkable curative effect for disease treatment. With the increasingly serious problems of safety and drug resistance caused by chemical drugs, biologics can make up for the shortcomings of chemical drugs in the field of treatment, whose growth rate continues to rise higher than that of the overall pharmaceutical market.

EirGenix and its subsidiary, focus on the CDMO of biologics, accept the commission of biotech and pharmaceutical companies to provide services related to the development and manufacture of biotechnological products and biologics, such as product evaluation and design, overall development and marketing process, cell lines and strains required from CMC development to production, process, culture medium, clinical trial drugs, raw materials production and process amplification. Compared with small molecule drugs, the development and production of biologics have a relatively high threshold. In addition to huge infrastructure investment, the production procedures are also more complicated and more difficult during the process amplification. The capacity utilization rate of small and medium-sized biologics CMO companies is higher than that of large biologics CMO companies, mainly because small and medium-sized biologics CMO companies have higher flexibility in adjusting production capacity, which can provide different production capacity and product production demand for clients.

According to 2022 Market Data Forecast, the biologics CDMO market started from US\$ 11.56 billion in 2022 and estimated grow with 11.52% CAGR to reach US\$ 19.94 billion in 2027. In order to seize the opportunity of this global trend, EirGenix has been actively expanding its plants and preparing for the market demand in the next 10 years. In addition to the sales of self-developed products, the company has also been actively seizing the contract manufacturing market where biologics manufacturing and demand are growing greatly, of which biosimilars are the focus of the fastest growth.

According to the cell category of the report on the manufacture and application of biologics investigated, the fermentation



and production of microbial cells tended to decrease gradually, while the application of mammalian cells showed a relative growth trend. This phenomenon is due to the fact that the therapeutic dose of biotechnological products such as monoclonal antibodies produced by mammalian cells is much higher than that of protein drugs produced by microbial cells, and the production volume is higher. At present, the biosimilars developed by the company are mainly monoclonal antibodies. Therefore, the company will first expand the establishment of mammalian cell plants, reserve the space for microbial cell production plants, continuously observe market changes and trends, and then evaluate the timing of plant construction for microbial cell fermentation. According to the investigation report, the global production capacity of mammalian cell systems had reached the situation where demand exceeded production capacity in 2017. However, most CDMOs are still conservative in the strategy of expanding production capacity, and the expanded production capacity is mainly Multiple-2,000 liters of SUB, which is a scale-out design concept, aiming to enable the new facilities and equipment to be used more flexibly and effectively achieve the purpose of reducing development risks.

According to the market survey of BioPlan Associates in 2020, nearly 80% of Biologics CMO plants is mainly in European and American countries in 2019 whole year, of which the main reason is that large-scale biologics patents have expired one after another in the world, and the medical systems of various countries with European and American standards as indicators are also actively seeking high-quality biosimilars with price advantages as an effective solution to relieve the financial pressure of the medical and health care system. At present, EirGenix is actively developing biosimilars. After the completion of the plant expansion, the company can not only meet the market demand of self-owned products, but also provide the rest of production capacity to domestic and foreign clients for contract production. In this way, the Company can be located in Taiwan and offer the service to clients around the world as well as seize the profit base of competition in the global market.

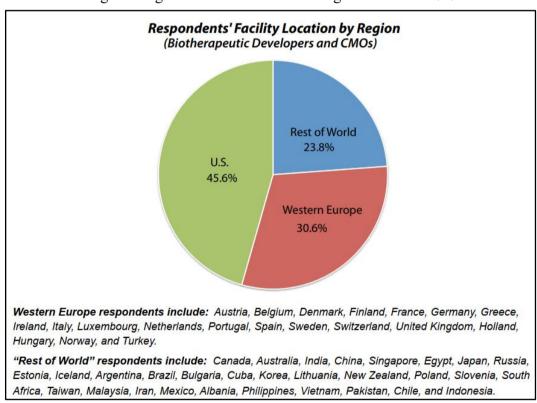


Figure: Regional Distribution of Biologics CMOs in 2019

(A) Biosimilars

Macromolecular biologics cannot be copied 100% even by the reference drug manufacturer. Therefore, the large molecular drug products developed with marketed biopharmaceuticals as reference drugs, according to relevant laws and regulations, must be highly similar to the biological drugs of the original manufacturer (reference drugs) in molecular structure, physics, chemistry, and biology, with no clinical difference in safety, quality and curative effect, which can be called biosimilars only after being checked and approved for marketing by the health authorities. The investment and schedule of biosimilar R&D are much higher than small molecular generic drugs. It is different from the development of new drugs in that the reverse engineering of front-end cell lines and manufacturing processes can make the products highly similar to the original drugs in molecular structure and physical, chemical, and biological product characteristics. This screening cell line and reverse engineering technology and know-hows are difficult thresholds in developing biosimilars. After the process is developed, two stages of human clinical trials are still needed, with the first stage being the Phase I clinical comparison of bioequivalence of drug dynamics in human body, and the second stage being the comparison of bioequivalence of drug efficacy between similar drugs and original drugs. If there is a reliable Biomarker, it can also be used as the main clinical test endpoint. The development of biosimilars is different from that of



innovative drugs. The time and cost for the development of innovative drugs are relatively considerable. Especially in the development of later clinical experiments, the failure rate is quite large. On the other hand, if the products of biosimilars reach highly similar and the clinical human dynamic comparison reaches bioequivalence, the failure rate in Phase III clinical practice can be almost negligible.

Since the United States passed The Patient Protection and Affordable Care Act (Affordable Care Act) in 2010, according to the law passed by this Congress, BPCI Act (Biology Price Competition and Innovation) has been formulated to give FDA the legal basis for examining biosimilars. Since February 2022, FDA has approved 34 biosimilars with 11 components. The American regulatory agencies are actively speeding up the review of biosimilars. In addition, in June 2017, the Supreme Court of the United States ruled that "in BPCI Act, producers of biosimilars shall submit CMC files submitted for review to the original manufacturer of biologics for review whether they violate the original process patent" is considered selective rather than necessary; the second is a decisive judgment on the timing of the manufacturers of biosimilars to notify the original manufacturer 180 days before the marketing, that is, the manufacturers of biosimilars can notify the original manufacturer in advance without waiting for FDA approval, which is believed to remove the current obstacles to the marketing of biosimilars and accelerate the speed of their marketing in the United States.

The price of biosimilars will not drop significantly as generic drugs. When the product is initially put on the market, it is estimated that there will be only a decrease of about 20 ~ 35%. However, due to the high cost of treatment, the slight price reduction will contribute to the reduction of the overall medical expenditure and the drug economy. Countries will increase the application of biosimilars drugs to reduce the medical expenditure, thus bringing expected business opportunities and due profits to manufacturers of biosimilars. From the experience of using biosimilars in Europe so far, it can be observed that the price reduction rate is much slower than that of generic drugs, and although the unit price decreases, the total sales volume increases instead, for which two main factors can be summarized: (1) Doctors will start to try active treatment before the patient's condition deteriorates; (2) Patients who could not afford it can have the opportunity to use biosimilars with no clinical difference in safety, quality, and efficacy from drugs of the original manufacturer (reference drugs).

European regulations on biosimilars were established in 2001; Since Europe approved the Omnitrope®-the world's first biosimilar in April 2006, as of September 2022, 88 biosimilars of 15 categories had been approved, of which Granulocyte colony-stimulating factor (G-CSF) had the largest number of approvals, followed by MabThera® (Rituxan®) of Roche. Other biosimilars with the biologics of Humira ®, Herceptin ®, Avastin® and Forsteo® as reference drugs have also been obtained marketing authorization or are waiting for review. In addition to the rapid growth of biosimilars in European and American markets, more and more biosimilars in Japan have been obtained with marketing licenses, and the overall market continues to grow at an extremely fast speed.

According to the EvaluatePharma report in 2021, it is estimated that the global cancer drug market will continue to maintain strong growth momentum in 2020-2026, driven by the advent of new drugs mainly based on immunotherapy drugs, and reach a spectrum of US\$ 319 billion in 2026, accounting for 21.7% of the total global drug expenditure. In response to the launch of new drugs with high cost but excellent therapeutic effects, European and American countries have actively use biosimilars to replace the biologics with expired patents under the promotion of the government, which can not only relieve the financial pressure on the world's increasingly precarious health care system but also accelerate the application popularization of next-generation therapeutic drugs. Therefore, up to now, the application of biosimilars in European and American countries, including Japan and other advanced countries, has reached a certain proportion in a short period of time, indirectly bringing certain benefits to the manufacturers of biosimilars.



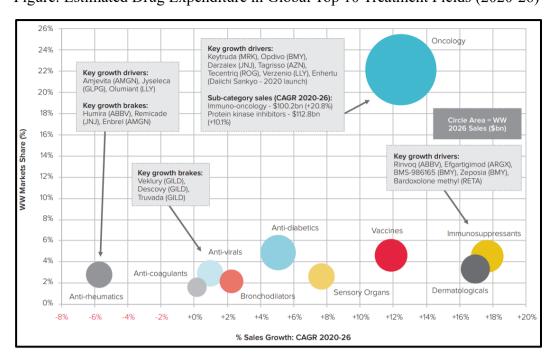


Figure: Estimated Drug Expenditure in Global Top 10 Treatment Fields (2020-26)

Reference: EvaluatePharma_World Preview 2020, Outlook to 2026

According to 2022 Global Market Insights forecast, the market size of biosimilars in the world has reached about US\$ 30 billion in 2021 and then continues to show leap-forward growth, with an estimated 17.3% CAGR to exceed US\$ 100.6 billion in 2030. It is a rare big wave in the history of pharmaceutical development. The main market growth opportunities focus on biosimilar markets such as the United States, which start relatively late, and more cost-effective regions such as Asia Pacific and Latin America, which have the strongest growth strength.

Affected by the slowdown of global economic growth and the rapid growth of the elderly population in the health care systems of various countries, the burden of medical expenditure on governments of various countries has become increasingly heavy, and the price of biologics with significant effects and low side effects has remained high due to the high development cost. In response to this background, the mode of replacing biologics from the original manufacturers whose patents have expired with biosimilars that have no difference in safety, quality, and efficacy but the relatively low price has become one of the effective methods for health care systems around the world to solve the current predicament. The expiration of biologics patents has brought about the growth momentum of biosimilars and accelerate to replace the market occupied by biologics from the original manufacturers.

(B) Monoclonal antibody-drug conjugate (ADC)

Antibody-Drug Conjugates (ADCs) are linked to the monoclonal antibody (mAb) with highly cytotoxic small molecules, which are a new type of drugs with strong drug specificity and antibody characteristics that can accurately target these cytotoxic drugs into malignant tumors in a "target" manner without affecting other normal tissues. Highly cytotoxic small-molecule drugs can show super-strong activity to inhibit cell growth at Picomolar (pM) concentration. In order to keep pace with the development trend of new drugs, the international CDMO companies are combining the technology of High Potency Active Pharmaceutical Ingredients (HPAPIs) with the main production and development capabilities of amplified ADCs. There is no doubt that ADC technology and products have become the development trend of new antibody drugs. If ADC technology and products can be combined with CDMO business to become the partners of small and medium-sized biotech companies, it will lay a new market position and continue the development opportunity of biosimilars and new antibody drugs.

The market of next-generation antibody therapeutics includes ADC, bi-specific antibodies, Fc fusion antibodies, antibody fragments, and antibody proteins. According to the 2022 Market Data Forecast report, the ADC market reached US\$ 14.7 billion in 2022 and will exceed US\$ 44.4 billion in 2027 with 24.7% CAGR. By 2021, 11 ADC drugs had been approved and successfully marketed, including Zylonta (2021) \(\text{Blenrep (2020)} \) \(\text{Trodelvy (202)} \) \(\text{Enhertu(2019)} \) \(\text{Padcev (2019)} \) \(\text{Polivy (2019)} \) \(\text{Lumoxiti (2018)} \) \(\text{Besponsa (2017)} \) \(\text{Mylotarg (2017)} \) \(\text{Kadcyla (2013)} \) and \(\text{Adcetris (2011)}. \)

At present, the ADC manufacture used in the market requires expensive upstream mammalian cell bioreactor and downstream protein purification equipment, special antibody and chemical connection technology, and a special manufacturing plant for highly toxic small-molecule chemical drugs. These factors lead most ADC drug manufacturers to commission only a few specific CDMO companies that can provide a number of different technical services, including monoclonal antibodies, chemical Linker, and Cytotoxins. However, only a few companies can provide technical services for one-time integrated connection development of



ADC drugs. In the next ten years, it is expected that more than ten new ADC commercial products will drive the growth of the whole market. At present, EirGenix combines the small molecule technology capability of Formosa Laboratories and cooperates for this platform service, eager to take the next biotech train and set a new milestone for Taiwan in the international market.

B. The Links Between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain

The new drug research and development process can generally be divided into five stages: new drug exploration, pre-clinical trial, clinical trial, inspection and registration, and post-marketing testing. Usually, the whole research and development process takes decades of painstaking efforts and high-risk capital investment. EirGenix and its subsidiary, in terms of CDMO business, have both contract development and manufacturing energy, have mastered the key technologies of biopharmaceutical development and manufacturing, have the ability to apply international regulations, and can provide differentiated services with high added value. In the development of biosimilars, new drug exploration and pre-clinical tests are omitted, but the test items of product comparison and structure analysis are added, focusing on the CMC (Chemical, Manufacturing, and Controls) of drugs.

EirGenix and its subsidiary are one of the few companies that have both plants and facilities of upstream Mammalian Cell and Microbial strain Fermentation production as well as a complete downstream protein purification system, which can provide clinical manufacturing; and has built a new plant for post-marketing commercial manufacturing in the Zhubei Biomedical Park. The service items of EirGenix and its subsidiary include cell line development, bio-pharmaceutical process development, and optimization, development and validation of relevant analysis methods, quality control appraisal meeting regulatory requirements, and GMP pilot run. The establishment of professional biopharmaceutical CMC and the customer single-window project management mechanism can provide biopharmaceuticals with high efficiency and stable quality that meet international standards and have both safety, efficacy, and economic benefits. EirGenix and its subsidiary, in terms of CDMO business, have both contract development and manufacturing energy, have mastered the key technologies of biopharmaceutical development and manufacturing, have the ability to apply international regulations, and can provide differentiated services with high added value. EirGenix's cGMP (Current Good Manufacturing Practice) plant (Xizhi plant) has received a PIC/S GMP certificate from TFDA.

In 2017, EirGenix was nominated for Best Process Technology by the Biology Manufacturing Asia (BMA), received the Grand Winner of Best Bioprocess Excellence in Taiwan, received the excellence award for Antibody Drug Conjugate platform at the same time, and won international recognition in bioprocess technology. Received the "Asia's Best CMO (Contract Manufacturing Organization) Award" in Asia-Pacific Bioprocessing Excellence Awards 2018. Won the Grand Winner of Best Bioprocess Excellence in Taiwan Award in Singapore again in 2019. Received 2020 Bioprocessing Excellence Award in Greater China Region. Won the Globalizing Award of "2021 Taipei Biotech Awards". Won the Best Bioprocessing Awards in Taiwan and the Greater China issued by Biologics Manufacturing Asia (BMA) and National Innovation and Advancement Award (EG12014 and CRM197) in 2022.

In addition, EirGenix received an official certificate from Japan MHLW of Accreditation Certificate of Foreign Drug Manufacturer, with the accreditation category of "biological products" and effective date from October 24, 2022, to October 30, 2027, which granted biological products manufactured by EirGenix in Taiwan to be sold in Japan within the effective period. The independently administered Pharmaceuticals and Medical Devices Agency (PMDA), under Japan's Ministry of Health, Labour, and Welfare, carried out an on-site inspection of EirGenix's biopharmaceutical manufacturing facility from September 9th to September 12th, 2019. On February 3rd, 2020, EirGenix received PMDA's official approval in its issued GMP Compliance Inspection Result Notification, proclaiming EirGenix's compliance with relevant Japanese regulations regarding the quality, effectiveness, and safety of pharmaceutical manufacturing, which represented a remarkable milestone for EirGenix as the first GMP biopharmaceutical manufacturing facility in Taiwan to receive the authority's approval; not only the only one in both sides of the Taiwan Straits but also one of the few biopharmaceutical manufacturers in Asia receiving Japan's PMDA approval. EirGenix formally signed a long-term supply contract with a Japanese pharmaceutical factory on March 2, 2021, becoming the first long-term bio-pharmaceutical supplier of biologics marketed in Japan. Before the signing of this contract, the Japanese pharmaceutical factory had begun purchasing raw materials from EirGenix to produce preparations for sales in Japan. This product is a necessary drug for cancer treatment, accounting for more than 30% of the same products in the Japanese market. Through the sales performance of the product in Japan, EirGenix's competitive advantage in the Japanese market will be further expanded.

C. Development Trends

(A) EG12014

EG12014 is a biosimilar to the biologics Herceptin marketed by Roche, mainly used to treat patients with metastatic breast cancer, pre-breast cancer, and gastric cancer who have a high phenotype of an oncogene (HER2/neu oncogene) and have failed



to be treated by one (or more) chemotherapy. According to the annual financial report of Roche in 2022, the global annual sales of this product reached CHF 2.14 billion, of which the European and American markets accounted for 42%. In recent years, the global sales of Roche, the original manufacturer of Herceptin, have been declining year by year due to the competition of biosimilars entering the market. However, the global sales of related products developed with its principal component Trastuzumab as the main axis, due to continuous increase of clinical users by the rising incidence of breast cancer and the marketing of biosimilars (as of the publication date, five items have been approved by American FDA and six items have been approved by EMA of the European Union), maintains growth. With the example of Amgen's Herceptin biosimilar KANJINTI, the sales in 2022 were US\$ 3.2 million, with the US market injecting 81% of the revenue.

(B) EG1206A

EG1206A is a biosimilar of Pertuzumab. Since the reference drug of Pertuzumab, Perjeta, launched in 2013, its annual sales have grown rapidly. According to the positive result of aphinity trial, it can be predicted that the follow-up product development and therapeutic application of EG1206A will be more extensive. According to the annual financial report of Roche in 2022, the global annual sales of this product reach CHF 4.08 billion, with an annual growth rate of 3.3%, while the European and American markets account for 58% of the revenue contribution.

(C) TSY0110 (EG12043)

At present, dozens of cancer clinical trials for Trastuzumab antibody-drug conjugates are in process, including breast cancer, gastric cancer, and brain cancer. In August 2011, FDA approved the new drug application of Brentuximab Vedotin (Adcetris) produced by Seattle Genetics and approved indications of Refractory Hodgkin's lymphoma (HL) and another rare lymphomasystematic anaplastic large-cell lymphoma (sALCL). This ADC acting on CD30 is not only the first anticancer drug approved by the FDA for the treatment of HL since 1977 but also the first drug approved for the treatment of ALCL. The successful marketing of Adcetris also represents the beginning of antibody-drug conjugates entering one of the mainstream clinical applications. According to the annual financial report of Roche in 2022, the ADC products developed and marketed by the company with Trastuzumab as the main axis: Kadcyla's global annual sales reach CHF 2.08 billion, with an annual growth rate of 16%, while the European and US markets account for 72% of the revenue contribution.

(D) EG74032

This product is widely used in vaccine products, used as a carrier to make conjugate vaccines. Many vaccines of this product have been put on the market, and many vaccines are also under clinical development. With the example of Prevnar® 13 produced by Pfizer, this vaccine chemically conjugates carbohydrate suspensions of capsular antigens of Streptococcus pneumonia serotypes 1, 3, 4, 5, 6A, 6B, 7F, 9V, 14, 18C, 19A, 19F, and 23F with this carrier protein to prepare the conjugate vaccines. At the same time, it has also been applied to the clinical development products of many large international pharmaceutical companies (such as Novartis and Mitsubishi Tanabe Pharma Corporation) for the production of various conjugate vaccines such as Haemophilus B vaccine, typhoid vaccine or meningitis vaccine, showing its wide application.

(E) EG13074

EG13074 is a new subcutaneous injection form of Trastuzumab. The reference drug of Trastuzumab subcutaneous injection, Herceptin SC, is approved for treatment of patients with Early Breast Cancer (EBC), Metastatic Breast Cancer (MBC) of HER2 overexpression, or HER2 gene amplification. In early breast cancer (EBC), it includes (1) adjuvant therapy after surgery and chemotherapy (preoperative or postoperative). (2) Adjuvant therapy of Doxorubicin and Cyclophosphamide combined with Paclitaxel or Docetaxel. (3) Adjuvant therapy of Docetaxel combined with Carboplatin. (4) Preoperative chemotherapy and postoperative adjuvant therapy are used to treat locally advanced (including inflammatory) breast cancer or tumor (diameter > 2 cm); In metastatic breast cancer (MBC): (1) it is used alone for metastatic breast cancer that has been treated with chemotherapy once or more; Unless the patient is not suitable for using Anthracycline or Taxane, the previous chemotherapy should include at least Anthracycline or Taxane. It is used for patients positive in hormone receptors who have failed in hormone therapy unless the patient is not suitable for hormone therapy. (2) Combined with Paclitaxel or Docetaxel for patients with metastatic breast cancer that has not been treated with chemotherapy. (3) Combined with aromatic cyclase inhibitors for hormone receptor-positive metastatic breast cancer. Roche's subcutaneous injection dosage form of Herceptin was marketed in 2013. Since 2013, the annual sales have gradually increased. According to IQVIA 2022 the impact of biosimilar competition in Europe report, among European countries where the subcutaneous injection form of Herceptin had been marketed in Europe, many countries had reached a proportion of more than 40% Herceptin (in combination with lyophilized injection biosimilar and



subcutaneous injection dosage form). Moreover, it was approved by FDA for marketing in the United States in February 2019.

(F)EG13084

EG13084 is a new subcutaneous injection form combines Trastuzumab and Pertuzumab. The reference drug of Trastuzumab and Pertuzumab combined subcutaneous injection, Phesgo, is approved for Early Breast Cancer (EBC) and Metastatic Breast Cancer (MBC). Since Phesgo approved by EMA and FDA in 2020, many European countries has accelerated to switch the treatment of Trastuzumab and Pertuzumab combination with Phesgo. According to the annual financial report of Roche in 2022, the global annual sales of this product reach CHF 0.74 billion, with an annual growth rate of 121%.

D. Competition for the Company's Products

The world is optimistic about the future development potential of the biosimilar market. Major international companies have invested in this market, including major biotechnology companies Amgen and Biogen, famous multinational pharmaceutical companies Eli Lilly, Merck, Sandoz, and Viatris, and small molecular generic pharmaceutical companies Actavis, Hospira, and Teva, which are also optimistic about the future potential of large molecule drugs and transform to biosimilars. Among them, Amgen cooperated with Actavis to develop biosimilars in 2014. In addition to actively exploring the field of biosimilars through joint cooperation or M&A, there are also many small and medium-sized pharmaceutical companies joining the war, but due to the size of the company or their own capabilities, they can only strategically cut into one part of the biosimilar value chain; For example, Coherus, which was listed on NASDAQ in 2014, focuses on research and development strategically, but due to lack of production capacity, CMO is needed for the future products; however, due to the lack of R&D and analysis talents, some companies take CMO as their strategic orientation, which virtually limits their development space and competitiveness.

However, different from other small and medium-sized biopharmaceutical companies, EirGenix and its subsidiary strengthen the company's own competitive advantage in the world on the basis of CDMO, whose profit points are as follows: A. master the development capability of cell lines and keep the exclusive technology and manufacturing capability in Taiwan through the research and development energy of the teams in Taiwan; B. carry out process research and development, product analysis and manufacturing technology through teams with international experience; C. simultaneously possess that technical platform of Mammalian (mammalian cell strain development) and Microbial (microbial cell fermentation); D. have completed commercial production base in Zhubei to systematically retain the production technology capacity and provide competitive production costs and profits; E. have legal experience in European clinical application and drug approval

(A) Market Competition Analysis of EG12014

As of February 2021, there are 7 biosimilar companies in the world with Trastuzumab-related products that have been approved for marketing. The R&D target quality and competitive market advantage of these companies are subject to continuous observation and evaluation after the products are marketed in individual regions. Among them, the R&D products of Amgen, Viatris in the United States, as well as Celltrion and Samsung Bioepis in Korea, have been licensed by FDA in the United States and EMA in the European Union; the Henlius in China first obtained the EMA license from the European Union (July 2020). In addition, the R&D products of Biocad in Russia have obtained the license for marketing in Russia. In the future, it is inevitable that the Trastuzumab biosimilar-related products of these companies will become the main competitors of EirGenix and its subsidiary. In addition to speeding up development, improving quality and similarity, and cooperating with pharmaceutical factories in complementary regions are the best guarantee of market competitiveness and are also the key to improving the competitiveness of EirGenix and its subsidiaries. Therefore, in April 2019, EirGenix Inc. signed a global licensing agreement with Sandoz AG, a global leader in generics and biosimilars. The licensing agreement authorized Sandoz AG to the exclusive commercial rights of EirGenix's EG12014 (Trastuzumab biosimilar) in all global markets except mainland China and Taiwan. The licensing agreement includes a signing fee and milestone payments, and additional royalty payment in the authorized markets after product launch. Sandoz and Novartis Group are leaders in the field of generic and biosimilar drugs and also pioneers in emerging digital prescription therapy, with a long history and rich experience in drug development and sales for biosimilars and cancer drugs. This strategic cooperation is expected to improve the global competitiveness of EirGenix's product line, thus expanding EirGenix's overall operating scale and increasing profits, which is of great positive help to financial and business development.

(B) Market Competition Analysis of EG1206A

There are few developers of EG1206A biosimilar in the market and most of them are in the pre-clinical stage. However,



the technical feasibility and progress of EirGenix's research and development and production of EG1206A are relatively clear and optimistic. At present, the development of cell lines has been completed, and the integration of upstream and downstream process development is also actively underway. In Jan 2022, EirGenix submitted EG1206A documents to the EMA of the European Union to apply for drug phase I clinical trial. According to the planned schedule and marketing, EirGenix can quickly seize the global market opportunities, and at the same time, it can jointly produce maximum benefits of synergy in the market with EG12014, EG13074, and TSY0110 (EG12043) products.

(C) Market Competition Analysis of TSY0110 (EG12043)

In response to the increasing demand for research and production of anti-drug conjugates and highly cytotoxic/potent substances, many foreign CDMOs and CMOs have begun to expand their service energy, especially for highly cytotoxic/potent active pharmaceutical ingredient (API) and final products. For example, the plants of CordenParma in Plankstadt (Germany), Latina (Italy), and Boulder (Colorado) can provide the manufacture of highly cytotoxic/potent active pharmaceutical ingredient (API) and the production of drugs. Aesica, located in the UK, started to open its highly toxic/potent substance plant in Queenborough at the end of 2011 to provide final product preparations. This company later upgraded their Active Pharmaceutical Ingredient (API) production plants in Cramlington and Queenborough to manufacture highly toxic/potent active pharmaceutical ingredients (API). With the cGMP plant, EirGenix has the capability of developing and manufacturing a monoclonal antibody drug process. At the same time, EirGenix forms a strategic alliance with Formosa Laboratories, which has the most experience in developing and manufacturing high-activity raw materials in Taiwan and has experienced antibody drug development and cGMP production talents and international cooperation networks, which is conducive to the development of ADC platform technology.

(D) Market Competition Analysis of EG74032

At present, there are very few manufacturers with the production capacity of this product in the market. The main manufacturers are as follows:

Company	Location of Manufacturing Plant	Products
SynCo Bio	Netherlands	Production of CRM197 with mutant Diphtheria Bacillus;
Partner	(Amsterdam)	Provision of Prevnar® and Meningites® manufactured
		by Pfizer, and Menveo® manufactured by Novartis
Pfenex, Inc.	India	Provision of various specifications of CRM197 raw
		materials, including raw materials conforming to cGMP
		specifications (CRM197 is expressed with pseudomonas
		fluorescent as host)

In addition to SynCo Bio Partner "Exclusively" providing CRM197 to the original manufacturers (Pfizer and Novartis), only Pfenex, a manufacturing plant located in India, can provide this raw material, indicating that there are very few competitors with this production capacity in the market at present. If EirGenix can complete the EG74032 process development in a short time, EirGenix will successfully enter the market and become one of the major suppliers.

The microorganism (E. Coli.) performance system and process used by EirGenix and its subsidiary can produce high-purity EG74032, which will have a competitive advantage over other products in the current market. Moreover, the vaccine patents currently on the market are about to expire, so the real-time scheduling can fully meet the market demand. In addition to being provided to some manufacturers for developing products with expired patents, this product can also be used in other new vaccine products under development, whose wide application is expected to open the market door and increase the corporate revenue.

(E) Market Competition Analysis of EG13074

EG13074 developed by EirGenix is a new generation subcutaneous injection form of EG12014. At present, the development of subcutaneous injection form is underway with EG13084. As long as it is carried out step by step according to the plan, it can seize the market opportunities and produce maximum benefits of synergy in the market together with EG12014, EG1206A, and TSY0110 (EG12043) and EG13084.

(F) Market Competition Analysis of EG13084

EG13084 is a new subcutaneous injection form combines Trastuzumab and Pertuzumab. At present, the development of



subcutaneous injection form is underway with EG13074. As long as it is carried out step by step according to the plan, it can seize the market opportunities and produce maximum benefits of synergy in the market together with EG12014, EG1206A, and TSY0110 (EG12043) and EG13074.

(3) An overview of the company's technologies and its research and development work

A. The company's technologies and its research and development work

EirGenix is a professional biopharmaceutical company with a high density of technology and experience, whose business strategy is mainly in two directions:

- (A) Provide a commissioned process development and production service with high quality and market competitiveness for biopharmaceutical development companies at home and abroad. EirGenix has cGMP-related facilities that conform to relevant international regulations and standards (US FDA and PIC/S) and can be used for clinical/market production of biopharmaceuticals. At the same time, with two cGMP plants for mammalian cell and microbial fermentation and related technical manpower, the integrity and complementarity of clinical trials and marketed biopharmaceutical production systems are greatly improved.
- (B) At the same time, develop biopharmaceuticals with high quality and market competitiveness. At present, the drugs under development include four biosimilars, a new dosage form of bio-pharmaceutical, an antibody-drug conjugate (ADC), and a multi-functional carrier protein that can be used in vaccines.

Through the above two business axes, EirGenix expects to provide customers with high-quality and cost-effective biopharmaceutical manufacturing services and jointly develop high-quality and cost-effective biopharmaceuticals with partners to benefit the entire public.

B. Successfully Developed Technique or Product

EirGenix and its subsidiary provide contracted process development and production service with high quality and market competitiveness for biopharmaceutical development companies at home and abroad. EirGenix has CGMP-related facilities that conform to international regulations and standards and can be used for biopharmaceuticals' clinical/market production. At the same time, EirGenix has two CGMP plants for mammalian cell and microbial fermentation and related technical manpower, greatly improving the integrity and complementarity of clinical trials and market biotech drug production systems. EirGenix has accumulated technology for many years, continuously introduced international talents and novel equipment to maintain international competitiveness and meet the requirements of international laws and regulations, and continuously carried out technology development.

C. Research and Development Implementation Progress

Item	Indications	Implementation Progress
EG12014	Early Breast Cancer (EBC), Metastatic Breast Cancer (MBC) / Metastatic Gastric Cancer	In March 2021, the analysis results of the Phase III clinical trial indicator data reached the bioequivalency. In December 2021, EirGenix submitted documents of EG12014 to USFDA and EMA to apply for marketing authorization. In January 2022, EirGenix submitted documents of EG12014 as 1st case for Taiwan CDE accelerated approval pilot project review In September 2022, EirGenix submitted documents of EG12014 to TFDA to apply for marketing authorization. EirGenix accelerate all process to access global breast cancer therapy market.
EG1206A	Early Breast Cancer (EBC), Metastatic breast Cancer (MBC) /	In Jan 2022, EirGenix submitted EG1206A documents to the EMA of the European Union to apply for drug phase I clinical trial.
TSY0110 (EG12043)	Breast Cancer /Gastric Cancer	At present, EirGenix has screened out anti-HER2 +/neu ADC molecules with therapeutic effects and will gradually complete pre-clinical trials as planned and further promote the process of clinical trials.



Item	Indications	Implementation Progress
EG74032	Conjugate Vaccine	At present, EirGenix has completed the development and pilot run of the EG74032 process, with the current production scale reaching a 150-liter fermentation tank, which has been sold at home and abroad.
EG13074	Early Breast Cancer (EBC), Metastatic breast Cancer (MBC) /	At present, the development of subcutaneous injection is underway.
EG13084	Early Breast Cancer (EBC), Metastatic breast Cancer (MBC) /	At present, the development of subcutaneous injection is underway.

D. R&D Expenses As of the date of issuance for the annual report in the latest 5 year

Unit: NT\$ thousands; %

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Year Item	2018	2019	2020	2021	2022
R&D Expenses(A)	344,199	959,610	1,561,722	893,510	800,144
Net Operation Revenue(B)	282,209	476,085	1,071,838	1,697,359	1,481,017
(A) / (B)	122	202	146	53	54

(4) Long-term and Short-term Development

- A. The short-term development strategy is "Build up the foundation and move forward step by step." The strategy plans for products in development and CDMO sales & marketing development are as follows:
 - (A) EG12014 approved by the FDA, the EMA, and the TFDA.
 - (B) EG12014 (HERWENDA® Sandoz | EIRGASUN® EirGenix) market launch.
 - (C) EG1206A Phase 1 clinical trial completed. Application submitted for Phase 3 trials.
 - (D) Application for EG12043 (TSY0110) clinical trials (IND).
 - (E) EG13074 pre-clinical preparation completed.
 - (F) Expansion of Building B at Zhubei plant to increase the microbial capacity to 1,500L in 2025.
- B. The medium and long-term development strategy is "Products are developing and launching one after another to promote stable growth in revenue. The strategy plans for products in development and CDMO sales development are as follows:
 - (A) New dosage forms or new drug delivery systems of biosimilars: development of Trastuzumab high-concentration subcutaneous injection doses; planning for the development of EG12014+EG1206A dual-targeting high-concentration subcutaneous injection doses. The successful development of high-concentration subcutaneous injection doses will increase the market shares of these products and enable EirGenix as the primary supplier of biosimilar drugs for the treatment of HER2+ breast cancer.
 - (B) Discussions with international pharmaceutical companies are currently ongoing regarding the establishment of a development alliance for biosimilars in immuno-oncology. Four new projects are expected. According to the development schedule, one new product will be introduced to the market each one to two years starting in 2026. Hence, a three-stage expansion of the mammalian capacity by 150,000L is under planning at Ciaotou Science Park, Tainan. The new capacity can be used to manufacture in-house developed drugs and accept customers' orders for commercial and scale production.



2. Market and Sales Overview

(1) Market Analysis

A. Sales (Service) Region

Unit: NT\$ thousands; %

Year	2022		2021		
Area	Amount	%	Amount	%	
Taiwan	746,845	50.43	611,808	36.04	
Japan	133,023	8.98	149,949	8.83	
USA and Canada	304,969	20.59	373,492	22	
Europe	283,328	19.13	549,259	32.36	
Other	12,853	0.87	12,851	0.76	
Total	1,481,017	100	1,697,359	100	

B. Market Share

At present, the CDMO business of EirGenix is extremely competitive in the market. In addition to a certain proportion of the market share in Taiwan, EirGenix has actively expanded to Asian markets such as Japan and the mainland; In the future, EirGenix will be committed to increasing the market share of Europe, America, and other regions. The self-developed products of EirGenix have not been sold on the market before, so there is no market share analysis at present

C. Supply and Demand of the Market and Growth in the Future

(A) EG12014

EG12014 is a biosimilar to a biologics Herceptin marketed by Roche. According to the annual financial report of Roche in 2022, the global annual sales of this product reach CHF 2.14 billion, of which the European and American markets account for 42%. In recent years, the global sales of Roche, the original manufacturer of Herceptin, have been declining year by year due to the competition of biosimilars entering the market. However, the global sales of related products developed with its principal component Trastuzumab as the main axis, due to continuous increase of clinical users by the rising incidence of breast cancer and the marketing of biosimilars (as of the publication date, five items have been approved by American FDA and six items have been approved by EMA of the European Union), maintains growth. With the example of Amgen's Herceptin biosimilar KANJINTI, the sales in 2022 were US\$ 3.2 million, with the US market injecting 81% of the revenue.

In 2021, the second place in Taiwan's top ten cancer NHI expenditures was breast cancer, about NT\$ 16.96 billion (with an average growth rate of 9.03% from 2016 to 2020); In the part of drug expenditure, for Herceptin-a target drug for breast cancer, a total of NT\$1.66 billion was paid by the NHI in 2021. According to the latest NHI drug price in Taiwan in 2023, the reimbursed price of the Herceptin lyophilized injection is NT\$ 43,844/vial. At present, the NHI stipulates that Herceptin is paid to patients with early breast cancer (EBC), metastatic breast cancer (MBC), and metastatic gastric cancer (MGC). Taiwan has more and more new patients with breast cancer and gastric cancer every year, and the medical expenses will increase accordingly. EirGenix expects the biosimilar EG12014 to be marketed in Taiwan at the same time as the world or even ahead of the world, which can benefit patients in need of treatment in Taiwan and the world. At the same time of reducing the medical expenditure, the expected clinical efficacy can also be achieved by using breast cancer-targeted protein drug EG12014, which is highly similar to Herceptin with no clinical difference in safety, quality, and efficacy, thus achieving the goal of truly benefiting the public.

(B) EG1206A

EG1206A is a biosimilar of Pertuzumab. Since the reference drug of Pertuzumab, Perjeta, launched in 2014, its annual sales were CHF 660 million (Fierce Pharma 2015). According to Roche 2022 annual financial report, the revenue of Perjeta has reached CHF 4.08 billion. According to the positive result of Aphinity trial, it can be predicted that the follow-up product development and therapeutic application of EG1206A will be more extensive.

(C)TSY0110 (EG12043)

Recently, Roche's Trastuzumab emtansine (T-DM1) has been successfully marketed by using Linker to bind Trastuzumab antibody and cytotoxic chemical DM-1. The conjugate (Linker, Connector) of T-DM1 will not affect the antibody-dependent



cytotoxic activity and will not interfere with the antibody neutralization activity dominated by HER2. Therefore, T-DM1 not only retains the anticancer effect of Trastuzumab but also enables the powerful cytotoxic drugs attached to it to exert a stronger effect. In Phase III clinical trials (EMILIA trial*) for patients with advanced breast cancer patients of HER2 overexpression and who have used Trastuzumab or Taxane, it was found that patients receiving T-DM1 treatment have a longer and better progression-free survival (T-DM1: 9.6 months; Lapatinib plus capecitabine: 6.4 months)(HR: 0.65; 95%CI: 0.55-0.77; P<0.001) and overall survival (T-DM1: 30.9 months; Lapatinib plus capecitabine: 25.1 months) (HR: 0.68; 95% CI: 0.55-0.85; P<0.001) over patients treated with Lapatinib in combination with Capecitabine. It shows that this kind of treatment is progress that cannot be ignored in both clinical medicine and pharmacology.

As far as the global market is concerned, there are very few companies in the world that can provide ADC development services. EirGenix has formed a strategic alliance with Formosa Laboratories. According to the schedule plan, they will jointly become one of the world's leading manufacturers in the ADC field in the shortest possible time to expand their competitive advantage.

(D) EG74032

This product is a carrier protein made of diphtheria toxin through genetic improvement and amino acid replacement. At present, it has been applied in commercially available vaccines of Pfizer and Novartis, with annual sales of billions of US dollars. In 2015, the global vaccine market value was nearly US\$ 30 billion, while the market value of conjugate vaccines with carrier protein reached up to US\$ 7 billion. These show that the future market for such products is quite amazing.

This protein has been widely used in commercially available products and clinical development products. There are more than 60 completed or ongoing clinical trials with relevant products on ClinicalTrials.gov of the National Institute of Health. Among them, only Novartis has carried out more than 20 clinical trials, which shows that the conjugate vaccine with this carrier protein has a great market.

In addition to the traditional vaccines for infectious disease, the research and development of cancer vaccines have attracted much attention in recent years. Both R&D organizations and biotech companies at home and abroad are actively investing in the development of cancer vaccines, hoping to bring a glimmer of light to all kinds of cancers that have no effective therapy yet.

In the early process, Corynebacterium diphtheria was used for production, followed by downstream recovery, purification, and other steps, and the yield and recovery rate was usually relatively low. In addition, for the acquisition of the strain, a license agreement needs to be signed with a specific organization, and the production organization needs to have a biological protection level that meets the standards before production. Compared with the above processes, the microbial expression platform is used for the EG74032 process developed by EirGenix, which will achieve the effects of a quite high yield and purity as well as immune enhancement. Compared with traditional processes or other products on the market, EirGenix's products will be competitive in quality and price and are expected to be widely used in research and development or marketing products.

EirGenix and its subsidiary CRM197 is expected to occupy a certain market share in the academic and pre-clinical markets.

(E) EG13074

EG13074 is a new subcutaneous injection form of Trastuzumab (Reference Drug is Herceptin SC). According to IQVIA 2022 The impact of Biosimilar competition in Europe report, among European countries where Herceptin SC had been marketed in Europe, many countries had reached a proportion of more than 40% Trastuzumab (in combination with lyophilized injection biosimilar and subcutaneous injection dosage form). Moreover, it was approved by FDA for marketing in the United States in February 2019.

(F)EG13084

EG13084 is a new subcutaneous injection form combines Trastuzumab and Pertuzumab. The reference drug of Trastuzumab and Pertuzumab combined subcutaneous injection, Phesgo, is approved for Early Breast Cancer (EBC) and Metastatic Breast Cancer (MBC). Since Phesgo approved by EMA and FDA in 2020, many European countries has accelerated to switch the combination therapy of Trastuzumab and Pertuzumab with Phesgo. According to the annual financial report of Roche in 2022, the global annual sales of this product reach CHF 0.74 billion, with an annual growth rate of 121%.

D.Competitive niche

(A) The advanced technology platform of EirGenix helps customers shorten the time schedule of biopharmaceutical development



a. Cell line building platform

Customers only need to provide a DNA expression sequence or amino acid sequence of the protein, and EirGenix can complete the establishment of a CHO-S cell line with high expression volume. EirGenix is familiar with the growth mode of CHO-S cell line from the major international factory Life Technologies, can increase the yield of CHO-S cell line with the exclusive culture medium selected based on rich experience, can reach the antibody protein yield of 2g per liter under normal culture time, and reduce the cost of customers in the drug development stage and commercial mass production stage.

b. Process development platform

In terms of cell culture process, with AmbrTM micro bioreactor, EirGenix can simulate the culture conditions of the large-volume bioreactor in a 10ml test tube and can control and adjust a number of parameters on a small scale to achieve the comprehensive effect of saving time and cost.

In terms of process amplification, at present, many plans, including the customer's products and the EG12014 plan within EirGenix, have successfully entered the cGMP plant for the product at 200/1,000 liters or more. EirGenix has mastered the setting of various important parameters in bio-fermentation tanks of various scales in the process amplification of the cGMP plant. Once the culture condition parameters of small-scale fermentation tanks from 2 to 5 liters are available, they can be successfully amplified to a scale of 200, 500, 1,000, to 2,000 liters. This technology platform can save customers the time and various costs required in the process amplification.

c. Protein analysis and identification

Due to the characteristics of biopharmaceuticals, in the production process, each batch of products cannot be 100% the same. A large number of analytical methods are needed to identify the characteristics of the protein drugs produced. In addition, corresponding analytical methods are needed to detect the amino acid sequence of the protein, the purity of the product, impurity produced in the process, the activity of the protein, and the monitoring of microorganisms that may cause pollution. The team of EirGenix has established the complete identification and analysis methods of protein drugs in Taiwan to ensure the strictest control of product quality and safety at all stages and reduce the risks caused by unstable product quality in the drug development process.

d. Provide a full range of services to meet the needs of customers:

At the same time, EirGenix has two PIC/S cGMP plants for mammalian cell culture and microbial fermentation and can provide complete services according to customers' needs.

In addition, in the mammalian cell cGMP plant, EirGenix has built two upstream cell culture production lines, including a 20-100-500 liter stainless steel bioreactor production line and a 50-200-1,000 liter single-use bioreactor production line. Stainless steel bioreactor has the advantages of relatively low batch production cost with a maximum scale of more than 5,000 liters. The single-use bioreactor has the advantage of reducing cross-contamination and hard equipment construction. In the stage of drug development, EirGenix provides customers with the greatest flexibility and diversified choices in process development to meet the needs of customers for different drug development products and plans.

(B) EirGenix has formed the strategic industrial alliance with Formosa Laboratories in large molecule drugs and small molecular drugs.

At present, Formosa Laboratories, with a number of raw materials and anti-sunburn series active ingredient products marketed all over the world as well as ISO certificate, has successfully passed the GMP plant inspection certification of Taiwan Department of Health, FDA of the United States, BGV of Germany, EDQM of the European Union and PMDA of Japan, which is a major manufacturer of small molecule raw materials in the world. At present, Formosa Laboratories has built a high-activity raw material production plant for the production of small molecule drugs with high toxicity. In combination with EirGenix's ability to produce large molecule antibody drugs, EirGenix and Formosa Laboratories have jointly established a production platform for ADC, with EirGenix producing antibodies, Formosa Laboratories producing small molecule drugs and carrying out antibody-drug conjugation, and EirGenix carrying out various identification and analysis related to ADC products. The establishment plan of this production platform has been subsidized and supported by the Ministry of Economy's Industry Development Technology Plan. The alliance between EirGenix and Formosa Laboratories has made the establishment of the ADC production platform completed and will make EirGenix one of the few CMO companies in the world that can produce antibody-drug conjugates.



E. Favorable and Unfavorable Factors in the Long Term

(A) Favorable factors

- a. EirGenix has protein drug development platform technology and a cGMP pilot plant. In coordination with the toxicology laboratory and bio-safety testing laboratory previously established by the Biotechnology Center, EirGenix can integrate the upstream, midstream, and downstream protein drug R&D chains and provide a series of complete technical services.
- b. At the same time, EirGenix has rich experience in cell line cloning and microbial process technology development and continues to introduce domestic and foreign experienced and technical talents. Good production and development quality, good manpower quality, low turnover rate, and high work efficiency can shorten the biopharmaceutical development time.
- c. The relevant GMP production facilities comply with international regulations (including FDA GMP and PIC/S GMP), which is conducive to obtaining foreign sources of cases. Through business cooperation with strategic alliance partners, CDMO business has expanded rapidly.
- d. The protein-drug market continues to grow, and there is still a wide range of therapeutic applications to be developed. Drugs have entered preclinical and Phase I/II clinical trials one after another. There is a high demand for CDMO at this scale at home and abroad. Upstream R&D organizations at home and abroad have invested heavily in the research and development of biopharmaceuticals. The number of pipelines for bio-pharmaceuticals continues to increase. There is an urgent need for mid-stream research and development institutions that can undertake research and development results in order to extend the results to pre-clinical and Phase I/II clinical trials. The demand for microbial fermentation systems is gradually increasing in biopharmaceutical companies at home and abroad. The establishment of a CGMP microbial fermentation system can be applied not only to mature microbial expression systems such as E. coli and Pichia but also to the mass production and development of DNA vaccines.
- e. The government actively constructs an environment conducive to the development of the bio-pharmaceutical industry, including tax exemption and tax relief, to further enhance the competitiveness of domestic manufacturers.
- f. EirGenix's development of biosimilars follows the international development route, and its quality has the competitive strength of major international factories. In the future, with the gradual development of products, active international cooperation will be conducive to the deep roots of the brand.
- (B) Unfavorable factors and countermeasures
- a. There are relatively few CDMO projects in the late development stage and commercial production.

 Countermeasures: EirGenix has completed the construction of the first cell line 12,000L (3 sets of 2x2,000 L) on the 3F for commercial scale production in the Hsinchu Biomedical Park. It was put into operation in January 2019 and mainly used for the production of our own products (EG12014 and EG1206A). The second production line 12,000L (3 sets of 2x2,000 L) on the 5F will be launched in Q3/Q4 2023. Currently, we have several projects in hand and are continuously communicating with domestic and foreign biopharmaceutical companies, including biosimilar drug developers, to seek opportunities for late development stage and commercial scale production cooperation. The microbial commercial production plant (350 L+1,000 L and 2x DSP suites) in Building B of the Hsinchu Park has started construction and is scheduled to be completed and put into operation in 2025. Some production capacity is currently reserved for the future needs of existing customers, and we will continue to communicate with domestic and foreign biopharmaceutical companies to seek projects for late development stage and production of CGT projects as well as DNA plasmids and enzymes related to mRNA.
- b. Foreign bio-pharmaceutical manufacturers have been actively deployed, and their brand advantages will form pressure. Countermeasures: EirGenix has established an experienced R&D team to continuously enter the market as early as possible with the development efficiency of new products (Biosimilar, Biobetter, etc.) through the improvement of R&D technology capabilities, passing US FDA, EMA, or Japan PMDA inspections will increase customer confidence, and to reduce the threat of price competition through the expansion of factories under the reduction of production costs. In addition, EirGenix has actively cooperated with local pharmaceutical companies to carry out clinical development, product production, and marketing.
- c. For biosimilars products, the R&D time is long, and the fund investment is high, it is unfavorable to the P&L.

 Countermeasures: EirGenix has evaluated the R&D of a series of new indications related to HER2 with its professional development capability so as to expand the product market effectively and continuously carry out product life cycle management; has also sought strategic alliances and shared with domestic and foreign partners, and combined with the



capital market to ensure the smooth marketing of products

(2) Production Procedures of Main Products

A. Major Products and Their Main Uses

(A) EG12014

So far, there are three approved indications of Trastuzumab by the FDA of the United States, including the treatment of patients with early breast cancer (EBC), metastatic breast cancer (MBC), and metastatic gastric cancer (mGC) of HER2 overexpression or HER2 gene amplification. In early breast cancer (EBC), it includes (1) adjuvant therapy after surgery and chemotherapy (preoperative or postoperative). (2) Adjuvant therapy of Doxorubicin and Cyclophosphamide combined with Paclitaxel or Docetaxel. (3) Adjuvant therapy of Docetaxel combined with Carboplatin. (4) Preoperative chemotherapy and postoperative adjuvant therapy are used to treat locally advanced (including inflammatory) breast cancer or tumor (diameter > 2 cm); In metastatic breast cancer (MBC): (1) it is used alone for metastatic breast cancer that has been treated with chemotherapy once or more; Unless the patient is not suitable for using Anthracycline or Taxane, the previous chemotherapy should include at least Anthracycline or Taxane. It is used for patients positive in hormone receptors who have failed in hormone therapy unless the patient is not suitable for hormone therapy. (2) Combined with Paclitaxel or Docetaxel for patients with metastatic breast cancer that has not been treated with chemotherapy. (3) Combined with aromatic cyclase inhibitors for patients with hormone receptor-positive metastatic breast cancer; In metastatic gastric cancer (mGC), combined with capecitabine (or 5-fluorouracil) and cisplatin for the treatment for metastatic gastric adenocarcinoma (or gastroesophageal junction adenocarcinoma) of HER2 over-expression that has not been treated with chemotherapy.

(B) EG1206A

EG1206A is a biosimilar of Pertuzumab. The reference drug of Pertuzumab, Perjeta, is very promising in clinical efficacy and sales prospect. As the incidence of breast cancer tends to be younger year by year and the 5-year recurrence rate of HER2+ early breast cancer is 17~40%, the utilization rate of EG1206A will continue to grow. It is estimated that the market demand for this drug will gradually increase in the future.

(C) TSY0110 (EG12043)

Antibody-drug conjugates (ADC) are undoubtedly the most selective anti-cancer therapy for tumors, but their performance is not protruding in drug delivery. Therefore, antibody-drug conjugates (ADC) need to be combined with powerful drugs. At present, ADCs are commonly combined with maytansinoids (T-DM1) and dolastatin analogs (brentuximab vedotin), which act on microtubules and can inhibit microtubule kinetics. Once reaching picomolar concentration (pM), these drugs can show super activity to inhibit cell growth; Therefore, ADC is expected to kill the enemy more effectively by accurately "targeting" these cytotoxic drugs into the anti-cancer battlefield. After T-DM1 passes the examination at an extremely fast speed, the research on ADC becomes hot.

(D) EG74032

It is mainly used in vaccine products and used as a carrier to make conjugate vaccines. There are many commercially available conjugate vaccines, including Pfizer's Prevnar® and Prevnar® 13, Wyeth/Pfizer's Meningitec® and Novartis's Menveo®. At present, as a variety of products have been approved as infectious disease vaccines in Europe and the United States, representing that regulatory organizations have no doubts about the safety and effectiveness of CRM197 in improving immunity, and the subsequent technical and regulatory risks of acting as the raw material of conjugate vaccines are small, much academic research and clinical development projects are in progress.

(E) EG13074

EG13074 is a new subcutaneous injection form of Trastuzumab. The reference drug of Trastuzumab subcutaneous injection, Herceptin SC, is approved for treatment of patients with early breast cancer (EBC), metastatic breast cancer (MBC) of HER2 overexpression, or HER2 gene amplification. According to IQVIA 2022 The impact of Biosimilar competition in Europe report, among European countries where the subcutaneous injection form of Herceptin had been marketed in Europe, many countries had reached a proportion of more than 40% Herceptin (in combination with lyophilized injection biosimilar and subcutaneous injection dosage form). Moreover, it was approved by FDA for marketing in the United States in February 2019.

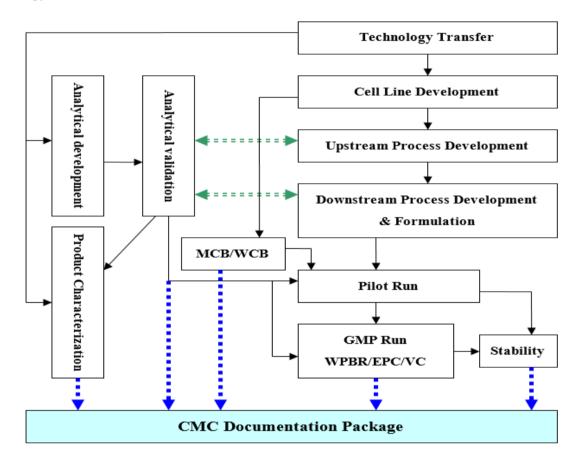


(F)EG13084

EG13084 is a new subcutaneous injection form combines Trastuzumab and Pertuzumab. The reference drug of Trastuzumab and Pertuzumab combined subcutaneous injection, Phesgo, is approved for Early Breast Cancer (EBC) and Metastatic Breast Cancer (MBC). Since Phesgo approved by EMA and FDA in 2020, many European countries has accelerated to switch the combination therapy of Trastuzumab and Pertuzumab with Phesgo. According to the annual financial report of Roche in 2022, the global annual sales of this product reach CHF 0.74 billion, with an annual growth rate of 121%. This is one of the focus- developed project in EirGenix pipeline.

B. Major Products and Their Production Processes

EirGenix's main core value in the product production process lies in the vertical integration of the upper, middle, and lower reaches of the industrial value chain. From cell line development and cell culture to process development and amplification to downstream product purification and drug stability analysis, EirGenix can master the industrial chain by itself, accurately master technology, and control costs.



Note: MCB/WCB (mother cell bank/working cell bank); WPBR (work production lot report); EPC (end production cell); VC (viral effectiveness)

(3) The supply situation for the company's major raw materials

EirGenix's main service items are bio-pharmaceutical contract development & manufacturing organization (CDMO) and self-developed monoclonal antibody bio-similar drugs. The main raw materials are culture medium, buffer solution, chromatographic resin, single-use filter element, packaging materials, etc. The supply sources shall conform to international medical standards. In order to ensure the stable supply of raw materials, an inventory of qualified manufacturers is established to ensure that other supply sources meet the quality requirements.

(4) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the two most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

A. Major Suppliers Information for the Last Two Calendar Years

As of the date of issuance for the annual report, the business of EirGenix is development of Biosimilars and new drugs, and the major revenue comes from CDMO.



Unit: NT\$ thousands

			2022					
Item	Company Name	Amount	Percent	Relation With Issuer	Company Name	Amount	%	Relation With Issuer
1	Life Tech	94,000	21.57	No	Merck	135,142	25.48	No
2	Merck	52,363	12.02	No	Pall Singapore	115,931	21.86	No
3	Sartorius	48,335	11.09	No	Life Tech	60,895	11.48	No
4	Pall Singapore	47,459	10.89	No	Sartorius	58,942	11.11	No
5	Global Life Sciences	46,211	10.60	No	Others	159,523	30.07	No
6	Others	147,416	33.83	-	-	-	-	-
	Net Purchases	435,784	100	No	Net Purchases	530,433	100	No

Description of change:

EirGenix and its subsidiary mainly provide biopharmaceutical contract development & manufacturing organization (CDMO) business, and raw materials are mainly purchased according to the progress of each production process. Therefore, the main suppliers set different purchase prices according to the progress of their cases every year.

The industries of EirGenix and its subsidiary are bio-similar drug research and development and CDMO services. The main items purchased are protein ion exchange resin, culture medium, culture bag, filter element, reagent, and general consumables. In order to ensure stable supply quality and consistent comparison basis of experimental data, and some raw materials will be purchased from specific manufacturers according to project requirements. Raw materials cannot be arbitrarily changed in each process stage to avoid affecting test results, so it is a characteristic of the industry that a designated supplier supplies a single source of raw materials. Among the suppliers, Pall Singapore mainly supplies some cell culture medium and purified colloid. Merck mainly supplies reagents and culture bags, and Life Tech mainly supplies culture medium. All three companies are internationally renowned biotechnology research and development factories. Apart from good quality and stable supply, they can also provide relevant data and technical support and supporting documents required for drug inspection and registration.

In the development of the Company's products, the applicability of the products is still used to test and screen the required raw materials. Except for some CDMO customers who demand specified materials, the raw materials selected by the Company will be put into production lines only after research and development tests and evaluations. The raw materials of the three major companies are on the candidate list and have no absolute dependence.

Major international biotech factories have a stable supply. If there is any commodity shutdown for the project to be shut down, they will announce in advance and propose alternative commodity schemes and provide sample tests to solve the risk of refueling or material cut-off connection. At present, the newly developed cases of EirGenix and its subsidiary, the medium protein ion exchange resin, colloid, filter, and bag, have been successfully replaced by other brands. The raw materials selected by the Company can be put into the production line only after research and development tests and evaluations. Consider providing customers with better quality and competitive advantages in price, and increasing alternative applicable materials of suppliers, research and development units will also consider using other alternative products or collecting relevant information on products in the market at the initial stage of research and development or testing, so as to cope with and reduce the risk of over-reliance on specific manufacturers.

If there are supply risks in the future, the Company has the ability to select suitable alternative materials from other supply brands through the research and development technology platform to reduce the risks and make the supply risks within the controllable range.

B. Major Clients Information for the Last Two Calendar Years

Unit: NT\$ thousands

		2021	2022					
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Company SA	496,089	29.23	No	Company MV	514,208	34.72	No
2	Company MV	355,074	20.92	No	Company SA	261,876	17.68	No



		2021	2022					
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
3	Company BO	283,557	16.71	No	Company BO	168,647	11.39	No
4	Others	562,639	33.14	No	Others	536,286	36.21	No
	Net Sales	1,697,359	100	No	Net Sales	1,481,017	100	No

Description of change:

At present, the main source of income for EirGenix and its subsidiary is the bio-pharmaceutical contract development & manufacturing organization (CDMO). As service income and GMP production are recognized according to various contracts, services provided, or undergoing production progress, the sales number of major sales clients varies according to the progress of their cases each year. In addition, in April 2019, the Company signed a license agreement for the co-development of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with SA. By the end of 2021, the Company had completed the requirements of milestones from Phase I to Phase V. Therefore, the revenues of contract payment and milestone payment from Phase I to Phase V were recognized in stages in accordance with standard accounting procedures.

All revenues from the main clients of EirGenix and its subsidiary are presently recognized as the revenue from development and manufacturing services, except for the revenue from the license agreement for the co-development gradually recognized with SA over time. At present, for the development and manufacturing services commissioned by clients, the service contents include the preliminary development work and the back end GMP production, including process verification and verification work. Several clients are close to the listing stage and are also discussing the long-term production of future listing supply. Once the client's products are successfully listed, it is expected to have a long-term stable income from said product supply. As revenue is still growing in the past few years, in the future, with the launch of production plants year by year, the Company will look for potential clients of later products and products to be marketed closely and continue to maintain stable, productive creation and considerable revenue. At the same time, the continuous expansion of foreign cases is also a medium-term plan to create value. It is obvious that European and American clients are increasing year by year. Due to its characteristics, if a good client relationship is well maintained and quality is ensured, then it is also the keyway to obtain stable considerable revenue. In addition to client maintenance, EirGenix and its subsidiary have also obtained the certification of foreign factories from Japan's Ministry of Health, Laboure, and Welfare. It is expected that in the future, they will gradually obtain internationally important legal certifications from the European Union, the United States, and other countries, which will be more conducive to accelerating the growth of revenue.

(5) An indication of the production volume for the two most recent fiscal year

The Company is a CDMO company, and its output value is determined according to the work items of the commissioned case, and there are no products with fixed mass production. The self-developed bio-similar drug products are still in the research and development stage and have not been officially mass-produced and sold, so they are not applicable.

(6) An indication of the volume of units sold for the two most recent fiscal year.

Unit: NT\$ thousands

Volume Year	2021				2022			
	Lo	ocal Ex		port	Local		Export	
Major goods	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Service Revenue	-	540,230	-	324,285	-	330,747	-	426,933
Sales Revenue	-	71,578	-	265,177	-	416,098	-	45,363
Licensing Revenue	-	-	-	496,089	-	-	-	261,876
Total	-	611,808	-	1,085,551	-	746,845	-	734,172

Description of change:

The major revenue of EirGenix is a CDMO business, and its output value is determined according to the work items of the commissioned case, and there are no products with fixed mass production. Due to EirGenix increases the contract from



current clients and finds new clients to make the performance grow stably. In April 2019, EirGenix Inc. signed a global licensing agreement for EG12014 (Trastuzumab Biosimilar) with Sandoz AG. As of the 2022 Q4, EirGenix has received the signing fee and fulfilled the requirements of its first to fifth milestone; the revenue from the milestone payment will be recognized in stages in accordance with standard accounting procedures.

3. The number of employees employed for the two most recent fiscal years and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels.

Unit: Person; age; years;%

				,g-, j,
Y	Year		2022	2023 until the end of March
	Management	17	20	19
F 1	Supervisor	20	30	30
Employees	Staff	266	358	363
	Total	303	408	412
Average Ye	Average Years of Age		36.38	36.43
Average Tea	rs of Service	2.93	3.84	3.01
	Ph.D.	9.9	7.8	8.5
T.1	Master's	65.7	68.6	67.7
Education	Bachelor's	24.4	23.6	23.8
	High School	0	0	0

4. Disbursements for Environmental Protection

(1) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Since its establishment, EirGenix has been committed to environmental protection, which complies with relevant laws and policies of government on environmental protection. Therefore, the Company has not had any environmental pollution as of the date of issuance for the annual report in the last two years. In the future, the Company will continue to adhere to its consistent philosophy to maintain the best environmental protection results.

5. Labor Relations

(1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

A. Employee Reward System

The Company rewards system relates to employee individual performance, his/her contribution to the company, and his/her personal work profession and job levels, as well as the Company's business performance. While the Company is profitable in the current year, 1-5% of the Company annual profit shall be issued to employees as a reward. Employee compensation consists of three parts: salary, bonus, and welfare. Employee salary is related to his/her work profession and position, while the bonus is connected to individual performance, department contribution, and annual company business performance results. As for welfare to employees, it must be not only in compliance with laws and regulations from the government and also designed to meet employee's needs from all aspects. The Company also issues stock-related rewards as welfare, such as Employee Stock Options, Restricted Stock Units, IPO/SPO reserved stock options for employees. All these non-cash rewards to employees are provided to share our accomplishments and also to retain and grow with employees.

B. Workplace diversity and equity



The Company respects the value of diversity and provides all the employees regardless of his/her race, ethnicity, gender, gender identity, sexual orientation, age and socioeconomical background with the equal opportunity on their job rights, compensation, and career development. The indigenous people and with disability are employed by the Company without any discrimination and inequality. In 2022, the new-hired female employee took 48%. In the entire company, the female employee is 43.4% and the female managers is 38.2%.

C. Employee Welfare

- (A) In order to promote employee physical and mental health to reach the work-and-life balance, the Company holds an inhouse Employee Welfare Committee according to the Employee Welfare Fund Act. The Company appropriates funds for the Committee to handle welfare issues for employees to promote internal morale and a cozy work environment.
- (B)Employee Leave Policy Superior to the regulated standards of Labor Standards Act and the Regulations of Leave-Taking of Workers

Employees are provided with annual personal leave available since his/her first day on board and the paid day leave are higher than the government regulation requirement; also, the family care leave is paid as well. During Covid-19 pandemic, the Company provided paid epidemic care leave and vaccination leave.

(C)Other benefits include flexibility of starting and finishing daily working time, wedding leave, funeral leave, hospitalization allowance, maternity allowance, pregnancy leave, employee lunch allowance, department teambuilding feasts, transportation allowance, welfare committee activities, employee outing allowance, and lottery draw-in the annual feast, group insurance, and occupational injury insurance. EirGenix care for the employees and their family members. The health insurance is covered to their family by their options. In the family day event by the Company, employees' family are invited. During the Covid-19 pandemic, the Company provides employees with flexible working locations, and Rapid-test twice a week by licensed nurses for employees' physical and mental protection.

D. Training and Development

Starting from the beliefs in lifelong learning, the Company provides learning for positive inter-promotion between work effectiveness, quality, and efficiency. The training program is annually planned to provide employee pre-service and on-the-job training. In addition to the 1st-day training for the newcomer to the Company, it covers three training topics, including professional, leadership and management, and core competency. Through these training courses, the profession of talents, the employee morale to the Company, and the competitiveness of the Company in the global industry are expected to develop in the meantime.

EIRGer's Learning Center is built to shape EirGenix into a learning organization. Also known as ELC, it provides employees with diversified training courses annually. Professional courses take the majority and follow with leadership program and core competency training:

- (A) Experts Program. The training covers professional topics such as cGMP, CMC, biologics, and manufacturing.
- (B) Leadership Program. This program is designed for the current managers and potential supervisors, in which management skills, team building, communication, coaching, strategical thinking, and leadership mindset are provided.
- (C) Common Knowledge Program, as known as core competency training, in which ELC intends to build up morale and teamwork for employees, and also most common knowledge education and training courses are designed to develop employees.

In 2022, ELC offered 14 courses over 90 course hours, with a total of 974 participants and a total of 3,699 study hours.

E. Retirement Policy

Employees may apply for retirement under any of the following conditions:

- (A) Where the employee attains the age of 55 and has worked for 15 years.
- (B) Where the employee has worked for more than 25 years.
- (C) Where the employee attains the age of 60 and has worked for 10 years.

In compliance with the Labor Pension Act and the "Monthly Contribution Classification of Labor Pension" issued by the government, the Company has the obligations to bear pension contribution amounts for each employee no less than 6% of his/her monthly salary and save in his/her personal pension account. Since the establishment of the Company, two employees have retired, and retirement-related matters have been handled in accordance with the provisions of the Labor Pension Act.



The Company has setup an employee benefits trust fund program, which inspires employees through linking long-term benefit plans with the Company's operating performance.

F. Labor-Management Dispute

The Company communicates with employees not only through Town Hall Meeting and Labor-Management Meeting but also through internal emails, office displays, and suggestion boxes for employees to provide their opinions at any time. The Company also meets the needs of employees in a timely manner through communication, education, and incentive mechanisms. The Company has not had any disputes between employers and employees requiring settlements in 2022.

G. Other Employee Rights Mechanism

The Company has a sound system, which sets out various management policies, specifies the employee rights, obligations, and welfare, and regularly reviews and revises the welfare contents to safeguard the rights and interests of all employees.

(2) List any losses suffered by the company in the most recent two fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Since the establishment, EirGenix's labor relations have been harmonious without any loss caused by the labor-management dispute. In the future, both employees and EirGenix should complement each other and grow together to manage the relationships with the heart to avoid the risks of loss caused by the labor-management dispute.

6. Cyber security management

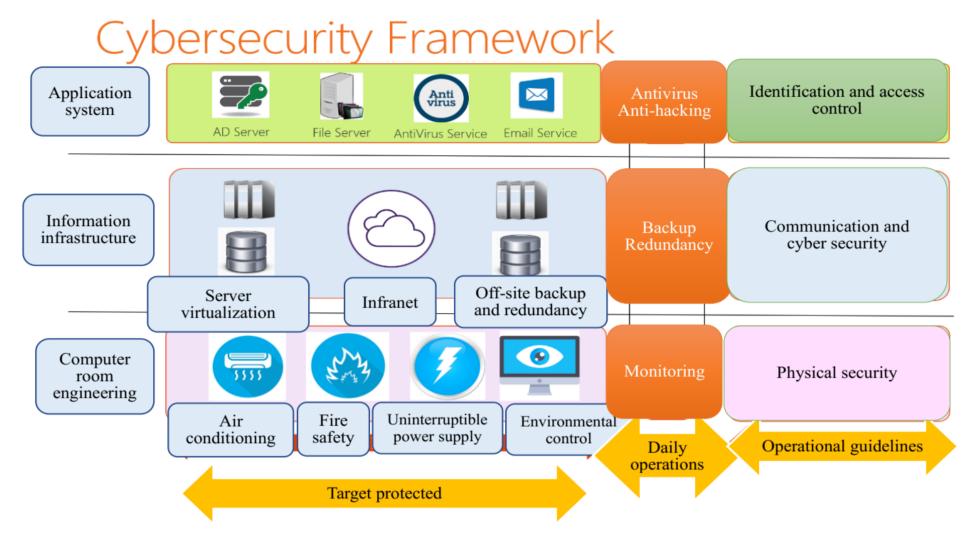
EirGenix has included information security in the annual audit project, regularly reviewed and evaluated security measures, and regularly changed various security settings while updating the system and working with professional vendors to ensure information and network security. Furthermore, to ensure that our information system can continue to provide stable services, we have established various redundancy mechanisms and backup systems and improved relevant processes as appropriate and upgraded computer software and hardware in response. The Information Technology Department often sends information security information to employees via emails and reports information security issues to the Board on March 10, 2023.

EirGenix joined TW-CERT as a member to receive TW-IASC information on information security in real-time. The person in charge of information security and information system updated or adjusted internal information-related equipment, architecture, and operation procedure shortly after considering the risk level, applicability and feasibility to reduce the possibility of severe damage caused by different forms of internal and external information security risks.

(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

We have also established an information security risk management framework to reduce the risk of unknown information security threats caused by changes in the internal and external information environment. To reduce the unknown information security risks caused by new information technologies adopted and changes in the external environment, the Information Technology Department is responsible for coordinating information security and relevant matters and formulating internal information security plans. After such plans are approved, the department should conduct information security risk management as per the standard operating procedures, regularly examine internal information security, raise personnel's awareness of information security, and perform information security drills. The Company's information security framework is designed in a layered manner, and the structure is as follows:





It aims to achieve the purpose of sustainable corporate development, ensure the effective operations of the Company's information systems to support the normal operations of various business activities, and ensure continuous operations to minimize operating losses. When all employees of the Company use information-related systems, this information security management policy is used as the basis for management and compliance.

The information system security policy is divided into the aspects below:

- a. System and regulations: Update relevant information security management regulations, infrastructure, systems, and information security protection technologies in line with relevant laws and regulations and changes in the Company's business and information technologies to maintain the confidentiality, integrity, and availability of our important information systems, and continuously protect information from various threats. The permissions management and changes of the important information systems should be recorded as a basis for auditing.
- b. Information technology management: Update and evaluate information systems in real-time and execute necessary control measures to ensure the security of data, systems, networks, and information infrastructure.
- c. Personnel and organization: The Information Technology Department should offer information security education and training to raise internal personnel's awareness of information security and improve their relevant professional skills.

The Company actively strengthens the security of the overall information system. Relevant matters, from the information security regulations to the design of information infrastructure, system maintenance and upgrading, professional personnel's training, and raising of employees' awareness of information security, are all included in the scope of information security. We self-examine information security every year to see if relevant systems are aligned with the changes in the environment and make timely adjustments according to needs. We adopted the Taiwan Intellectual Property Management System (TIPS) in 2021 to strengthen the management of the Company's confidential information. Our specific information security management measures implemented are as follows:

Category	Description	Operating method
	Personnel and group	 Personnel accounts management operations should proceed or be changed after an
	accounts and verification	application is filed and approved by responsible managers in accordance with the
Permissions	methods management,	operating procedures. Each user's use permissions should be immediately revoked
management	permissions	after resignation or job change to prevent unauthorized access.
	management, and system	 Regularly review system-related permissions.
	management permissions	 Manage system account life cycle and permissions accounts.



Category	Description	Operating method
	management	 Adopt multi-factor authentication and designated login to manage important systems.
Access	Data flow control and auditing, physical equipment access management, audit records, and incident investigation	 Revise data flows into and out of important information systems and keep records of the access for auditing. Conduct physical security protection of the information system console. Analyze audit records and issue automatic warnings of abnormalities. Identify the information security level according to the importance and the degree of risk. Adopt digital rights management technology for important files to control the data flow to avoid unauthorized access.
Threat and risk management	Rate the information risks that may be caused by internal employees, external personnel, and potential vulnerabilities in the systems and take measures to reduce risks	 Standardize the user's computer preset. Launch operating regulations for external vendors to access the Company's information systems. Launch risk assessment procedures for adoption of new technologies. Deploy multiple brands' multi-layer firewalls and cloud email filtering to reduce the chance of external cyber attacks and intrusion of phishing emails. Strengthen endpoint security, regularly update users' computers, and install antivirus software. Regularly offer information security education and training to improve personnel's awareness of information security.
System integrity and availability management	Maintain the availability and integrity of data and systems to resume normal operations in the event of a disaster or damage	 The host has been virtualized in a cluster to improve the availability of systems. Adopt large storage devices, regularly automate on-site and off-site backups, and perform recovery tests as planned to ensure the integrity and availability of systems. Adopt multiple redundancy mechanisms for infrastructure, multiple UPS systems with automatic generators, N+1 and 1+1 fan coil units, as well as multiple redundancy measures for internal and external network wires and equipment to reduce the chance of information service interruption.

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

7. Important Contracts

Type of Agreement	Counterparty	Period	Major Contents	Restrictions
Lease contract	Department Center for Biotechnology	2022/3~2026/12	Lease offices, laboratories, and plants	None.
Lease contract	Hsinchu Science Park Bureau, Ministry of Science and Technology	2016/11~2036/11	Lease the land for plant construction in Biomedical Park.	None.
CDMO	Company O	2019/1 until the production and sales to this project	Accept commissioned process development and recombinant protein GMP production	None.
CDMO	Company HB	Form 2020/5 until the project complete the IND application	line development, process	None.



Type of Agreement	Counterparty	Period	Major Contents	Restrictions
			recombinant protein and antibody GMP production.	
CDMO	Company HB	2021/2 until project completion	Recombinant protein 1,000L GMP Production.	None.
CDMO	Company G	2021/4 until project completion	Recombinant GMP production	None.
CDMO	Company MV	2021/4 until project completion	Recombinant protein GMP production	None.
CDMO	Company GN	2021/4 until project completion	Tech transfer, process development & GMP production	None.
CDMO	Company BO	2021/5 until project completion	Sale of antibody drug substance for clinical trials	None.
CDMO	Company AS	2021/9 until IND application	Process development and GMP production	None.
CDMO	Company MV	2021/11 until project completion	Recombinant protein GMP production	None.
CDMO	Company OM	2022/1 until IND application	Tech transfer, process development & GMP production	None.
CDMO	Company AP	2022/3 until IND application	Tech transfer, process development & GMP production	None.
CDMO	Company MV	2022/4 until project completion	Procurement service of the raw materials for GMP production	None.
CDMO	Company HB	2022/4 until project completion	Recombinant protein GMP production of downstream purification	None.
CDMO	Company G	2022/9 until project completion	Perform stability study of recombinant protein	None.
CDMO	Company AIM	2022/12 until project completion	Cell line development service	None.
CDMO	Company AP	2022/12 until project completion	Tech transfer, process development & GMP production	None.
CDMO	Company AI	2022/12 until project completion	Cell line development, process development and 200L GMP production	None.
CDMO	Company AM	2022/12 until project completion	Tech transfer and 1,000L production of an antibody	None.
CDMO	Company HB	2022/12 until project completion	Tech transfer, process development and 1,000L GMP production	None.
CDMO	Company HB	2023/2 until project completion	Recombinant protein 1,000L GMP production	None.
CDMO	Company OM	2023/2 until project	2,000L GMP production of	None.



Type of Agreement	Counterparty	Period	Major Contents	Restrictions
		completion	an antibody	
Co-development	Formosa Pharmaceuticals, Inc.	2022/3~	Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer.	None.
License agreement for sales	Company SA	2019/4~	Grant the exclusive rights to globally commercialize the biosimilar EG12014 in all markets excluding China and Taiwan.	In accordance with that contract
Credit contract	Hua Nan Commercial Bank Ltd	2022/2~2027/3	Establishment of Facility and Production Equipment.	The funds are used to purchase machinery and equipment.



VI. Financial Information

1. Condensed balance sheets and income statements for the past five fiscal years, showing the name of the auditor CPA and the auditor CPA's opinion given

(1) Condensed Balance Sheet – Based on IFRS

A. Condensed Balance Sheet- Consolidated

Unit: NT\$ thousands

	Years		I	Financial Summary for T		onit. N 15 thousands
Items		2018	2019	2020	2021	2022
Current asse	ts			1,494,307	9,070,266	8,287,878
Property, Pla	ant and Equipment			1,851,850	1,886,824	2,608,848
Intangible as	ssets			33,129	19,553	28,067
Other assets				455,929	464,230	922,363
Total assets				3,835,215	11,440,873	11,847,156
Current	Before distribution			642,163	703,216	730,892
liabilities	After distribution			642,163	703,216	730,892
Non-current	liabilities			1,287,435	308,906	433,386
Total	Before distribution			1,929,598	1,012,122	1,164,278
liabilities	After distribution			1,929,598	1,012,122	1,164,278
Equity attrib shareholders	utable to of the parent	\		1,905,617	10,428,751	10,682,878
Capital stock	ζ			2,063,751	3,003,845	3,043,358
Capital surpl	lus			2,813,974	10,475,952	7,734,141
Retained	Before distribution			(2,930,919)	(2,973,500)	(115,540)
earnings	After distribution			(2,930,919)	(2,973,500)	(115,540)
Other equity	interest			(41,189)	(77,546)	20,919
Treasury stock				-	-	-
Non-control	ling interest			-	-	-
Total	Before distribution		\	1,905,617	10,428,751	10,682,878
equity	After distribution		<u> </u>	1,905,617	10,428,751	10,682,878

Note: The financial data for the most recent years has been audited and attested by CPAs.

B. Condensed Balance Sheet- Individual

Unit: NT\$ thousands

	Years		Financial Summary for The Last Five Years				
Item		2018	2019	2020	2021	2022	
Current assets		1,237,397	1,048,257	1,491,466	9,064,044	8,269,047	
Property, Plant an	d Equipment	1,628,384	1,878,776	1,851,325	1,885,858	2,607,958	
Intangible assets		53,914	42,434	32,840	19,553	28,067	
Other assets	Other assets		448,318	456,627	466,522	927,285	
Total assets		2,975,278	3,417,785	3,832,258	11,435,977	11,832,357	
Current	Before distribution	286,370	480,325	639,798	698,320	716,093	
liabilities	After distribution	286,370	480,325	639,798	698,320	716,093	
Non-current liabil	ities	601,203	1,082,589	1,286,843	308,906	433,386	
T-4-1 1:-1-114:	Before distribution	887,573	1,562,914	1,926,641	1,007,226	1,149,479	
Total liabilities	After distribution	887,573	1,562,914	1,926,641	1,007,226	1,149,479	
Equity attributable	e to shareholders of	2,087,705	1,854,871	1,905,617	10,428,751	10,682,878	



	Years	Financial Summary for The Last Five Years					
Item		2018	2019	2020	2021	2022	
the parent							
Capital stock		1,490,664	1,693,041	2,063,751	3,003,845	3,043,358	
Capital surplus		1,633,288	2,055,782	2,813,974	10,475,952	7,734,141	
Retained	Before distribution	(1,028,324)	(1,889,249)	(2,930,919)	(2,973,500)	(115,540)	
earnings	After distribution	(1,028,324)	(1,889,249)	(2,930,919)	(2,973,500)	(115,540)	
Other equity interes	est	(7,923)	(4,703)	(41,189)	(77,546)	20,919	
Treasury stock		-	-	-	-	-	
Non-controlling in	iterest	-	-	-	-	-	
m . 1	Before distribution	2,087,705	1,854,871	1,905,617	10,428,751	10,682,878	
Total equity	After distribution	2,087,705	1,854,871	1,905,617	10,428,751	10,682,878	

Note: The financial data for the most recent years has been audited and attested by CPAs.

(2) Condensed Statement of Comprehensive Income – Based on IFRS

1. Condensed Statement of Comprehensive Income- Consolidated

Unit: NT\$ thousands

Year]	Financial Su	ımmary for Th	e Last Five Ye	ars
Item	2018	2019	2020	2021	2022
Operating revenue			1,071,838	1,697,359	1,481,017
Gross profit			750,667	1,093,054	756,452
Income (Loss) from operations			(986,004)	(58,311)	(330,819)
Non-operating income and expenses			(55,319)	17,146	216,504
Income (Loss) before tax			(1,041,323)	(41,165)	(114,315)
Income (Loss) from Continuing Operation			(1,041,670)	(42,581)	(115,540)
Income (Loss) from Discontinued Operation			-	-	-
Net income (Loss)			(1,041,670)	(42,581)	(115,540)
Other comprehensive income (income after tax)			259	5,335	59,311
Total comprehensive income (Loss)	\		(1,041,411)	(37,246)	(56,229)
Net income attributable to shareholders of the parent			(1,041,670)	(42,581)	(115,540)
Net income attributable to non-controlling interest			-	-	-
Comprehensive income attributable to Shareholders of the parent			(1,041,411)	(37,246)	(56,229)
Comprehensive income attributable to non-controlling interest			-	-	-
Earnings per share			(5.41)	(0.18)	(0.38)

Note: The financial data for the most recent years has been audited and attested by CPAs.

2. Condensed Statement of Comprehensive Income- Individual

Unit: NT\$ thousands

Year	Financial Summary for The Last Five Years					
Item	2018	2019	2020	2021	2022	
Operating revenue	282,209	476,085	1,071,838	1,697,359	1,481,017	



Year		Financial Sum	mary for The L	ast Five Years	
Item	2018	2019	2020	2021	2022
Gross profit	79,223	254,667	750,667	1,093,054	756,452
Income (Loss) from operations	(376,477)	(847,671)	(987,766)	(60,518)	(333,400)
Non-operating income and expenses	8,655	(13,254)	(53,557)	18,126	218,198
Income (Loss) before tax	(367,822)	(860,925)	(1,041,323)	(42,392)	(115,202)
Income (Loss) from Continuing Operation	(367,788)	(860,925)	(1,041,670)	(42,581)	(115,540)
Income (Loss) from Discontinued Operation	-	-	-	-	-
Net income (Loss)	(367,788)	(860,925)	(1,041,670)	(42,581)	(115,540)
Other comprehensive income (income after tax)	-	-	259	5,335	59,311
Total comprehensive income (Loss)	(367,788)	(860,925)	(1,041,411)	(37,246)	(56,229)
Net income attributable to shareholders of the parent	(367,788)	(860,925)	(1,041,670)	(42,581)	(115,540)
Net income attributable to non- controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	(367,788)	(860,925)	(1,041,411)	(37,246)	(56,229)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	(2.97)	(5.39)	(5.41)	(0.18)	(0.38)

Note: The financial data for the most recent years has been audited and attested by CPAs.

(3) Auditors' Opinions from 2017 to 2021

Year	СРА	Accounting Firm	Audit Opinion
2018	Shu-Fen Yu · Hui-Chin Tseng	PricewaterhouseCoopers Taiwan	Unmodified Opinion
2019	Shu-Fen Yu · Hui-Chin Tseng	PricewaterhouseCoopers Taiwan	Unmodified Opinion
2020	Sheng-Wei Deng \Shu-Fen Yu	PricewaterhouseCoopers Taiwan	Unmodified Opinion
2021	Sheng-Wei Deng \ Yu-Fang Yen	PricewaterhouseCoopers Taiwan	Unmodified Opinion
2022	Sheng-Wei Deng \ Yu-Fang Yen	PricewaterhouseCoopers Taiwan	Unmodified Opinion

2. Five-Year Financial Analysis

(1) Consolidated Financial Analysis – Based on IFRS

Year		Financial Analysis for the Most Recent Five Years				
Items for An	alysis	2018	2019	2020	2021	2022
F: 1	Debt Ratio (%)			50.31	8.85	9.83
Financial structure	Ratio of long-term capital to property, plant and equipment (%)			172.42	569.09	426.10
	Current ratio (%)			232.70	1,289.83	1,133.94
Solvency	Quick ratio (%)	\		195.19	1,215.91	1,015.88
	Interest coverage ratio			-	-	-
Operating	Receivables turnover rate (times)			7.92	19.54	26.16
Ability	Average collection days for			46.09	18.68	13.95



Year		Financial Analysis for the Most Recent Five Years				
Items for An	alysis	2018	2019	2020	2021	2022
	receivables					
	Inventory turnover rate (times)			1.98	2.10	1.26
	Payables turnover rate (times)			11.08	9.47	6.56
	Average days for sale			184.34	173.81	289.68
	Property, plant and equipment turnover (times)			0.57	0.91	0.66
	Total assets turnover rate (times)			0.30	0.22	0.13
	Return on assets (%)			(28.10)	(0.34)	(0.93)
	Return on equity (%)			(55.40)	(0.69)	(1.09)
Profitability	Ratio of income before tax to paid-in capital (%)			(50.46)	(1.37)	(3.76)
	Profit margin before tax (%)			(97.19)	(2.51)	(7.80)
	Earnings per share (NT\$)			(5.41)	(0.18)	(0.38)
	Cash flow ratio (%)			-	-	-
Cash flow	Cash flow adequacy ratio (%)			-	-	-
	Cash reinvestment ratio (%)			-	-	-
Lavanass	Operating leverage			-	-	-
Leverage	Financial leverage			-	-	-

Analysis of financial ratio differences for the last two years (2021 & 2022) (Increase or decrease over 20%):

- 1. Ratio of long-term capital to property, plant and equipment: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at 3rd floor of Zhubei Plant that there was an increase in the amount of property, plant, and equipment.
- 2. Receivables turnover rate (times) and Average collection days for receivables: Mainly because the collection of the account receivables was in good condition at the end of 2022, receivables turnover rate increased; average collection days decreased.
- 3. Property, plant and equipment turnover (times): Property, plant and equipment turnover decreased because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of the Zhubei Plant.
- 4. Total assets turnover rate (times): Total assets turnover rate decreased because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of the Zhubei Plant.
- 5. Return on assets: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 6. Return on equity: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 7. Ratio of income before tax to paid-in capital: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 8. Profit margin before tax: Mainly because of the marginal decline of operating income in 2022, to the extent that net loss after taxation increased.

Note: The following calculation formulas shall be listed at the end of this Table in the annual report:

A. Financial Structure

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

B. Solvency

- (A) Current ratio = current assets / current liabilities
- (B) Quick ratio = (current assets inventory prepaid expenses) / current liabilities
- (C) Interest coverage ratio = income before income tax and interest expenses / current interest



C. Operating ability

- (A) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
- (B) Average collection days for receivables = 365 / receivables turnover rate
- (C) Inventory turnover rate = cost of sales / average inventory
- (D) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
- (E) Average days of sale = 365 / inventory turnover rate
- (F) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
- (G) Total asset turnover rate = net sales / average total assets

D. Profitability

- (A) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
- (B) Return on equity = net income / average total equity
- (C) Profit margin before tax = net income / net sales
- (D) Earnings per share = (profit and loss attributable to owners of the parent dividends on preferred shares) / weighted average number of issued shares (Note 4)

E. Cash flow

- (A) Cash flow ratio = Net cash flow from operating activities / current liabilities
- (B) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
- (C) Cash flow reinvestment ratio = (Net cash flow from operating activities cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)

F. Leveraging

- (A) Operating leverage = (net operating revenue variable operating costs and expenses) / operating income
- (B) Financial leverage = operating income / (operating income / interest expenses)

(2) Individual Financial Analysis – Based on IFRS

Year		Financial Analysis for the Most Recent Five Years					
Items for Analysis (Note 1)		2018	2019	2020	2021	2022	
F:	Debt Ratio (%)	29.83	45.73	50.27	8.81	9.71	
Financial structure	Ratio of long-term capital to property, plant and equipment (%)	165.13	156.35	172.44	569.38	426.24	
	Current ratio (%)	432.10	218.24	233.12	1,297.98	1,154.74	
Solvency	Quick ratio (%)	347.79	112.01	195.54	1,223.59	1,034.37	
	Interest coverage ratio	-	-	-	-	-	
	Receivables turnover rate (times)	2.28	5.20	7.92	19.54	26.16	
	Average collection days for receivables	160.09	70.19	46.09	18.68	13.95	
	Inventory turnover rate (times)	3.76	2.16	1.98	2.10	1.26	
Operating	Payables turnover rate (times)	35.60	17.85	11.08	9.47	6.56	
Ability	Average days for sale	97.07	168.98	184.34	173.81	289.68	
	Property, plant and equipment turnover (times)	0.24	0.27	0.57	0.91	0.66	
	Property, plant and equipment turnover (times)	0.12	0.15	0.30	0.22	0.13	
Profitability	Return on assets (%)	(15.70)	(26.47)	(28.11)	(0.34)	(0.93)	
	Return on equity (%)	(22.76)	(43.67)	(55.40)	(0.69)	(1.09)	



Year		Financial Analysis for the Most Recent Five Years					
Items for Analysis (Note 1)		2018	2019	2020	2021	2022	
	Ratio of income before tax to paid-in capital (%)	(24.68)	(50.85)	(55.46)	(1.41)	(3.79)	
	Profit margin before tax (%)	(130.32)	(180.83)	(97.19)	(2.51)	(7.80)	
	Earnings per share (NT\$)	(2.97)	(5.39)	(5.41)	(0.18)	(0.38)	
	Cash flow ratio (%)	-	-	-	-	-	
Cash flow	Cash flow adequacy ratio (%)	-	-	-	-	-	
	Cash reinvestment ratio (%)	-	-	-	-	-	
Leverage	Operating leverage	-	-	-	-	-	
	Financial leverage	-	-	-	-	-	

Analysis of financial ratio differences for the last two years (2021& 2022) (Increase or decrease over 20%):

- 1. Ratio of long-term capital to property, plant and equipment: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at 3rd floor of Zhubei Plant that there was an increase in the amount of property, plant, and equipment.
- 2. Receivables turnover rate (times) and Average collection days for receivables: Mainly because the collection of the account receivables was in good condition at the end of 2022, receivables turnover rate increased; average collection days decreased.
- 3. Property, plant and equipment turnover (times): Property, plant and equipment turnover decreased because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of the Zhubei Plant.
- 4. Total assets turnover rate (times): Total assets turnover rate decreased because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of the Zhubei Plant.
- 5. Return on assets: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 6. Return on equity: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 7. Ratio of income before tax to paid-in capital: Mainly because of the increase of net loss after taxation in 2022 as compared with the same period of 2021.
- 8. Profit margin before tax: Mainly because of the marginal decline of operating income in 2022, to the extent that net loss after taxation increased.

Note 1: The following calculation formulas shall be listed at the end of this Table in the annual report:

A. Financial Structure

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

B. Solvency

- (A) Current ratio = current assets / current liabilities
- (B) Quick ratio = (current assets inventory prepaid expenses) / current liabilities
- (C) Interest coverage ratio = income before income tax and interest expenses / current interest

C. Operating ability

- (A) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
- (B) Average collection days for receivables = 365 / receivables turnover rate
- (C) Inventory turnover rate = cost of sales / average inventory
- (D) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
- (E) Average days of sale = 365 / inventory turnover rate
- (F) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment



- (G) Total asset turnover rate = net sales / average total assets
- D. Profitability
 - (A) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
 - (B) Return on equity = net income / average total equity
 - (C) Profit margin before tax = net income / net sales
 - (D) Earnings per share = (profit and loss attributable to owners of the parent dividends on preferred shares) / weighted average number of issued shares (Note 4)
- E. Cash flow
 - (A) Cash flow ratio = Net cash flow from operating activities / current liabilities
 - (B) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
 - (C) Cash flow reinvestment ratio = (Net cash flow from operating activities cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
- F. Leveraging
 - (A) Operating leverage = (net operating revenue variable operating costs and expenses) / operating income
 - (B) Financial leverage = operating income / (operating income / interest expenses)
- Note 2: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:
- A. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
- B. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
- C. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
- D. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current
- year (whether issued or not) shall be subtracted from the net profit after tax or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.
- Note 3: Give special attention to the following matters when carrying out cash flow analysis:
- A. Net cash flow from operating activities means net cash in-flow amounts from operating activities.

listed in the statement of cash flows.

- B. Capital expenditures means the amounts of cash out-flows for annual capital investment.
- C. Inventory increase will only be entered when the ending balance is larger than the beginning.

balance. An inventory decrease at year end will be deemed zero for calculation.

- D. Cash dividend includes cash dividends from both common shares and preferred shares.
- E. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.
- Note 4: Issuers shall separate operating costs and operating expenses by their nature into fixed and
- variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.
- Note 5: In the case of a company whose shares have no par value or have a par value other than NT\$10,
- for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.
- 3. Supervisors'/Audit Committee's Report for the Most Recent Year:

Please refer to Appendix 2.

4. Financial statements for the most recent fiscal year, including an auditor's report prepared by a CPA, a two-year comparative balance sheet and income statement, statement of changes in shareholders' equity, cash flow



statement, and any attached notes or appendices:

Please refer to Appendix 3.

5. Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report:

Please refer to Appendix 3.

6. If the company or its affiliates have experienced financial difficulties during the most recent fiscal year or the current fiscal year up to the date of printing of annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.



VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Conditions

(1) Consolidated Financial Conditions

Unit: NT\$ thousands; %

Year	2021	2021 2022		Difference		
Item	2021	2022	Amount	Amount		
Current Assets	9,070,266	8,287,878	(782,388)	(9%)		
Fixed Assets	1,886,824	2,608,848	722,024	38%		
Right-of-use Assets	297,739	325,330	27,591	9%		
Intangible Assets	19,553	28,067	8,514	44%		
Other Assets	166,491	597,033	430,542	259%		
Total Assets	11,440,873	11,847,156	406,283	4%		
Current Liabilities	703,216	730,892	27,676	4%		
Non-current Liabilities	308,906	433,386	124,480	40%		
Total Liabilities	1,012,122	1,164,278	152,156	15%		
Common Stock	3,003,845	3,043,358	39,513	1%		
Capital Surplus	10,475,952	7,734,141	(2,741,811)	(26%)		
Retained Earnings	(2,973,500)	(115,540)	2,857,960	(96%)		
Other Adjustments	(77,546)	20,919	98,465	(127%)		
Common control equity	-	-	-	-		
Total Shareholders' Equity	10,428,751	10,682,878	254,127	2%		

The major reason, impact and the response plan of the difference over 20% and the amount over 10 million:

- 1. Fixed Assets: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of Zhubei Plant that there was an increase in the amount of property, plant, and equipment.
- 2. Other Assets: Mainly because of the increase in the scale of operation of the Company and the investment in companies not listed at TWSE or TPEx that the financial assets increased.
- 3. Non-current Liabilities: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at 3rd floor of Zhubei Plant that borrowed long-term loans from banks.
- 4. Capital Surplus: Mainly because of the use of additional paid-in capital for covering loss in 2022.
- 5. Other Adjustments: Mainly because of the increase of the unrealized gain/loss from the evaluation of financial assets of companies not listed at TWSE or TPEx in 2022.

(2) Individual Financial Condition

Unit: NT\$ thousands; %

Year	2021		Difference	
Items	2021	2022	Amount	%
Current Assets	9,064,044	8,269,047	(794,997)	(9%)
Fixed Assets	1,885,858	2,607,958	722,100	38%
Right-of-use Assets	296,973	325,330	28,357	10%
Intangible Assets	19,553	28,067	8,514	44%
Other Assets	169,549	601,955	432,406	255%
Total Assets	11,435,977	11,832,357	396,380	3%
Current Liabilities	698,320	716,093	17,773	3%
Non-current Liabilities	308,906	433,386	124,480	40%
Total Liabilities	1,007,226	1,149,479	142,253	14%
Common Stock	3,003,845	3,043,358	39,513	1%



Year	2021	2022	Difference		
Items	2021	2022	Amount	%	
Capital Surplus	10,475,952	7,734,141	(2,741,811)	(26%)	
Retained Earnings	(2,973,500)	(115,540)	2,857,960	(96%)	
Other Adjustments	(77,546)	20,919	98,465	(127%)	
Common control equity	-	-	-	-	
Total Shareholders' Equity	10,428,751	10,682,878	254,127	2%	

The major reason, impact and the response plan of the difference over 20% and the amount over 10 million:

- 1. Fixed Assets: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at the 3rd floor of Zhubei Plant that there was an increase in the amount of property, plant, and equipment.
- 2. Other Assets: Mainly because of the increase in the scale of operation of the Company and the investment in companies not listed at TWSE or TPEx that the financial assets increased.
- 3. Non-current Liabilities: Mainly because of the capacity expansion of the animal cell incubation production line at the 5th floor and the production line at 3rd floor of Zhubei Plant that borrowed long-term loans from banks.
- 4. Capital Surplus: Mainly because of the use of additional paid-in capital for covering loss in 2022.
- 5. Other Adjustments: Mainly because of the increase of the unrealized gain/loss from the evaluation of financial assets of companies not listed at TWSE or TPEx in 2022.
- (3) The main reasons for any material change in the company's financial situation during the past 2 fiscal years, and describe the effect thereof:

The Board of Directors resolution of the establishment of Phase II Facility and production equipment in Hsinchu Biomedical Science Park, the upper limit is NT\$1.6 billion (tax included). And the Board of Directors resolution of the establishment R&D laboratory production line and production equipment, the upper limit is NT\$11.425 billion (tax included). After completion, can accelerate to meet the demand for international CDMO orders, meet the demand for the marketing products of the self-owned product EG12014, and can also be sufficient to provide Phase III clinical drugs and marketing production demand for subsequent product development. The construction of this new plant will become an efficient engine for the Company's rapid growth in the future and promotion of momentum internationally, which will be of positive help to the Company's finance and business.

The completion of its 5.0325 billion New Taiwan Dollars (NTD) private placement in 2021. With the recent injection of additional capital funding, EirGenix can now accelerate the execution of its future strategic planning. For the product development unit, the product pipeline will be expanded to include more biosimilar drug products. For the CDMO unit, the current facility infrastructure will add additional production lines and facilities to handle even more diversified biological products and break into the field of cell and gene therapy, as well as the extension of services to further link upstream, midstream, and downstream development and manufacturing services. Lastly, EirGenix will seek to establish various forms of cooperation with international entities, which include but are not limited to collaborations, strategic alliances, or mergers and acquisitions. Soon EirGenix will become an important hub for biopharmaceutical development and manufacturing on the global stage.

2. Financial Performance

(1) List of Analysis of Financial Performance- Consolidated

Unit: NT\$ thousands; %

Year Item	2021	2022	Increase (Decrease) Amount	%
Operating revenue	1,697,359	1,481,017	(216,342)	(13%)
Operating costs	604,305	724,565	120,260	20%
Gross profit (loss) from operations	1,093,054	756,452	(336,602)	(31%)
Operating expenses	1,151,365	1,087,271	(64,094)	(6%)
Net operating income (loss)	(58,311)	(330,819)	(272,508)	467%



Year Item	2021	2022	Increase (Decrease) Amount	%
Non-operating income	52,498	226,879	174,381	332%
Non-operating expenses	(35,352)	(10,375)	24,977	(71%)
Profit (loss) before tax	(41,165)	(114,315)	(73,150)	178%
Income tax expense	(1,416)	(1,225)	191	(13%)
Net Income (Loss)	(42,581)	(115,540)	(72,959)	171%

The main reason for the major change in Operating revenue, Net operating income (loss), and Income tax expense in currently two years:

- 1. Operating revenue, Operating costs, and Gross profit (loss) from operations: Mainly due to the Company's biopharmaceutical CDMO business remaining constant and constraints under the increase of the idle cost due to the rearrangement of the building circulation at the Xizhi Plant. In addition, the Company has the gradually recognized revenue of contract payment and Phases I to V milestone payment from the Company's signing of a license agreement for the co-development of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with Company SA in April 2019.
- 2. Non-operating income: Mainly due to the fluctuation of international foreign exchange rate is favorable to TWD that resulted in the significant exchange gains, and the conversion of the idle funds into the time deposit resulted in the interest from the bank deposit increased in 2022.
- 3. Non-operating expenses: Mainly due to the fluctuation of international foreign exchange rate in 2021 was unfavorable to TWD that resulted in the exchange losses and the decrease of miscellaneous expenses.
- 4. Net operating loss, Loss before tax, and Net loss: Mainly due to the CDMO operation remaining sluggish and there was a decrease of the royalty.

Note: All the finance data are audited by CPA.

(2) List of Analysis of Financial Performance- Individual

Unit: NT\$ thousands; %

Year Item	2021	2022	Difference	%
Operating revenue	1,697,359	1,481,017	(216,342)	(13%)
Operating costs	604,305	724,565	120,260	20%
Gross profit (loss) from operations	1,093,054	756,452	(336,602)	(31%)
Operating expenses	1,153,572	1,089,852	(63,720)	(6%)
Net operating income (loss)	(60,518)	(333,400)	(272,882)	451%
Non-operating income	53,445	228,569	175,124	328%
Non-operating expenses	(35,319)	(10,371)	24,948	(71%)
Profit (loss) before tax	(42,392)	(115,202)	(72,810)	172%
Income tax expense	(189)	(338)	(149)	79%
Net Income (Loss)	(42,581)	(115,540)	(72,959)	171%

The main reason for the major change on Operating revenue, Net operating income (loss), and Income tax expense in currently 2 years:

- 1. Operating revenue, Operating costs, and Gross profit (loss) from operations: Mainly due to the Company's biopharmaceutical CDMO business remaining constant and constraints under the increase of the idle cost due to the rearrangement of the building circulation at the Xizhi Plant. In addition, the Company has the gradually recognized revenue of contract payment and Phases I to V milestone payment from the Company's signing of a license agreement for the co-development of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with Company SA in April 2019.
- 2. Non-operating income: Mainly due to the fluctuation of international foreign exchange rate is favorable to TWD that resulted in the significant exchange gains, and the conversion of the idle funds into the time deposit resulted in the interest from the bank deposit increased in 2022.



Item Year 2021 Difference %

- 3. Non-operating expenses: Mainly due to the fluctuation of international foreign exchange rate in 2021 was unfavorable to TWD that resulted in the exchange losses and the decrease of miscellaneous expenses.
- 4. Net operating loss, Loss before tax, and Net loss: Mainly due to the CDMO operation remaining sluggish and there was a decrease of the royalty.

Note: All the finance data are audited by CPA.

(3) Expected sales volume and its basis:

The self-owned biosimilars and new drugs of EirGenix and its subsidiary are still in the development stage and not commercially available. At present, the main source of revenue is the CDMO business, and the Company will continue to provide customized CDMO services. The management team of EirGenix and its subsidiary puts forward the Company's overall objectives and strategies, and then the research and development team put forward various research and development project plans. After feasibility analysis as well as market sales scale and financial evaluation, the implementation of the research and development plan and the timing of marketing sales are decided.

(4) The possible impact and the response plan for the company's finance and business in the future.

EirGenix and its subsidiary continue to provide bio-drug development technical services and GMP production business and continue to research and develop bio-similar drugs. EirGenix and its subsidiary are financially sound and see no significant adverse impact on the ongoing R&D plan and financial business.

3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Unit: NT\$ thousands; %

Item	Year	2021	2022	Increase (Decrease) Amount	%
Operating activities		(29,899)	(147,518)	(117,619)	393%
Investing activities		(1,756,720)	(476,050)	1,280,670	(73%)
Financing activities		7,503,731	124,788	(7,378,943)	(98%)

Analysis of change in cash flow in the current year:

- 1. Operating activities: Mainly due to the self-developed EG12014 is at the stage of drug licensing for marketing that R&D expense decreased from the same period of the previous year, and the delivery of raw materials is deferred, so the purchase was made earlier.
- 2. Investing activities: Mainly due to the maturity of the time deposit with term longer than 3 months for conversion into cash and cash equivalents in 2022.
- 3. Financing activities: Mainly due to the completion of the cash capital increase in May 2021 and the private placement in Oct 2021.

Improve plan for insufficient liquidity: None.

(2) Cash Flow Analysis for the Coming Year (2023)

Unit: NT\$ thousands

Cash and Cash	Estimated Net Cash Flow	Estimated Cash	Cash Surplus	Leverage of C	Cash Deficit
Equivalents, Beginning	from Operating Activities	Outflow (Inflow)	(Deficit)	Investment Dlang	Einanaina Dlana
of Year (1)	(2)	(3)	(1)+(2)-(3)	Investment Plans	Financing Plans
6,126,885	(274,758)	(1,040,280)	4,811,847	-	-

Analysis of change in cash flow in the next year:

- 1. Operating activities: Mainly due to the continuous expansion of personnel and the continuous investment in R&D costs.
- 2. Investing activities: Mainly due to the payment of the plant expansion and the purchasing of machinery and equipment.
- 3. Financing activities: Handling bank loans.

Improve plan for insufficient liquidity: None.



4. The effect of major capital expenditures during the most recent fiscal year on company's finance and business operations:

The Board of Directors resolution of the establishment of Phase II Facility and production equipment in Hsinchu Biomedical Science Park, the upper limit is NT\$1.6 billion (tax included). And the Board of Directors resolution of the establishment R&D laboratory production line and production equipment, the upper limit is NT\$11.425 billion (tax included). And the third production site, located in the Southern Taiwan Science Park, will expand the mammalian cell culture production line by 150,000 liters over the next 10 years. After completion, can accelerate to meet the demand for international CDMO orders, meet the demand for the marketing products of the self-owned product, and can also be sufficient to provide Phase III clinical drugs and marketing production demand for subsequent product development. The construction of this new plant will become an efficient engine for the Company's rapid growth in the future and promotion of momentum internationally, which will be of positive help to the Company's finance and business.

5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) Investment Policy

The Company's reinvestment in other companies shall be implemented in accordance with the Investment Cycle and Regulations Governing the Acquisition and Disposal of Assets of the internal control system, which shall be discussed and approved by the Board of Directors or Shareholders' Meeting.

(2) Reasons of Investment Gain/Loss and its improving plan:

Year	Item	Recognized Investment Gain/(Loss)	Investment Policy	Reasons of Loss	Improving Plan
2022 Q4	EirGenix Europe GmbH	NTD 1,690 thousand	Development and Research on biotechnology drug and business development.	N/A	N/A

- (3) The investment plans for the coming year: None.
- (4) Investment plan in next year: The Company set up a German subsidiary in the first quarter of 2020, considering future operational needs and implementation of biosimilar clinical trials, of which the benefits will gradually emerge.

6. Analysis of Risk Management

- (1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures
 - A. The effect upon the company's profits (losses) of interest rates and response measures to be taken in the future:
 - (A) The effect upon the company's profits (losses)

The Company's interest rate risk mainly comes from long and short-term borrowings from banks; the interest expenses of EirGenix and its subsidiaries amounted to NT\$ 1,205 thousand and NT\$ 11,267 thousand in 2022 and 2021, with a decreasing proportion by year mainly due to the private placement that working capital increased. Therefore, the impact of interest rate changes on the Company's profit or loss has gradually decreased.

(B)Response measures to be taken in the future.

EirGenix and its subsidiary will keep abreast of interest rate changes, maintain good interactive communication with banks to obtain preferential interest rates and match up long and short-term capital planning to reduce the overall financing cost of the Company. At present, there is no effect of change in the interest rate on the company's operating results.

- B. The effect upon the company's profits (losses) of exchange rate and response measures to be taken in the future
 - (A) The effect upon the company's profits (losses)

EirGenix and its subsidiary mostly denominate receivables and payables in New Taiwan Dollars or important international currencies for current clients and suppliers. The net exchange (losses) gains of the Company for the years 2022 and 2021 amounted to NT\$ 126,788 thousand and NT\$ (9,658) thousand respectively, accounting for 8.56% and (0.57%) of the net operating revenues for the respective periods and have not had a significant impact on the Company's operation at present.

(B)Response measures to be taken in the future.



In order to reduce the impact of exchange rate changes on the Company's profit or loss in the future, EirGenix and its subsidiary will collect information on the exchange rate at any time, pay attention to the trends and changes in the exchange rate of major currencies in the international exchange market, grasp the exchange rate trends, and maintain a good interactive relationship with banks so as to obtain more extensive foreign exchange information and more preferential exchange rate quotations.

- C. The effect upon the company's profits (losses) of changes in the inflation rate and response measures to be taken in the future.
 - (A) The effect upon the company's profits (losses)

In March 2023, the Chief Accounting Office of the Executive Yuan noted an annual increase rate of 2.35% in the consumer price index. Inflation was slight, and there was no significant impact on the Company's profit or loss.

(B)Response measures to be taken in the future.

In the future, the Company will also continue to track the impact of Inflation on various expenses of the industry and pay attention to market changes at any time as one of the bases for the Company's contingency decisions.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

EirGenix has formulated the Procedures for Loaning Funds to Others, Procedures for Endorsements and Guarantees, Regulations Governing the Acquisition and Disposal of Assets, and other methods and has followed the specifications. EirGenix and its subsidiary focus on the development of the industry. As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary have not engaged in high-risk and highly leveraged investment or derivative merchandise transactions and have not lent funds or endorsement guarantees to others.

- (3) Future Research & Development Projects and Corresponding Budget
 - A. Future Research & Development Projects:

Please refer to this Annual Report - V. Operational Highlights-D. The new products (services) are planning to development.

B. Expected to Spend on the Research and Development:

EirGenix and its subsidiary are expected to spend about NT\$ 1,000,000,000 on the research and development of the above products, clinical trials, and the construction of cell line platforms in 2023. The research and development costs of the product development plans will be planned and adjusted according to the actual progress and plan objectives.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The operation of EirGenix and its subsidiary follows the relevant current laws and regulations at home and abroad, and relevant personnel also pay attention to changes in laws and regulations at any time for the reference of the management echelon. Therefore, the Company can grasp and effectively respond to changes in important policies and laws at home and abroad in real-time. As of the date of issuance for the annual report in the latest year, changes in policies and laws at home and abroad have had no significant adverse impact on the Company's finance and business.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sale

The government has actively promoted the biotechnology industries in recent years, of which the biopharmaceutical industry has the characteristics of high technical threshold, long R&D cycle, high professional technical demand, and added value. The threshold for the industry is relatively high, so it is not easy to produce drastic changes in a short period of time. Moreover, the Company, with a high degree of professional R&D capability, can closely grasp technological changes and industrial changes and take appropriate countermeasures as needed. As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary have not had a significant impact on the Company's financial business due to technological changes and industrial changes.

Considering the rapid changes in information technology and the external environment, to reduce the impact of external changes on our finances, the Company plans to revise relevant information security policies suitable for the operations together with external professional information security consultants with reference to the NIST Cybersecurity Framework (CSF) and relevant standards in the industry. We will implement the revised policies accordingly and review and adjust them regularly as the benchmark for evaluation and judgment when adopting various information systems and services.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

In recent years, EirGenix has deeply cultivated the Taiwan market, has established good relations with Japanese and Chinese clients, and is actively exploring the European and American markets at present, aiming at the professional technical reputation and good international



image. EirGenix has always adhered to the professional and sincere enterprise spirit and implemented it in the daily operation and management of the Company so that the Company's systems and colleagues have sufficient ability to cope with possible enterprise crises and reduce the impact of such risks on the Company's operation. As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary have not had any negative impact on the Company due to changes in corporate image.

- (7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans
 As of the date of issuance for the annual report in the latest year, EirGenix didn't have the acquisition plan.
- (8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans
 - 1. Expected Benefits from Factory Expansion Plans

As the existing Xizhi plant has reached full capacity, at the end of 2016, a new PIC/S GMP biopharmaceutical plant with commercial mass-production scale situated in the Zhubei Biomedical Park broke ground, and a disposable bioreactor (SUB) process was built. It can attract international and domestic clients' demand for large-scale production and contract production of products on the market in the future. Zhubei plant will be responsible for the production of self-owned products and continue to undertake CDMO business.

In the future, the new plant is expected to expand the production capacity to 25,500 L after the gradual construction is completed and is expected to provide a number of needs for the product development of mammalian cell biologics, which not only can meet the production needs of self-developed drugs but can also be conducive to accepting the clients' contract development in the future. And the third production site, located in the Southern Taiwan Science Park, will expand the mammalian cell culture production line by 150,000 liters over the next 10 years. After the completion of the construction, it is expected to increase the revenue from the technical service of biopharmaceutical contract development.

2. Risks Relating to and Response to Factory Expansion Plans

The increased production capacity of the new plant will fluctuate with the market of biologics, research and development status, and the receipt of orders for contract development cases. In addition to actively striving for domestic biopharmaceutical contract development orders, the Company will continue to expand and seek overseas orders. It is expected that the expanded commercial plant will be conducive to the development of contract development cases and commission orders for biologics.

- (9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration
 - 1. Risks Relating to and Response to Excessive Concentration of Purchasing Sources

Among the top ten suppliers of EirGenix and its subsidiary in the last two years, Pall from Singapore as well as Merck and Life Science from Taiwan make up over 15%. Because the raw materials for biotechnology research and development products have a high manufacturing technology threshold and strict quality requirements, their suppliers that can be internationally recognized are limited. The Company takes international pharmaceutical companies as its main customers. Therefore, the source of raw materials is internationally renowned international raw material suppliers with stable supply, which is the general trend of the raw material sources for the research and development of most biotechnology companies and pharmaceutical companies in the world. However, the Company keeps an eye on the changing trend of raw material market supply and is committed to actively developing multiple suppliers to reduce the risk of centralized purchase.

2. Risks Relating to and Response to Excessive Customer Concentration

The proportion of the largest trade debtors of EirGenix and its subsidiary in the last two years was 34.72% and 29.23%, respectively. In terms of technical services for biopharmaceuticals, because of its high technical threshold and different characteristics of the developed products, EirGenix, and its subsidiary establish long-term relationships with key clients, with the goal of cooperating in the development of multiple projects or large-scale projects, which is in line with the interests of both parties and the performance of development efficiency. EirGenix has successively developed several stable clients in the past few years and is still continuing to cooperate and establish deep relationships with clients to balance the proportion of sales of individual clients. In the future, the Company will continue to develop clients to reduce the risk of sales concentration.

- (10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
- (11) Effects of, Risks Relating to and Response to the Changes in Management Rights

As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary didn't have the situation of Changing management rights.



(12) Litigation or Non-litigation Matters

Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(13) Other Major Risk and Response

Risks in the development of biosimilars and new drugs and their impact on financial business:

New drug development is a high-risk, time-consuming, and capital-consuming industry. From early research to successful drug marketing, it takes about 10~15 years. If a new drug can successfully enter the drug license examination and be approved for marketing from pre-clinical research through layers of tests, then both the company and investors must realize that the new drug development risk is high, and the investment recovery period is long. The R&D process is long, and huge R&D funds need to be invested from topic selection, process development to clinical trials. If R&D fails, or the net cash flow from operating activities is relatively late, then stable operating revenue will not be smooth, insufficient working capital may occur, and there will be a risk that the new drug R&D plan cannot be completed.

The risk of developing biosimilars is relatively low compared with that of developing new drugs for two reasons. The first concerns whether the reverse engineering technical difficulty of making the product, which is highly similar to the original reference drug in physical, chemical, and biological properties, can be overcome and whether bioequivalence can be achieved in human pharmacokinetic tests (usually Phase I clinical trials). The experience of developing biosimilars in Europe in the past ten years shows that the chances of failure for products to meet the above standards are very small. The second reason is to have sufficient funds for Phase III clinical development and partners for Phase III joint development and sales.

In view of the financial risks in the research and development of biosimilars and new drugs, in addition to generating cash flow by Contract Development & Manufacturing Organization (CDMO) and applying for specialized programs to meet the cash expenditure needs, EirGenix and its subsidiary will also carry out negotiations on the authorization of regional cooperation for products. EirGenix, Inc. has secured a license agreement with Sandoz AG, a Novartis division and a global leader in generic and biosimilar drug manufacturing, in April 2019. The signed license agreement grants Sandoz the exclusive rights to globally commercialize EirGenix's proposed trastuzumab biosimilar drug (EG12014). EirGenix will maintain responsibility for the development and manufacturing of the trastuzumab biosimilar, while Sandoz will maintain rights to commercialize the drug upon approval in all markets, excluding China and Taiwan. Under the terms of the agreement, EirGenix will receive an upfront payment, milestone payments and is entitled to receive profit share payments for sales in the agreed territories. EirGenix, Inc. received a contract payment and the milestone payment and shared the premium revenue for the sales volume of products in the authorized market according to the proportion stipulated in the Contract. EirGenix, Inc. also undertook the post-marketing production of EG12014. In addition, the Company continues to carry out product life cycle management and evaluate the research and development of new indications related to HER2. By virtue of self-owned specialty and lower development risks, the Company effectively expands the market and life cycle of products so as to continuously increase the market value of products and ensure the Company's ability to continue business development.

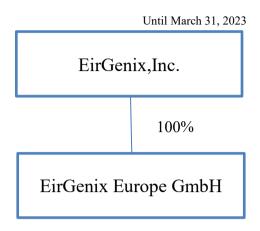
7. Other important matters: None.



VIII. Special Disclosure

1. Information of Affiliated Companies

(1)Investment Structure



A. Basic information on affiliated enterprises:

Subsidiary reg	gistration	Address	Capital	Main Business Activity
EirGenix Europe GmbH	2020/2/11	Neuhauser Str. 47, 80331 Munchen	EUR25,000	Development and Research on biotechnology drug and business development.

- B. In Compliance with Article 369-3 of Company Law, it shall be concluded as the existence of the controlling and subordinate relation:

 Not Applicable.
- C. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided: The major tasks of EirGenix Europe GmbH are managing and executing the clinical trial of the durg development. Its main business activity are development and research on biotechnology drug and business development.
- D. Directors, Supervisors and President information on affiliated enterprises:

Name of Subsidiary	Title	Name	Shares	holding
E. C E C. 111	Director	Lee-Cheng Liu	-	-
EirGenix Europe GmbH	President	Thomas Schulze	-	-

E. Operational information on affiliated enterprises

Mar. 31st, 2023, Unit: NT\$ thousands

Name	Capital	Asset	Liability	Net worth	Revenue	Operating income	Net Gain after tax	EPS
EirGenix	845	28,557	23,357	5,200	66,511	2,580	1,690	
Europe GmbH	043	20,337	25,557	3,200	00,311	2,380	1,090	-

F. Consolidated Financial Statements of Affiliated Enterprises:

EirGenix's financial information for the 2020Q1 was included in the subsidiary EirGenix Europe GmbH and issued consolidated statements. For the 2022 and 2021Q1, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entities that are required to be included in the consolidated financial statements of affiliates are the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

G. Information of Affiliated Enterprises for Loaning of Funds, Making of Endorsements/Guarantees and Engaging in Derivatives Trading: None.



- H. Major Traging Matter with Affiliated Enterprises: None.
- I. Reports on Affiliations: Not Applicable.

2. Private Placement Securities in the Most Recent Years:

Itam	2021 First time Private Placement of Securities
Item	Issue Date (delivery date): 2021/11/30
Securities under	Common Stock
private placement	
Date of resolution and	2021/8/3
approved quantity	55,000,000 shares
Basis and rationale for price setting	The price determination date is based on the board meeting on 2021/10/01. Reference price is the simple average closing price of the common shares of the TWSE listed or TPEx listed company for either the 1, 3, or 5 business days before the price determination date and each of them is 126.5 dollars, 126.67 dollars, and 128.5 dollars. After adjustment for any distribution of stock dividends, cash dividends, or capital reduction, the price is 128.5 dollars; or the simple average closing price of the common shares of the TWSE listed or TPEx listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, the price is 128.75 dollars. Select the higher of the above two calculations 128.75 as reference price and actual private placement shall not be lower than 50% of the reference price. The actual private placement price is per share NT\$91.5 which is 71.07% of the reference price: NT\$128.75 and complies with shareholder meetings' decision that no lower than the price based on the pricing principle: at least 50% of the two above-mentioned prices (the higher one). Consult with Hsiu-Luan Lin, Certified Public Accountant from CHAMPiON accounting firm, to issue a submission of the reasonableness for private placement.
Selection method of the placees	 The placees of the private placement are strategic investors. In accordance with Article 43-6 of the Securities and Exchange Act and Taiwan Finance Certificate (1) No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002, it states to select those who are beneficial to the long-term development of the Company and improve the operational performance, strengthen competitiveness, and generate benefits for existing shareholders' equity. The purpose of the placees selected this time is to introduce strategic investors. The main targets are strategic investors who have developing experiences in biomedicine and health and can stabilize the Company's equity and capital structure.
The necessary reason for the Private Placement	 With the considerations of the timeliness of financing activities and the uncertainty of the capital market, and the benefit for the Company's long term operating development because of the transfer limit of the private placement common share, it plans to conduct the financial activities with the private placement. To accelerate the product development efficiency as well as the process of the same drug series to complete the production line. By the comprehensive effect of expanding the market, it can establish EirGenix's unique status in the international biosimilars and CDMO field. In order to sustain EirGenix's operation and development, it is necessary to conduct private placement to introduce strategic investors by resolution.
Date of payment and	
completion	2021/10/15
Actual Subscription Price	Per share NT\$91.5
Difference between Actual Subscription price and Reference Price	The actual subscribed price is per share NT\$91.5, 71.07% of the reference price: NT\$128.75.



	Placees	Eligibility	Quantity		ionship with	Participation in Company
Information on	Foxconn Technology Co., Ltd.	(note)	Subscribed 27,500,000 shares	Eir	Genix, Inc.	Operations There is no significant change in managerial control within the 1-year period immediately
Placees	Yonglin Capital Holding Co., Ltd.	Note 2.	26,500,000 shares	Non	e	preceding the day on which the board of directors resolves on the
	Hong Wei Investment Co., Ltd.		1,000,000 shares			private placement and after the introduction of strategic investors through private placement.
Impact of private placement on shareholders' equity	development collaboration	oration, assi	st EirGenix to	improv	e technology	egration, and product or market, efficiency, expand the operational ng EirGenix and shareholder value.
quest	The Usage of funds		Budget Amoun			ion as of 2023 First Quoter
	R&D expenses		NT\$1,016,178		R&D expens	ses NT\$ 65,139,431 and deposit n EirGenix bank accounts.
Use of funds from	Expansion and build	ling factory	NT\$1,700,000	,000	-	nd building factory NT\$ 568,200 other funds in EirGenix bank
private placement and progress of proposed plans	Repay bank loans are horizontal and vertice integration, and other operational funding	eal er	NT\$316,322,0	00	1 7	loan NT\$316,322,000 and deposit n EirGenix bank accounts.
	Acquisition or purch intangible assets, op related assets, and ri assets.	eration-	NT\$2,000,000		-	important assets NT\$ 60,112,501 other funds in EirGenix bank
Effectiveness of private placement	clinical trial of E quarter of 2023. (2) A three-stage ex at Ciaotou Scien (3) Repay bank loar which calculatin the plan and den	pansion of to pansion of the Park, Tail NT\$316,32 gunder the monstrate efficient biosimilar marmaceutic	he mammalian inan. 22,000 and save current EirGen ects continuous drug TSY0110 als.	plant we annua ix loan sly.	is scheduled which has 150 l interest experates of 1.79° 2043) of ADO	of HER2+ breast cancer. Phase 1 I for completion by the second 0,000L capacity, is under planning enses roughly about NT\$5,684,000 7%. Other unused funds will follow C for the treatment of breast cancer ntinuously.

- 3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.
- 4. Other Matters that Require Additional Description: None.
- 5. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Date	Material Information
2022/1/20	EMA has officially accepted the review of the MAA submitted by Sandoz AG (exclusive partner of EirGenix) for trastuzumab biosimilar EG12014 (150 mg, for IV use)
2022/2/6	EirGenix has officially submitted for Phase I PK biosimilarity clinical study of developmental product EG1206A (proposed Pertuzumab biosimilar) in Europe
2022/2/16	FDA has officially accepted the review of the BLA submitted by Sandoz AG (exclusive partner of EirGenix)



Date	Material Information
	for trastuzumab biosimilar EG12014 (150 mg, for IV use)
2022/3/9	To announce the acquisition of major assets.
2022/3/22	To announce the acquisition of major assets. (Supplement of March 9, 2022, announcement)
2022/5/12	EirGenix has received approval for Phase I PK biosimilarity clinical study of developmental product EG1206A (proposed Pertuzumab biosimilar) in Europe.
2022/9/30	EirGenix, Inc., has officially submitted the biosimilar drug EIRGASUN of 150 mg powder for concentrate for solution for infusion presentation NDA to the TFDA.
2022/12/14	Announcement of Sandoz (exclusive partner of EirGenix) receives complete response letter from US FDA, for EG12014 150 mg lyophilized powder.
2023/1/5	Announcement of EirGenix receives Establishment Inspection Report from US FDA.



EirGenix Inc.

Statement of Internal Control System

Date: March 10, 2023

Based on the findings of a self-assessment, EirGenix Inc. (hereinafter "the Company") states the following pertaining to its internal control system during year 2022:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and managers. The Company has established such a system with an aim to providing reasonable assurance for the achievement of the following objectives: the effectiveness and efficiency of business operation (including profitability, performance, and safeguarding of company assets; the reliability, timeliness, transparency, and regulatory compliance of financial reporting and other related reports; and the compliance with applicable laws, regulations and rulings.
- II. An internal control system has inherent limitations. No matter how perfectly it is designed, an effective internal control system can provide only reasonable assurance of achieving the three above-mentioned objectives. Moreover, the effectiveness of the internal control system may be subjected to changes of environment or circumstances. Nonetheless, the Company's internal control system comprises of self-monitoring mechanisms, and the Company immediately undertakes corrective measures once a deficiency is identified.
- III. The Company assesses the design and operating effectiveness of its internal control system in accordance with the criteria stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria stipulated in the Regulations identify five essential elements of an internal control system based on managerial control process, including (1). Control environment, (2). Risk assessment (3). Control activities, (4). Information and communication, and (5). Monitoring activities. Each essential element further contains several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the results of the mentioned assessment above, the Company believes that, as of December 31, 2022, its internal control system, including its supervision and management of subsidiaries, was effective in design and operation and provided reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations, and rulings.
- VI. This Statement constitutes an integral part of the Annual Report for the year 2022 and the Prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 in the Securities and Exchange Act.
- VII. This Statement has been approved by the Board of Directors in their meeting held on March 10, 2023, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

EirGenix Inc.

Chairman: Lee-Cheng Liu

President: Lee-Cheng Liu



EirGenix, Inc.

Audit Committee's Review Report

The Board of Directors has prepared EirGenix's 2022 Business Report, Financial Statement, and Deficit Offset Statement. The CPA Sheng-Wei Deng and Yu-Fang Yen of PricewaterhouseCoopers Taiwan was retained to audit EirGenix's Financial Statement and has issued an audit report relating to the Financial Statement.

The Business Report, Financial Statement, and Deficit Compensation Statement have been reviewed and determined to be correct and accurate by the Audit Committee member of EirGenix. According to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

To

EirGenix, Inc. 2023 Annual Shareholders' Meeting

EirGenix, Inc.

Chairman of Audit Committee: Ming-Thaur Chang

Member of Audit Committee: Po-Chih Chen

Member of Audit Committee: Fu-Shiow Yin

Member of Audit Committee: Ming-Shen Chen

March 10, 2023

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

EIRGENIX, INC.

<u>Declaration of Consolidated Financial Statements of Affiliated Enterprises</u>

For the year ended December 31, 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entities that are required to be included in the consolidated financial statements of affiliates are the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

EirGenix Inc.

Representative: Lee-Cheng Liu

March 10, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

Opinion

We have audited the accompanying consolidated balance sheets of EirGenix Inc. and subsidiary (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Accuracy of service revenue and authorisation and cooperative development revenue

Description

Refer to Note 4(26) for accounting policy on service revenue and authorisation and cooperative development revenue recognition, Note 5(2) for significant accounting estimates and assumptions, and Note 6(19) for details of operating revenue. The amount of service revenue and authorisation and cooperative development revenue for the year ended December 31, 2022 were NTD 757,680 thousand and NTD 261,876 thousand, respectively.

The Group's service revenue and authorisation and cooperative development revenue primarily arise from offering biopharmaceutical contract development and manufacturing services and authorising intellectual property rights of medicine development to pharmaceutical factory. Revenue is recognised based on the stage of completion at the balance sheet date provided that such transaction amounts can be reliably estimated. Since the information process, recording and maintenance are partially performed manually and the recognition of service revenue and authorisation and cooperative development revenue contains a high degree of uncertainty resulting in a complex calculation process, and revenue recognition is significant to the financial statements, we considered the accuracy of service revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- 1. Obtained management's accounting policies on the service revenue and authorisation and cooperative development revenue recognition and confirmed that they are reasonable.
- 2. Selected samples and examined the contract in order to confirm whether the judgement made by the management was in line with the contract and generally accepted accounting principles.
- 3. For the performance obligation which was satisfied over time, selected samples and examined each data of contract costs and assessed whether the method and parameters used to measure the completion of performance obligation are reasonable.
- 4. Recalculated the accuracy of amount recognised as revenue and respective timing of recognition.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(17) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to property, plant and equipment and Note 6(8) for description of property, plant and equipment.

On December 31, 2022, property, plant and equipment amounted to NTD 2,608,848 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have a significant impact to property, plant and equipment, we considered the impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- 1. Reviewed and assessed the reasonableness of each data in the impairment assessment.
- 2. Assessed the estimation procedure of future cash flows, and checked whether the cash flows listed in the assessment is consistent with operating plans.
- 3. Interviewed management to discuss the Group's operations and reviewed the actual performance of prior years' operating plans in order to understand the Group's intention and ability and ascertained whether there was any significant postponement on research and development.
- 4. Assessed the reasonableness of the significant assumptions adopted in estimating cash flows.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of EirGenix Inc. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Teng, Sheng-Wei

Yen, Yu-Fang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use

Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

			December 31, 2022		December 31, 2021	
	Assets	Notes	 AMOUNT	%	 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 6,126,885	52	\$ 6,625,384	58
1110	Current financial assets at fair value	6(2)				
	through profit or loss		-	-	891	-
1136	Current financial assets at amortised	6(3)				
	cost		1,000,000	9	1,636,640	14
1140	Current contract assets	6(19) and 7	234,399	2	170,597	1
1150	Notes receivable, net	6(4)	-	-	1,139	-
1170	Accounts receivable, net	6(4)	32,782	-	78,474	1
1180	Accounts receivable, net-related	7				
	parties		-	-	546	-
1200	Other receivables		24,944	-	6,818	-
1220	Current income tax assets		5,963	-	1,128	-
130X	Inventories	6(5)	739,463	6	413,712	4
1410	Prepayments	6(6)	123,442	1	106,048	1
1476	Other current financial assets	6(1) and 8	-	-	27,334	-
1479	Other current assets, others		 <u> </u>		 1,555	
11XX	Total current assets		 8,287,878	70	9,070,266	79
	Non-current assets					
1510	Non-current financial assets at fair	6(2) and 7				
	value through profit or loss		61,420	1	-	-
1517	Non-current financial assets at fair	6(7)				
	value through other comprehensive					
	income		279,325	2	11,607	-
1535	Non-current financial assets at	6(3) and 8				
	amortised cost		41,123	-	8,588	-
1600	Property, plant and equipment, net	6(8) and 8	2,608,848	22	1,886,824	17
1755	Right-of-use assets	6(9) and 7	325,330	3	297,739	3
1780	Intangible assets	6(10)	28,067	-	19,553	-
1990	Other non-current assets, others	6(8), 7 and 8	 215,165	2	 146,296	1
15XX	Total non-current assets		 3,559,278	30	 2,370,607	21
1XXX	Total assets		\$ 11,847,156	100	\$ 11,440,873	100

(Continued)

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	,			D	Dagambar 21, 2021			
	Liabilities and Equity	Notes		December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%	
	Current liabilities							
2130	Current contract liabilities	6(19) and 7	\$	150,475	1 \$	223,967	2	
2170	Accounts payable			134,607	1	86,456	1	
2200	Other payables	6(11)		407,387	4	234,716	2	
2220	Other payables - related parties	7		7,732	-	5,695	-	
2230	Current tax liabilities			761	-	1,159	-	
2280	Current lease liabilities	7		26,826	-	19,231	-	
2320	Long-term liabilities, current portion	6(12)(13) and 8		-	-	127,070	1	
2399	Other current liabilities, others			3,104	<u> </u>	4,922		
21XX	Total current liabilities			730,892	6	703,216	6	
	Non-current liabilities							
2527	Non-current contract liabilities	6(19)		-	-	20,059	-	
2540	Long-term borrowings	6(13) and 8		120,460	1	-	-	
2570	Deferred tax liabilities	6(25)		874	-	536	-	
2580	Non-current lease liabilities	7		311,758	3	288,311	3	
2600	Other non-current liabilities, others			294	<u> </u>	<u> </u>		
25XX	Total non-current liabilities			433,386	4	308,906	3	
2XXX	Total Liabilities			1,164,278	10	1,012,122	9	
	Equity							
	Capital	6(16)						
3110	Common stock			3,043,358	26	3,003,845	26	
	Capital reserve	6(17)						
3200	Capital surplus			7,734,141	65	10,475,952	92	
	Accumulated deficit	6(18)						
3350	Accumulated deficit		(115,540) (1)(2,973,500) (26)	
	Other equity interest							
3400	Other equity interest			20,919	(77,546) (1)	
3XXX	Total Equity			10,682,878	90	10,428,751	91	
	Significant contingent liabilities and	9						
	unrecognised contract commitments							
	Significant events after the balance	11						
	sheet date							
3X2X	Total Liabilities and Equity		\$	11,847,156	100 \$	11,440,873	100	

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

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as loss per share)

			Year ended December 31				
				2022		2021	
	Items	Notes		AMOUNT	<u>%</u>	AMOUNT	%
4000	Operating Revenue	6(19) and 7	\$	1,481,017	100 \$	1,697,359	100
5000	Operating Costs	6(5)(10)(24) and 7	(724,565) (<u>49</u>) (604,305) (<u>35</u>)
5900	Gross Profit			756,452	51	1,093,054	65
	Operating Expenses	6(10)(24) and 7					
6100	Sales and marketing expenses		(50,844) (3) (33,602) (2)
6200	General and administrative expenses		(236,675) (16) (223,564) (13)
6300	Research and development expenses		(800,144) (54) (893,510) (53)
6450	Reversal of credit impairment	12(2)					
	loss(expected credit impairment			202			
	loss)			392	(689)	
6000	Total operating expenses		(1,087,271) (73) (1,151,365) (<u>68</u>)
6900	Operating Loss		(330,819) (22) (58,311) (3)
	Non-operating Income and Expenses						
7100	Interest income	6(3)(4)(20)		59,584	4	10,366	1
7010	Other income	6(21)		37,644	2	40,195	2
7020	Other gains and losses	6(2)(22)		128,915	9 (12,266) (1)
7050	Finance costs	6(9)(23) and 7	(9,639) (<u> </u>	21,149) (1)
7000	Total non-operating income and						
	expenses			216,504	14	17,146	1
7900	Loss before Income Tax		(114,315) (8) (41,165) (2)
7950	Income tax expense	6(25)	(1,225)		1,416)	
8200	Net Loss		(\$	115,540) (8) (\$	42,581) (2)
	Other Comprehensive Income						
	Components of other comprehensive						
	income that will not be reclassified to						
	profit or loss						
8316	Unrealised gains (losses) from	6(7)					
	investments in equity instruments						
	measured at fair value through other						
	comprehensive income		\$	59,091	<u>4</u> \$	5,651	
8310	Other comprehensive income that						
	will not be reclassified to profit or						
	loss			59,091	<u>4</u>	5,651	
	Components of other comprehensive						
	income that will be reclassified to						
02.61	profit or loss			220	,	225)	
8361	Exchange differences on translation	((0.5)		220	- (335)	-
8399	Income tax related to components of	6(25)					
	other comprehensive income that					10	
02.60	will be reclassified to profit or loss			- -		19	
8360	Other comprehensive income that			220		216	
0200	will be reclassified to profit or loss		<u></u>	220	<u> </u>	316)	
8300	Other Comprehensive Income		\$	59,311	4 \$	5,335	
8500	Total Comprehensive Loss		(\$	56,229) (<u>4</u>) (<u>\$</u>	37,246) (2)
0=	Loss per share (in dollars)	6(26)			0.00: ::		0
9750	Loss per share (in dollars)		(\$		0.38) (\$		0.18)

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

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

			Equity attributable to owners of the parent										
					Capital	Reserves		*	=		Other equity interes	t	
	Notes	Common stock	Additional paid-in capital	Donated assets received	Employee stock options	Capital surplus, share options	Restricted stock to employees	Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
Year ended December 31, 2021													
Balance at January 1, 2021		\$ 2,063,751	\$ 2,737,424	\$ 2,036	\$ 13,798	\$ 8,056	\$ 52,660	\$ -	(\$ 2,930,919)	\$ 79	\$ 180	(\$ 41,448)	\$ 1,905,617
Loss for 2021		-	-	-	-	-	-	-	(42,581)	-	-	-	(42,581)
Other comprehensive income(loss)	6(7)	<u>-</u>								(316)	5,651		5,335
Total comprehensive income(loss)									(42,581)	(316)	5,651		(37,246)
Issuance of shares	6(16)	900,000	7,329,736										8,229,736
Cash capital increase reserved for employee preemption	6(15)	-	88,335	-	-	-	-	-	-	-	-	-	88,335
Compensation costs of employee stock options	6(15)	-	-	-	29,935	-	-	-	-	-	-	-	29,935
Employee stock options exercised	6(15)(16)	3,865	9,489	-	(1,775)	-	-	-	-	-	-	-	11,579
Issuance of employee restricted stocks	6(15)(16)	9,525	-	-	-	-	67,567	-	-	-	-	(77,092)	-
Redemption of employee restricted stock	6(15)(16)	(4,253)	-	-	-	-	4,253	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	-	-	35,400	35,400
Restricted stocks vested		-	9,552	-	-	-	(9,552)	-	-	-	-	-	-
Conversion of convertible bonds	6(12)(16)	30,957	139,027			(4,589)							165,395
Balance at December 31, 2021		\$ 3,003,845	\$ 10,313,563	\$ 2,036	\$ 41,958	\$ 3,467	\$ 114,928	\$ -	(\$ 2,973,500)	(\$ 237)	\$ 5,831	(<u>\$ 83,140</u>)	\$ 10,428,751
Year ended December 31, 2022			<u> </u>										
Balance at January 1, 2022		\$ 3,003,845	\$ 10,313,563	\$ 2,036	\$ 41,958	\$ 3,467	\$ 114,928	\$ -	(\$ 2,973,500)	(\$ 237)	\$ 5,831	(\$ 83,140)	\$ 10,428,751
Loss for 2022		-							(115,540)			-	(115,540)
Other comprehensive income(loss)	6(7)	-	-	-	-	-	-	-	-	220	59,091	-	59,311
Total comprehensive income(loss)									(115,540)	220	59,091		(56,229)
Capital surplus used to offset accumulated deficits	6(18)	-	(2,971,464)	(2,036)					2,973,500			-	-
Compensation costs of employee stock options	6(15)	-	-	-	61,651	-	-	871	-	-	-	-	62,522
Employee stock options exercised	6(15)(16)	10,523	26,467	-	(8,320)	-	-	-	-	-	-	-	28,670
Issuance of employee restricted stocks	6(15)(16)	6,318	-	-	-	-	47,318	-	-	-	-	(53,636)	-
Redemption of employee restricted stock	6(15)(16)	(2,260)	-	-	-	-	2,260	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	-	-	92,790	92,790
Restricted stocks vested		-	59,358	-	-	-	(59,358)	-	-	-	-	-	-
Conversion of convertible bonds	6(12)(16)	24,932	104,904	-	-	(3,462)	-	-	-	-	-	-	126,374
Pay off convertible bonds						(5)		5					
Balance at December 31, 2022		\$ 3,043,358	\$ 7,532,828	\$ -	\$ 95,289	\$ -	\$ 105,148	\$ 876	(\$ 115,540)	(\$ 17)	\$ 64,922	(\$ 43,986)	\$ 10,682,878

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

	Year ended December 31			ecember 31
	Notes		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(\$	114,315) ((\$ 41,165)
Adjustments		(1	: , , ,	(, , , , , , , , , , , , , , , , , , ,
Adjustments to reconcile profit (loss)				
Depreciation expense	6(8)(9)(24)		189,100	168,692
Amortization expense	6(10)(24)		16,184	16,304
Net profit on financial assets or liabilities at fair	6(2)(22)		,:	,
value		(2,863) ((1,937)
Interest expense	6(23)		9,639	21,149
Interest income	6(20)	(59,584) (
Share-based payments	6(15)(24)	•	155,312	153,670
Loss on redemption of convertible bonds	6(22)		3	, <u>-</u>
Reversal of credit impairment loss(expected	12(2)			
credit impairment loss)	()	(392)	689
Loss on lease modification	6(9)(22)		709	-
Changes in operating assets and liabilities				
Changes in operating assets				
Current contract assets		(63,802) ((37,559)
Notes receivable, net			1,139	19,913
Accounts receivable, net			46,084 ((6,631)
Accounts receivable, net-related parties			546 (· · · · · · · · · · · · · · · · · · ·
Other receivables		(13,790) (
Inventories		(324,025)	(252,780)
Prepayments		(17,394)	(21,468)
Other current assets		`	1,555	
Changes in operating liabilities			,	, ,
Contract liabilities		(93,551) ((29,776)
Accounts payable		`	48,151	45,295
Other payables				(37,664)
Other payables - related parties			2,037	1,626
Other current liabilities, others		(1,818) ((3,662)
Cash outflow generated from operations		(187,221)	
Interest received		`	55,231	9,549
Interest paid		(9,316) (
Income tax refund		`	-	77
Income tax paid		(6,212) ((898)
Net cash flows used in operating activities		(147,518)	(29,899)
			117,510	2,,0,,

(Continued)

EIRGENIX INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

	Year ended J			December 31		
	Notes		2022	_	2021	
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of financial assets at amortised cost		(\$	1,032,516)	(\$	1,522,782)	
Proceeds from disposal of financial assets at						
amortised cost			1,636,640		-	
Acquisition of property, plant and equipment	6(27)	(345,792)	(166,692)	
Acquisition of intangible assets	6(10)	(8,652)	(3,017)	
Decrease (increase) in refundable deposits(shown as						
other non-current assets, others)		(778)		958	
Decrease in other financial assets			27,334		3,266	
Acquisition of financial assets at fair value through	6(7)					
other comprehensive income		(208,627)		-	
Acquisition of financial assets at fair value through	6(2) and 7					
profit or loss		(58,390)		-	
Increase in other non-current assets		(465,269)	(68,453)	
Increase in prepayments for investments		(20,000)		<u>-</u>	
Net cash flows used in investing activities		(476,050)	(1,756,720)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayments of bonds	6(12)(28)	(200)		-	
Proceeds from long-term borrowings	6(28)		120,460		37,160	
Repayments of long-term borrowings	6(28)		-	(755,174)	
Increase in guarantee deposits received(shown as	6(28)					
other non-current liabilities)			294		-	
Repayments of lease principal	6(9)(28)	(24,435)	(19,570)	
Issuance of common stocks			-		8,229,736	
Employee stock options exercised			28,669		11,579	
Net cash flows from financing activities			124,788		7,503,731	
Effect of exchange rate			281	(74)	
Net (decrease) increase in cash and cash equivalents		(498,499)	·	5,717,038	
Cash and cash equivalents at beginning of year			6,625,384		908,346	
Cash and cash equivalents at end of year		\$	6,126,885	\$	6,625,384	

EIRGENIX INC. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

- (1) EirGenix, Inc. (hereinafter referred to as the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 2012. In April 2013, the Company obtained all key technologies from the biopharmaceutical pilot plant originally owned by the Development Center for Biotechnology, including its complete core competencies. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are primarily engaged in the research and development of biosimilars and new drugs, as well as biopharmaceutical contract development and manufacturing services, which included cell line construction platforms, process development platforms, analytical science and protein identification. Furthermore, EirGenix has two cGMP facilities certified by the Taiwan Food and Drug Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug production.
- (2) The shares of the Company have been listed on the Taipei Exchange since June 28, 2019.
- 2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds	January 1, 2022
before intended use' Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities	January 1, 2023
arising from a single transaction'	

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets	To be determined by
between an investor and its associate or joint venture'	International Accounting
Amondments to IEDS 16. (I cose liability in a cale and leasehook?	Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and

the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownersl	nip (%)
Name of	Name of		December 31,	December 31,
investor	subsidiary	Main business activities	2022	2021
The Company	EirGenix Europe GmbH	Biopharmaceutical research and development as well as business development	100	100

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will

flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through profit or loss and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	2 ~ 10 years
Office equipment	2 ~ 10 years
Buildings and structures	5 ~ 20 years
Leasehold improvements	3 ~ 20 years
Other equipment	3 ~ 10 years

(15) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

The Group's accounting policies on intangible assets are summarised below:

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Professional expertise

Professional expertise is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) <u>Impairment of non-financial assets</u>

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the

loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) <u>Derecognition of financial liabilities</u>

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the amounts resolved by the shareholders and the actual amounts subsequently distributed is accounted for as changes in estimates.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are not required to return the dividends received if they resign during the vesting period.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Group will redeem and retire those stocks at the initial issuance price.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Revenue recognition

A. Service revenue

- (a) The Group provides biopharmaceutical contract testing and development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

B. Sales revenue

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

C. Authorisation and cooperative development revenue

(a) The Group's authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Group will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and development outcome at any time. Based on the Group's assessment, the Group uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Group are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time.

Pharmaceutical factories pay a non-refundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Group uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer of control of services to customers and the Group's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

(b) The Group also entered into contracts with pharmaceutical factories, whereby the Group is entitled to a sales-based royalty in exchange for a license of manufacturing and the right to sell pharmaceutical products. In accordance with the contracts, the Group will not undertake any activities that will significantly affect the intellectual property to which the customer has rights. The Group recognises revenue at the later of when the performance obligation has been satisfied and the subsequent transfer of control or sale occurs.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such

assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) <u>Critical judgements in applying the Group's accounting policies</u> None.

(2) Critical accounting estimates and assumptions

A. Impairment on property, plant and equipment

- (a) The Group assesses impairment based on its internal and external information and industry characteristics and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.
- (b) As of December 31, 2022, the carrying amount of property, plant and equipment was \$2,608,848.
- B. Recognition of service revenue and authorisation and cooperative development revenue
 - (a) Service revenue and authorisation and cooperative development revenue are recognised based on the stage of completion. The Group sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.
 - (b) For the year ended December 31, 2022, the service revenue and authorisation and cooperative development revenue amounted to \$757,680 and \$261,876 respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	Dece	mber 31, 2022	December 31, 2021		
Cash on hand and petty cash	\$	61	\$	51	
Demand deposits		756,773		5,428,713	
Time deposits		5,370,051		1,196,620	
	\$	6,126,885	\$	6,625,384	

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company classified restricted cash and cash equivalents amounting to \$0 and \$27,334 as other current financial assets as of December 31, 2022 and 2021, respectively. Please refer to Note 8.

(2) Financial assets at fair value through profit or loss

Items	Decem	December 31, 2022		December 31, 2021		
Current items:						
Financial assets mandatorily						
measured at fair value through						
profit or loss						
Call options and Put options of convertible bonds	\$	-	\$	362		
Valuation adjustment				529		
	\$	_	\$	891		
Non-current items:		_				
Financial assets mandatorily measured						
at fair value through profit or loss						
Profit-sharing investment in new drug development	\$	58,390	\$	-		
Valuation adjustment		3,030				
	\$	61,420	\$	_		

- A. The Group recognised net gains amounting to \$2,863 and \$1,937 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.
- B. On April 18, 2022, the Group entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the "Product") with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Group at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the product in and manufacturing of the product after completing the development of the product Either party may commercialize the product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the agreement, the Group paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2022, the Group has paid US\$2,000 thousand.
- C. Details of the terms of the first domestic secured convertible bonds issued by the Group are provided in Note 6(12).

(3) Financial assets at amortised cost

Items	Dece	mber 31, 2022	December 31, 2021		
Current items:					
Time deposits (Note)	\$	1,000,000	\$	1,636,640	
Non-current items:					
Government bonds	\$	32,452	\$	-	
Pledged time deposits		8,671		8,588	
	\$	41,123	\$	8,588	

Note: The deposit period for time deposits ranges between three months and a year.

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	 Year ended December 31					
	 2022		2021			
Interest income	\$ 1,722	\$		1,260		

- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits and government bonds are financial institutions and governments with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	Decen	nber 31, 2022	December 31, 2021		
Notes receivable	\$	<u>-</u>	\$	1,139	
Accounts receivable Less: Allowance for uncollectible accounts	\$	33,079	\$	79,163	
	(297) (<u> </u>	689)	
	\$	32,782	\$	78,474	

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

		Decemb	er 31, 2022		December 31, 2021			
	Notes	receivable	Accounts receivable	Not	es receivable	Accoun	ts receivable	
Not past due	\$	32,782	\$ -	\$	72,291	\$	1,139	
Up to 30 days past due		-	-		2,454		-	
31 to 90 days past due		-	-		-		-	
91 to 180 days past due		-	-		4,418		-	
Over 181 days past due		297						
	\$	33,079	\$ -	\$	79,163	\$	1,139	

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$93,584.
- C. For the years ended December 31, 2022 and 2021, the interest income is recognised in profit or loss of \$ 0 and \$342, respectively.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable (including related parties) held by the Group was \$32,782 and \$80,159, respectively.
- E. The Group did not hold any collateral.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) <u>Inventories</u>

D 1	$^{\circ}$	$\alpha \alpha \alpha \alpha$
December	- 1 I	7(1)
December	σ	2022

			ν	ecember 31, 2022			
		Cost		Allowance for valuation loss		Book value	
Raw materials	\$	377,424	(\$	18,327)	\$	359,097	
Work in progress		281,739		-		281,739	
Finished goods		98,150		-		98,150	
Merchandise inventory		477		<u>-</u>		477	
	\$	757,790	(\$_	18,327)	\$	739,463	
	December 31, 2021						
	Allowance for						
	Cost		valuation loss			Book value	
Raw materials	\$	338,034	(\$	17,315)	\$	320,719	
Work in progress		52,374		-		52,374	
Finished goods		37,569		-		37,569	
Merchandise inventory		3,050		<u>-</u>		3,050	
	\$	431,027	(\$	17,315)	\$	413,712	

The cost of inventories recognised as expense for the year:

	Year ended December 31				
		2022		2021	
Cost of goods used	\$	199,628	\$	143,605	
Cost of goods sold		138,672		38,422	
Loss on decline in market value		1,012		6,878	
Loss (gain) on physical inventory		34	(90)	
	\$	339,346	\$	188,815	

(6) Prepayments

	December 31, 2022			December 31, 2021		
Office supplies	\$	9,009	\$	12,935		
Prepayments for contracted research expense		11,310		12,972		
Excess business tax paid (or Net Input VAT)		6,267		2,142		
Prepayments to suppliers		50,100		48,871		
Prepayment for guarantee deposits and handling fee		433		1,606		
Other prepaid expenses		46,323		27,522		
	\$	123,442	\$	106,048		

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

Items	Decer	mber 31, 2022	December 31, 2021		
Non-current items:					
Equity instruments					
Unlisted stocks	\$	214,403	\$	5,776	
Valuation adjustment		64,922		5,831	
	\$	279,325	\$	11,607	

- A. The Group has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$279,325 and \$11,607 as at December 31, 2022 and 2021, respectively.
- B. The Group acquired equity instruments amounting to \$208,627 for the year ended December 31, 2022.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	 Year ended December 31					
	 2022			2021		
Equity instruments at fair value through other comprehensive income Fair value change recognised						
in other comprehensive income	\$	59,091	\$		5,651	

(8) Property, plant and equipment

$^{\circ}$	n	1	$^{\circ}$
7.	u	12	Z.

		chinery and quipment		Office equipment	В	uildings and structures		Leasehold provements		Other equipment	cons	Unfinished struction and pment under cceptance		Total	busin (sho	payments for ness facilities own as other on-current sets, others)
At January 1																
Cost	\$	813,793	\$	68,349	\$	1,295,911	\$	24,495	\$	26,524	\$	103,265	\$	2,332,337	\$	65,456
Accumulated depreciation	(239,109)	(24,341)	(164,219)	(8,974)	(8,870)	Φ.	102.265	(445,513)	Φ.	-
	3	574,684	\$	44,008	\$	1,131,692	\$	15,521	\$	17,654	\$	103,265	a	1,886,824	\$	65,456
Opening net book amount																
as at January 1	\$	574,684	\$	44,008	\$	1,131,692	\$	15,521	\$	17,654	\$	103,265	\$	1,886,824	\$	65,456
Additions		92,578		8,863		76,679		21,101		6,516		278,775		484,512		433,952
Reclassifications		7,701		-		61,890		-		-	(69,591)		-		-
Transfers from other non- current assets		69,453		862		-		-		405		330,415		401,135	(401,135)
Depreciation charge	(80,909)	(8,566)	(64,844)	(3,168)	(4,438)		-	(161,925)		-
Reclassified to inventories	(1,726)		-		-		-		-		-	(1,726)		-
Net exchange differences				28		_						_		28		<u>-</u>
Closing net book amount																
as at December 31	\$	661,781	\$	45,195	\$	1,205,417	\$	33,454	\$	20,137	\$	642,864	\$	2,608,848	\$	98,273
At December 31																
Cost	\$	978,923	\$	75,921	\$	1,434,479	\$	45,596	\$	32,925	\$	642,864	\$	3,210,708	\$	98,273
Accumulated depreciation	(317,142)	(30,726)	(229,062)	(12,142)	(12,788)			(601,860)		<u>-</u>
•	\$	661,781	\$	45,195	\$	1,205,417	\$	33,454	\$	20,137	\$	642,864	\$	2,608,848	\$	98,273
			_				_				_					

		chinery and quipment		Office equipment	В	Buildings and structures		Leasehold nprovements		Other equipment	con	Unfinished struction and ipment under acceptance		Total	busii (she	payments for ness facilities own as other on-current sets, others)
At January 1	Φ.	532 650	ф	64.610	Φ	1 200 277	Ф	22.262	Ф	22.460	Ф	20.246	Ф	2 152 625	Ф	12.062
Cost Accumulated depreciation	\$ (723,658 168,970)	\$	64,612 17,710)	\$ (1,290,377 102,463)	\$ (23,263 6,340)	\$	22,469 5,292)	\$	28,246	\$	2,152,625 300,775)	\$	12,063
Accumulated depreciation	\$	554,688	\$	46,902	\$	1,187,914	\$	16,923	\$	17,177	\$	28,246	\$	1,851,850	\$	12,063
Opening net book amount																
as at January 1	\$	554,688	\$	46,902	\$	1,187,914	\$	16,923	\$	17,177	\$	28,246	\$	1,851,850	\$	12,063
Additions		86,102		4,647		2,685		1,232		4,089		71,716		170,471		64,154
Reclassifications		2,423		-		2,547		-		-	(4,970)		-		-
Transfers from other non- current assets		2,186		-		302		-		-		8,273		10,761	(10,761)
Depreciation charge	(70,715)	(7,500)	(61,756)	(2,634)	(3,612)		-	(146,217)		_
Net exchange differences			(41)				<u>-</u>					(41)		<u> </u>
Closing net book amount																
as at December 31	\$	574,684	\$	44,008	\$	1,131,692	\$	15,521	\$	17,654	\$	103,265	\$	1,886,824	\$	65,456
At December 31																
Cost	\$	813,793	\$,	\$	1,295,911	\$	24,495	\$	26,524	\$	103,265	\$	2,332,337	\$	65,456
Accumulated depreciation	(239,109)	(24,341)	(164,219)	(8,974)	(8,870)			(445,513)		<u>-</u>
	\$	574,684	\$	44,008	\$	1,131,692	\$	15,521	\$	17,654	\$	103,265	\$	1,886,824	\$	65,456

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) <u>Leasing arrangements - lessee</u>

- A. The Group leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022		Decer	mber 31, 2021
	Car	rying amount	Carr	ying amount
Land	\$	202,394	\$	174,445
Buildings		84,031		80,988
Machinery and equipment		35,305		37,359
Transportation equipment		2,584		4,223
(Business vehicles)				
Office equipment (Multifunction printers)		1,016		724
r	\$	325,330	\$	297,739
	Year en	ded December 31	Year end	led December 31
		2022		2021
	Depre	ciation expense	Depred	ciation expense
Land	\$	14,543	\$	11,560
Buildings		8,288		7,066
Machinery and equipment		2,310		2,299
Transportation equipment (Business vehicles)		1,640		1,188
Office equipment (Multifunction printers)		396		362
	\$	27,177	\$	22,475

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$54,767 and \$3,722, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31					
		2022		2021		
Items affecting profit or loss						
Interest expense on lease liabilities	\$	8,208	\$	7,756		
Expense on short-term lease contracts		13,877		8,476		
Expense on leases of low-value assets		376		364		
Loss on lease modification		709		-		

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$46,896 and \$36,166, respectively.

(10) Intangible assets

	2022							
		Software	Pro	ofessional expertise		Total		
At January 1								
Cost	\$	21,153	\$	107,953	\$	129,106		
Accumulated amortisation	(16,438)	(93,115)	(109,553)		
	\$	4,715	\$	14,838	\$	19,553		
Opening net book amount as								
at January 1	\$	4,715	\$	14,838	\$	19,553		
Additions		8,652		-		8,652		
Transfers (Note)		16,046		-		16,046		
Amortisation charge	(5,240)	(10,944)	(16,184)		
Closing net book amount as								
at December 31	<u>\$</u>	24,173	<u>\$</u>	3,894	\$	28,067		
At December 31								
Cost	\$	45,851	\$	107,953	\$	153,804		
Accumulated amortisation	(21,678)	(104,059)	(125,737)		
	\$	24,173	\$	3,894	\$	28,067		

Note: Transfers pertain to assets transferred from prepaid intangible assets (shown as "other non-current assets, others).

		2021							
	S	Software	Profes	sional expertise		Total			
At January 1						_			
Cost	\$	18,713	\$	107,674	\$	126,387			
Accumulated amortisation	(11,136)	(82,122)	(93,258)			
	\$	7,577	\$	25,552	\$	33,129			
Opening net book amount as									
at January 1	\$	7,577	\$	25,552	\$	33,129			
Additions		2,738		279		3,017			
Amortisation charge	(5,311)	(10,993)	(16,304)			
Reclassification	(281)		-	(281)			
Transfers from other non-current assets	(8)			(8)			
Closing net book amount as at December 31	\$	4,715	\$	14,838	\$	19,553			
at December 31	Ψ	1,713	Ψ	11,030	Ψ	17,333			
At December 31									
Cost	\$	21,153	\$	107,953	\$	129,106			
Accumulated amortisation	(16,438)	(93,115)	(109,553)			
	\$	4,715	\$	14,838	\$	19,553			

2021

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31						
		2022		2021			
Operating costs	\$	10,456	\$	9,271			
Administrative expenses		1,005		1,242			
Research and development expenses		4,705		5,791			
Selling expenses		18					
	\$	16,184	\$	16,304			

- B. The basic information of the professional expertise that is material to the Group is as follows:
 - (a) In April 2013, the Group acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to \$92,483 from the Development Center for Biotechnology cGMP biopharmaceutical pilot plant facility.
 - (b) In July 2013, the Group acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to \$7,143.
 - (c) In July 2013, the Group acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to \$7,485.

(11) Other payables

	Decen	nber 31, 2022	Dec	cember 31, 2021
Payable on equipment	\$	158,228	\$	19,508
Salary and bonus payable		95,239		74,938
Service expense payable		52,083		60,620
Payable on consumables		25,012		25,831
Payable on repairs and maintenance expense		19,732		17,136
Others		57,093		36,683
	\$	407,387	\$	234,716
2) <u>Bonds payable</u>				

(12)

	December 31, 2022		December 31, 2021
Bonds payable	\$	- \$	129,100
Less: Discount on bonds payable		(_	2,030)
		-	127,070
Less: Current portion		(_	127,070)
	\$	<u>-</u> \$	

- A. The terms of the 1st domestic secured convertible bonds issued by the Company are as follows:
 - (a) The Company issued \$300,000, 0% 1st domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (May 29, 2020) ~ May 29, 2023), will be redeemed in cash at face value at the maturity date and are guaranteed by Taichung Commercial Bank, Linkou Branch. The bonds were listed on the Taipei Exchange on May 29, 2020.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. The conversion price was reset at NTD 51.7 (in dollars) effective November 30, 2021.

- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 100% of the face value as interests (yields 0% per annum) upon two years from the issue date.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$8,056 were separated from the liability component and were recognised in 'capital surplus share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 0.82%.
- C. As of December 31, 2022, the bonds totaling \$299,800 (face value) had been converted into 5,589 thousand shares of common stock, and the bonds were repurchased at face value amounting to \$200.

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	Decem	ber 31, 2022
Long-term bank borrowings	S				
Credit borrowing	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.3500%~ 1.8250%	None	\$	39,560
n	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.4750%~ 1.8250%	"		80,900
				\$	120,460

- A. Information on the Group's undrawn borrowing facilities is provided in Note 12(2) C.
- B. On May 6, 2020, the Company entered into a \$1,050,000 syndicated loan agreement with 6 banks including Taiwan Business Bank to ensure it has sufficient cash to support its research and development expenditures through drawing the credit limit of \$281,800 circularly, upon repaying the existing syndicated loan and purchasing the new machinery and equipment as

- well as auxiliary equipment. Subsequently, the Company settled the long-term borrowings in advance in December 2021.
- C. On December 23, 2021, the Company entered into a \$714,000 syndicated loan agreement with Hua Nan Commercial Bank Ltd. and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations".
- D. Information about assets pledged as collateral for long-term borrowings is provided in Note 8.

(14) Pensions

- A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. EirGenix Europe GmbH contributed pension under local regulations.
- C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$18,290 and \$13,264, respectively.

(15) Share based payment

A. For the years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Quantity granted

Type of		(shares in		
arrangement	Grant date	thousands)	Contract period	Vesting conditions
Employee stock	2015. 07. 01	1,270	10 years	1 to 4 years'
ontions - B				service
"	2015. 07. 01	130	"	"
"	2015. 07. 06	250	"	"
"	2015. 10. 29	80	"	"
"	2016. 01. 01	270	"	"
Employee stock	2016. 05. 05	100	10 years	2 to 4 years'
options - C				service
Employee stock	2016. 10. 12	515	10 years	2 to 4 years'
options - D	2015 12 20	0.7	"	service
	2016. 12. 29	85		
Employee stock	2017. 08. 08	395	10 years	2 to 4 years'
options - E				service
"	2017. 12. 27	570	"	"
"	2018. 03. 23	175	"	"
Employee stock	2019. 01. 25	520	10 years	2 to 4 years'
soptions - F		-0-		service
	2019. 05. 13	285	"	
Restricted stocks	2016. 11. 18	1,660	N/A	Conditions of
to employees - A				service years and
"	2017 00 00	257	"	performance "
	2017. 08. 08	257		
Employee stock	2019. 11. 12	960	10 years	2 to 4 years'
options - G	2020 04 15	77.5	"	service
"	2020. 04. 15	775	"	"
	2020. 08. 12	205		
Restricted stocks	2020. 05. 13	455	N/A	0.25 to 3 years'
to employees - B				service
"	2020. 12. 10	144	"	"
Restricted stocks	2020. 08. 14	905	N/A	Performance
to employees - D				conditions
"	2020. 12. 10	94	"	"
Employee stock	2020. 12. 23	830	10 years	2 to 4 years'
options - H				service
"	2021. 05. 12	315	"	"
"	2021. 08. 12	505	"	"
"	2021. 10. 01	1,185	"	"

		Qualitity granted		
Type of		(shares in		
arrangement	Grant date	thousands)	Contract period	Vesting conditions
	_			
Cash capital increase reserved for employee preemption	2021. 04. 06	3,211	N/A	Vested immediately
Restricted stocks to employees - E	2021. 10. 15	613	N/A	Performance conditions
"	2022. 01. 10	184	"	"
11	2022. 09. 08	190	"	"
Restricted stocks to employees - F	2021. 10. 15	340	N/A	Performance conditions
Employee stock options - I	2022. 03. 22	160	10 years	2 to 4 years' service
"	2022. 05. 12	225	"	"
"	2022. 08. 11	685	"	"
"	2022. 09. 08	510	"	"
11	2022. 11. 08	615	"	"
Restricted stocks	2022. 09. 08	63	N/A	Performance conditions
to employees - G	2022. 11. 08	195	"	conditions "

Ouantity granted

- (a) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Group will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.
- (b) The abovementioned share-based payment arrangements are equity-settled.
- B. Details of the share-based payment arrangements are as follows:
 - (a) Employee stock options

		20	22		20	21
	N	o. of	Weighted-		No. of	Weighted-
	op	tions	average		options	average
	(sha	ares in	exercise price		(shares in	exercise price
	thou	sands)	(in dollars)	t	housands)	(in dollars)
Options outstanding at January 1		5,282	\$15~146.4		4,210	\$15~57.8
Options granted		2,195	71.6~118.5		2,005	124~154.5
Options forfeited	(759)	25.2~146.4	(546)	15~135.5
Options exercised	(1,052)	15~51.2	(_	387)	15~39.6
Options outstanding at December 31		5,666	15~146.4		5,282	15~146.4
Options exercisable at December 31		1,238		_	1,503	

(b) Restricted stocks to employees

		2022	2021
		(shares in thousands)	(shares in thousands)
Stocks outstanding at January 1		2,869	2,629
Stocks granted		632	953
Stocks vested	(704) (287)
Stocks retired	(_	226) (426)
Stocks outstanding	_	2,571	2,869
at December 31			

- C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2022 and 2021 were \$99.8 (in dollars) and \$132.5 (in dollars), respectively.
- D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

			December	31, 2022	December	31, 2021
				Exercise		Exercise
			No. of shares	price	No. of shares	price
Type of	Issue date		(shares in		(shares in	
arrangement	approved	Expiry date	thousands)	(in dollars)	thousands)	(in dollars)
Employee	· · · · · · · · · · · · · · · · · · ·	2025. 06. 30	140	\$ 15	208	\$ 15
stock				,		
options - B						
"	2015 07 01	2025. 06. 30	20	20	20	20
"		2025. 07. 05	25	20	67	20
"	2015.10. 29		-	20	7	20
"		2025. 12. 31	25	20	29	20
Employee		2026. 05. 04	10	29.2	35	29.2
stock				_, _		_,
options - C						
Employee	2016 10 12	2026. 10. 11	180	29.2	280	29.2
stock	2010. 10. 12	2020. 10. 11	100	27.2	200	27.2
options - D						
options D	2016 12 20	2026. 12. 28	1.5	27.5	22	37.5
		2026. 12. 28 2027. 08. 07	15 18	37.5 29.2	22 137	37.3 29.2
Employee stock	2017. 08. 08	2027. 08. 07	10	29.2	137	29.2
options - E						
•						
"		2027. 12. 26	112	25	246	25
"		2028. 03. 22	52	23.5	81	23.5
Employee	2019. 01. 25	2029. 01. 24	103	28.7	182	28.7
stock						
options - F						
"	2019. 05. 13	2029. 05. 12	141	34.3	203	34.3
Employee	2019. 11. 12	2029. 11. 11	325	25.2	545	25.2
stock						
options - G						
"	2020. 04. 15	2030. 04. 14	175	28.8	450	28.8
"	2020. 08. 12	2030. 08. 11	140	51.2	170	51.2
Employee	2020. 12. 23	2030. 12. 22	515	42.1	700	42.1
stock						
options - H						
"		2031. 05. 11	235	146.4	315	146.4
"		2031. 08. 11	305	128.4	485	128.4
"	2021. 10. 01	2031. 09. 30	990	117.5	1,100	117.5

			December	31, 2022	December	31, 2021
				Exercise		Exercise
			No. of shares	price	No. of shares	price
Type of	Issue date		(shares in		(shares in	
arrangement	approved	Expiry date	thousands)	(in dollars)	thousands)	(in dollars)
Employee stock	2022 .03. 22	2032. 03. 21	145	\$ 93.5	-	\$ -
options - I						
"	2022. 05. 12	2032. 05. 11	225	71.6	-	-
"	2022. 08. 11	2032. 08. 10	645	85.9	-	-
"	2022. 09. 08	2032. 09. 07	510	118.5	-	-
"	2022. 11. 08	2032. 11. 07	615	103.5	-	-

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model to estimate the fair value of employee stock options, cash capital increase reserved for employee preemption and restricted stocks to employees. Relevant information is as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option	Risk-free interest rate	Fair value per unit (in dollars)
	-			· · · · · · · · · · · · · · · · · · ·				
Employee stock options - B	2015. 07. 01	1,270	\$ 14.88	\$ 15	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	\$5.22 ~ 6.01
- D	2015. 07. 01	130	14.88	20	36.58~	55 7	1.15~	3.83~
	2015. 07. 01	130	14.88	20	30.38~ 37.13%	5.5 ~ 7	1.15~	3.83~ 4.69
"	2015. 07. 06	250	14.60	20	37.13% 37.09~	years 5.5 ~ 7	1.35%	3.75~
					37.64%	vears	1.35%	4.6
"	2015. 10. 29	80	15.83	20	38.62~	5.5 ~ 7	0.94~	4.62 ~
					38.95%	years	1.07%	5.48
"	2016. 01. 01	270	16.03	20	40.11~	5.5 ~ 7	0.79~	4.91~
					40.30%	years	0.90%	5.76
Employee	2016. 05. 05	100	13.27	29.2	40.75~	6 ~ 7 years	0.70~	1.86 ~
stock options - C					40.91%		0.77%	2.30
Employee	2016. 10. 12	515	21.42	29.2	39.82~	6 ~ 7 years	0.71~	5.19~
stock options - D					39.91%	•	0.75%	5.93
"	2016. 12. 29	85	20.4	37.5	39.39~	6 ~ 7 years	1.16~	3.49~
					39.48%	·	1.20%	4.18

		Quantity granted		Exercise	Expected	Expected	Risk-free	Fair value per
Type of arrangement	Grant date	(shares in thousands)	Stock price (in dollars)	price (in dollars)	price volatility	option life	interest rate	unit (in dollars)
Employee stock options - E	2017. 08. 08	395	\$ 18.75	\$ 29.2	38.13~ 38.22%	6 ~ 7 years	0.82~ 0.88%	\$3.64~ 4.23
- L	2017. 12. 27	570	18.07	25	36.97~ 37.23%	6 ~ 7 years	0.74~ 0.80%	3.81~ 4.41
"	2018. 03. 23	175	19.16	23.5	36.87~ 37.17%	6 ~ 7 years	0.79~ 0.84%	4.71 ~ 5.38
Employee stock options - F	2019. 01. 25	520	21.96	28.7	36.03~ 36.90%	6 ~ 7 years	0.72~ 0.78%	4.85~ 5.74
- r	2019. 05. 13	285	25.75	34.3	35.50%~ 36.35%	6 ~ 7 years	0.64~ 0.67%	5.39 ~ 6.40
Restricted stocks to employees - A	2016. 11. 18	1,660	22.88	-	-	-	-	22.88
"	2017. 08. 08	257	19.61	-	-	_	-	19.61
Employee stock options - G	2019. 11. 12	960	29.05	25.2	26.38%	6 ~ 7 years	0.63~ 0.66%	7.77 ~ 8.42
"	2020. 04. 15	775	33.1	28.8	50.33%	6 ~ 7 years	0.47~ 0.49%	15.56 ~
"	2020. 08. 12	205	57.8	51.2	64.08%	6 ~ 7 years	0.49% 0.36~ 0.38%	16.65 33.07 ~ 35.18
Restricted stocks to employees - B	2020. 05. 13	455	46.85	-	-	-	-	46.85
"	2020.12. 10	144	48.6	-	-	-	-	48.6
Restricted stocks to employees - D	2020. 08. 14	905	55.7	-	-	-	-	55.7
- D	2020.12. 10	94	48.6	-	-	-	-	48.6
Employee stock options - H	2020. 12. 23	830	47.55	42.1	61.28%	6 ~ 7 years	0.22~ 0.26%	26.15~ 27.88
"	2021.05. 12	315	154.5	146.4	65.02%	6 ~ 7 years	0.31~ 0.35%	89.32~ 95.02
"	2021.08. 12	505	135.5	128.4	67.02%	6 ~ 7 years	0.35% 0.32~ 0.34%	80.24~ 85.25
"	2021.10. 01	1,185	124.0	117.5	65.78%	6 ~ 7 years	0.34~	72.39~
Cash capital increase reserved for employee preemption	2021. 04. 06	3,211	117.5	91.5	71.79%	0.1 year	0.38% 0.13%	76.99 27.51

		Quantity						
Type of		granted (shares in	Stock price	Exercise price	Expected price	Expected option	Risk-free interest	Fair value per unit (in
	Count data	•	_	•	•	life		,
arrangement	Grant date	thousands)	(in dollars)	(in dollars)	volatility		rate	dollars)
Restricted	2021. 10. 15	613	\$ 106.5	5 \$ -	-	_	-	\$106.5
stocks to								
employees								
- E								
"	2022.01.10	184			-	-	-	108.5
"	2022.09.08	190			-	-	-	118.5
Restricted	2021. 10. 15	340	106.3	-	-	-	-	106.5
stocks to								
employees - F								
- F Restricted	2022.03.22	160	93.5	93.5	62.20%	6 ~ 7 years	0.86~	52.85~
stocks to	2022.03.22	100	73))3.3	02.2070	o v / years	0.87%	56.27
employees							0.0770	30.27
- I								
"	2022.05.12	225	71.0	71.6	61.32%	$6 \sim 7 \text{ years}$	1.22~	40.37~
"	2022 00 11	-0 -	0.7		50.0404		1.27%	43.04
"	2022.08.11	685	85.9	85.9	60.04%	$6 \sim 7 \text{ years}$	1.10~	47.51~
"	2022 00 00	510	110	110.5	co 200/	6 7	1.14%	50.67
	2022.09.08	510	118.	5 118.5	60.29%	6 ~ 7 years	1.19~ 1.23%	65.9~ 70.28
"	2022.11.08	615	103.	5 103.5	60.00%	6 ~ 7 years	1.23%	70.28 57.97~
	2022.11.00	013	103.,	103.3	00.0070	0 % / years	1.70%	61.88
Restricted	2022.09.08	63	118.:	5 -	_	_	-	118.5
stocks to	2022.03.00	0.0	110.					110.0
employees								
- G								
"	2022.11.08	195	103.	5 -	-	-	-	103.5

D. Expenses incurred on share-based payment transactions are shown below:

	-	Year ended	Decemb	ember 31			
		2022		2021			
Cash capital increase reserved							
for employee preemption	\$	-	\$	88,335			
Employee stock options		62,522		29,935			
Restricted stocks to employees		92,790	-	35,400			
	\$	155,312	\$	153,670			

(16) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,043,358 with a par value of \$10 (in dollars) per share, consisting of 304,336 thousand shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2022	2021
At January 1	300,385	206,375
Cash capital increase	-	90,000
Employee stock options exercised	1,052	387
Issuance of employee restricted stock	632	953
Employee restricted stock -		
redeemed (226)	(426)
Conversions of convertible bonds	2,493	3,096
At December 31	\$ 304,336	\$ 300,385

- B. For the years ended December 31, 2022 and 2021, the Company issued 1,052 thousand and 387 thousand ordinary shares related to the exercise of employee share options in accordance with the employee share options plan with a par value of \$10 (in dollars) per share, totalling \$10,523 and \$3,865, respectively.
- C. For the years ended December 31, 2022 and 2021, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks because employee restricted stocks distributed to certain employees amounting to 226 thousand shares and 426 thousand shares did not meet the vesting conditions in accordance with the terms of restricted shares.
- D. On December 23, 2020, the Board of Directors resolved to increase capital by issuing 35,000 thousand ordinary shares, and resolved the issuance price of \$91.5 (in dollars) per share and totalling \$3,202,500 on April 6, 2021. The effective date was set on May 11, 2021. The registration was completed on June 15, 2021.
- E. The shareholders during their meeting on August 3, 2021, resolved to issue the 1st and 2nd restricted stocks to employees amounting to 1,000 thousand and 340 thousand shares with no subscription price, respectively. On October 1, 2021, the Board of Directors of the Company resolved to issue the 1st and 2nd restricted stocks to employees amounting to 613 thousand and 340 thousand shares in 2021, respectively, with the effective date set on October 15, 2021. On December 23, 2021, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 184 thousand shares in 2021, with the effective date set on January 10, 2022. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 190 thousand shares in 2021, with the effective date set on September 8, 2022.
- F. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement with par value of \$91.5 (in dollars) and the total consideration of issuing common stock was \$5,032,500, and the

effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

- G. The shareholders during their meeting on June 10, 2022, resolved to issue the 1st restricted stocks to employees amounting to 850 thousand shares with no subscription price. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 63 thousand shares in 2022 with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 195 thousand shares in 2022 with the effective date set on November 8, 2022.
- H. The shareholders during their meeting on June 10, 2022, adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during their meeting. The private placement was in accordance with the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 10, 2023.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.
- B. The Company's dividend policy is summarised below: The Board of Directors would

consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.

- C. The shareholders at their meeting on August 3, 2021 have resolved not to distributed earnings as the Company incurred operating loss. Please refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit which was proposed by the Board of Directors and resolved at the shareholders' meeting.
- D. On June 10, 2022, the shareholders at their meetings resolved the deficit compensation for the year ended December 31, 2021. The Company offset the accumulated deficit by capital surplus. Please refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- E. On March 10, 2023, the Board of Directors proposed the deficit compensation for the year ended December 31, 2022. The Company offset the accumulated deficit against the capital surplus. Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- F. As of December 31, 2022 and 2021, there was no earnings to be distributed.

(19) Operating revenue

	 Year ended 1	Decembe	er 31
	 2022		2021
Revenue from contracts with			
customers	\$ 1,481,017	\$	1,697,359

A. Disaggregation of revenue

The Group derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

			Year	ended Dece	mber	31, 2022	
			auth	Sales of norisation ooperative			
	Sales of serv	rices	dev	elopment	Sale	es of goods	 Total
Timing of revenue recognition							
At a point in time	\$	-	\$	-	\$	417,774	\$ 417,774
Over time	757	,680		261,876		43,687	 1,063,243
	\$ 757	,680	\$	261,876	\$	461,461	\$ 1,481,017
			Year	ended Dece	mber	31, 2021	
			S auth	ended Dece Sales of norisation ooperative	mber	31, 2021	
	Sales of serv	vices	auth and c	Sales of norisation		31, 2021 es of goods	Total
Timing of revenue recognition	Sales of serv	vices_	auth and c	Sales of norisation ooperative			 Total
•	Sales of serv	vices	auth and c	Sales of norisation ooperative			\$ Total 274,087
recognition	\$	vices - ,515	auth and c dev	Sales of norisation ooperative	Sale	es of goods	\$

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	Decer	mber 31, 2022	Decen	nber 31, 2021	Janu	ary 1, 2021
Contract assets:						
Services	\$	234,399	\$	170,597	\$	133,038
Current contract liabilities						
Services	\$	104,384	\$	102,289	\$	56,201
Authorisation and cooperative		46,091		121,678		153,369
Non-current contract liabiliti	es					
Authorisation and cooperative				20,059		64,232
	\$	150,475	\$	244,026	\$	273,802

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

Revenue recognised that was included in the contract liability balance at the beginning of the year

Services

Authorisation and cooperative development

Year ended December 31					
	2022	2021			
\$	92,362	\$	55,949		
	101,380		126,778		
\$	193,742	\$	182,727		

(c) Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term technology service contracts, authorisation and cooperative development contracts that are partially or fully unsatisfied, and all of the milestone payment as at December 31, 2022 amounted to \$2,119,033. The management expects to recognise the amount in the future.

C. Details on authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

In April 2019, the Group entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in regions other than Taiwan and Mainland China (After the amendment of the contract in the fourth quarter of 2021, it was revised to Taiwan, China, Japan, South Korea and Russia). As of December 31, 2022, the Group has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price base on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2022 and 2021, the Group recognised the revenue from authorisation and cooperative development contract amounting to \$261,876 and \$496,089, respectively.

The European Medicines Agency and the US Food and Drug Administration accepted the Sandoz AG's application for marketing review in January 2022 and February 2022, respectively. Sandoz AG received a complete response letter from the US Food and Drug

Administration in December 2022. Within the complete response letter (CRL):

- A. There were no clinical or safety or biosimilarity deficiencies cited in the CRL.
- B. The CRL cites certain drug product deficiencies related to the manufacturing facility identified by the agency during a pre-license inspection of the site.

In January 2023, the Company received an EIR (Establishment Inspection Report) from the US Food and Drug Administration, which indicated that the Company's Zhubei plant had passed the US FDA's pre-marketing drug inspection. Sandoz is in close contact with the FDA to meet the satisfactory resolution of the FDA observations in a timely manner and plans a BLA resubmission in due course.

(20) Interest income

		Year ended	December 31		
		2022	2021		
Interest income from bank deposits	\$	57,862	\$	8,764	
Interest income from financial assets measured at amortised cost		1,722		1,260	
Other interest income				342	
	\$	59,584	\$	10,366	
(21) Other income					
	Year ended December 31				
		2022		2021	
Government grant revenues	\$	37,214	\$	37,022	
Other income		430		3,173	
	\$	37,644	\$	40,195	

The Company received a grant for the 'Breast Cancer Targeted Antibody similar to EG12014 Trastuzumab Biosimilar phase III clinical trial program' from Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to \$80,000. For the years ended December 31, 2022 and 2021, the Company recognised government grants revenue of \$36,994 and \$36,861, respectively.

(22) Other gains and losses

	Year ended December 31				
		2022		2021	
Loss on lease modification	(\$	709)	\$	_	
Foreign exchange gains (losses)		126,788	(9,658)	
Gains on financial assets at fair value					
through profit or loss		2,863		1,937	
Miscellaneous disbursements	(24)	(4,545)	
Loss on redemption of convertible					
bonds	(3)		<u>-</u>	
	\$	128,915	(\$	12,266)	
(23) <u>Finance costs</u>					
		Year ended	Decemb	per 31	
		2022		2021	
Interest expense on bank					
borrowings	\$	1,205	\$	11,267	
Interest expense on lease liabilities		8,208		7,756	
Other interest expense		226		2,126	
Interest expense	\$	9,639	\$	21,149	

(24) Employee benefits, depreciation and amortisation expenses

Function	Year end	ed December	31, 2022	Year ended December 31, 2021			
	Classified as	Classified as		Classified as	Classified as		
	Operating	Operating		Operating	Operating		
Nature	Costs	Expenses	Total	Costs	Expenses	Total	
Employee benefit							
Wages and salaries	\$ 147,873	\$ 220,847	\$ 368,720	\$ 112,754	\$ 175,334	\$ 288,088	
Share based payment	60,275	95,037	155,312	44,609	109,061	153,670	
Labour and health insurance	13,771	19,354	33,125	9,421	14,724	24,145	
Pension costs	7,427	10,863	18,290	5,522	7,742	13,264	
Directors' remuneration	1	3,948	3,948	1	3,235	3,235	
Other personnel expenses	5,557	13,245	18,802	3,761	7,983	11,744	
Depreciation expense	99,536	89,564	189,100	80,216	88,476	168,692	
Amortisation expense	10,456	5,728	16,184	9,271	7,033	16,304	

- A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2022 and 2021.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31			
		2022		2021
Current tax:				
Current tax on profits for the year	\$	1,023	\$	709
Prior year income tax (over)				
underestimation		(136)		518
Total current tax		887		1,227
Deferred tax:				
Origination and reversal of temporary				
differences		338		189
Income tax expense	\$	1,225	\$	1,416

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31				
	20)22	2021		
Currency translation differences	\$	- \$	19		

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31				
		2022	2021		
Tax calculated based on loss before					
tax and statutory tax rate	(\$	22,863) (\$	8,233)		
Expenses disallowed by tax regulation		49	3		
Tax exempt income by tax regulation	(3,099) (387)		
Taxable losses not recognised as deferred					
tax assets		27,274	8,100		
Prior year income tax (over)					
underestimation	(136)	518		
Temporary differences not					
recognised as deferred tax assets		<u> </u>	1,415		
Income tax expenses	\$	1,225 \$	1,416		

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:

	2022						
			Recognised in other				
		Recognised in	comprehensive	December			
	January 1	profit or loss	income	31			
-Deferred tax assets: Share of profit (loss) of associates and subsidiaries accounted for using the equity							
method, net differences	\$ 536	\$ 338	\$ -	\$ 874			
			2021				
			Recognised in other				
		Recognised in	comprehensive	December			
	January 1	profit or loss	income	31			
-Deferred tax assets:							
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences Currency translation	\$ 347	\$ 189	\$ -	\$ 536			
differences	19	-	(19)	_			
GHIOTORICO.	\$ 366	\$ 189	(\$ 19)	\$ 536			

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

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	Unrecognised					
Qualifying items	Unused tax credits		deferred tax assets		Expiry year	
Research and	\$	887,160	\$	887,160	Note	
development						

December 31, 2021

	Unrecognised					
Qualifying items	Unused tax credits		deferred tax assets		Expiry year	
Research and	\$	686,981	\$	686,981	Note	
development						

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-

10920401340 issued by the MOEA on February 3, 2020. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. As of December 31, 2022, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

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December	<i>'</i> UI ~	, , ,	404	_

	Amount filed/	deferred tax					
Year incurred	assessed	Unused amou	nt assets	Expiry year			
2013	Amount assessed	\$ 104,54	0 \$ 104,540	2023			
2014	Amount assessed	131,76	131,762	2024			
2015	Amount assessed	133,25	7 133,257	2025			
2016	Amount assessed	109,73	7 109,737	2026			
2017	Amount assessed	163,94	9 163,949	2027			
2018	Amount assessed	371,82	7 371,827	2028			
2019	Amount assessed	858,81	9 858,819	2029			
2020	Amount assessed	1,009,16	1,009,168	2030			
2021	Amount filed	56,14	4 56,144	2031			
2022	Amount expected	132,14	0 132,140	2032			
		\$ 3,071,34	3 \$ 3,071,343				
D 1 21 2021							

December 31, 2021

	Amount filed/	deferred tax				
Year incurred	assessed	Un	used amount		assets	Expiry year
2013	Amount assessed	\$	104,540	\$	104,540	2023
2014	Amount assessed		131,762		131,762	2024
2015	Amount assessed		133,257		133,257	2025
2016	Amount assessed		109,737		109,737	2026
2017	Amount assessed		163,949		163,949	2027
2018	Amount assessed		371,827		371,827	2028
2019	Amount assessed		858,819		858,819	2029
2020	Amount filed		1,009,168		1,009,168	2030
2021	Amount expected		38,184		38,184	2031
		\$	2,921,243	\$	2,921,243	

F. The amounts of deductible temporary differences that ware not recognised as deferred tax assets are as follows:

	D	ecember 31, 2022	December 31, 2021		
Deductible temporary differences	\$	16,138	\$	28,768	

G. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Loss per share

	Year ended December 31, 2022					
	Weighted average					
	number of ordinary					
			shares outstanding	Loss per share		
	Amount a	after tax	(share in thousands)	(in dollars)		
Basic loss per share						
Loss for the year	(\$	115,540)	303,258	(\$ 0.38)		
		Year	ended December 31,	2021		
			Weighted average			
			number of ordinary			
			shares outstanding	Loss per share		
	Amount a	after tax	(share in thousands)	(in dollars)		
Basic loss per share						
Loss for the year	(\$	42,581)	242,662	(\$ 0.18)		

Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2022 and 2021.

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31				
		2022		2021	
Purchase of property, plant and					
equipment	\$	484,512	\$	170,471	
Add: Opening balance of other					
payables		19,508		15,729	
Less: Ending balance of other					
payables	(158,228)	(19,508)	
Cash paid during the year	\$	345,792	\$	166,692	

B. Financing activities with no cash flow effects

Conversion of convertible bonds S				<u> </u>	Year en	ded Dec	ember 31			
Case Changes in liabilities from financing activities Changes in liabilities from financing activities Changes in cash flow from financing activities				2022			20	21_		
Long-term borrowings Lease liability Changes in cash flow frorigin exchange rate Changes in cash flow from financing activities Long-term borrowings Lease liability Lease liability Changes in cash flow from financing activities	Conversion of conve	rtible bonds	\$		126,	<u>375</u> <u>\$</u>			165	,395
Long-term borrowings Lease liability Dortion Current Dortion D	(28) Changes in liabilities fro	om financing	activit	<u>ties</u>						
Long-term borrowings Lease liability current deposits received from financing deposits received gross from financing deposits received gross from financing deposits received gross from financing deposits received deposits received from financing deposits received received deposits received deposits received deposits received deposits received received deposits received deposits received receive					2	022				
Long-term Long-term Lease liability Cincluding Current deposits received gross					В	onds			L	iabilities
Long-term borrowings Lease liability Current portion Deposits received Signoss					pa	yable				from
At January 1 \$ - \$ 307,542 \$ 127,070 \$ - \$ 434,612 Changes in cash flow from financing activities 120,460 24,435 200) 294 96,119 Changes in right-ofuse assets 120,460 54,767 - - 54,767 Impact of changes in foreign exchange rate changes in other non-cash items - 1 - - 54,767 At December 31 \$ 120,460 \$ 338,584 \$ - \$ 294 \$ 459,338 Long-term borrowings (including current portion) Bonds payable (including current portion) Liabilities from financing activities grows At January 1 \$ 716,701 \$ 323,541 \$ 291,985 \$ 1,332,227 Changes in cash flow from financing activities 718,014 19,570 - 737,584 Changes in right-ofuse assets - 3,722 - 3,722 Impact of changes in other foreign exchange rate Changes in other non-cash items - - 151 - - 151,000					(inc	luding	Guarant	ee	fi	nancing
At January 1		Long-ter	m		cu	rrent	deposit	S	ac	ctivities-
Changes in cash flow from financing activities		borrowing	gs Le	ease liability	poi	rtion)	receive	d		gross
Changes in right-ofuse assets - 54,767 - 54,767 Impact of changes in foreign exchange rate Changes in other non-cash items - 1 - - 1 At December 31 \$ 120,460 \$ 338,584 \$ - \$ 294 \$ 459,338 Long-term borrowings (including current portion) Lease liability (including current portion) Liabilities from financing activities activities assets At January 1 \$ 716,701 \$ 323,541 \$ 291,985 \$ 1,332,227 Changes in cash flow from financing activities (718,014) 19,570) - (737,584) Changes in right-ofuse assets - 3,722 - 3,722 Impact of changes in foreign exchange rate Changes in other non-cash items - (151) - (151)	Changes in cash flow	\$	- \$	307,542	\$ 1	27,070	\$	-	\$	434,612
use assets - 54,767 - - 54,767 Impact of changes in foreign exchange rate Changes in other non-cash items - 1 - - 1 - - 1 1 - - 1 - - 1 - - - 1 - - - 1 - - - 1 - - - - 1 - - - - 1 - - - - - 1 -		120,4	60 (24,435)	(200)	2	294		96,119
foreign exchange rate Changes in other non-cash items - 1 - - 1 At December 31 \$ 120,460 \$ 338,584 \$ - \$ 294 \$ 459,338 Long-term borrowings (including current portion) Bonds payable (including current portion) Liabilities from financing activities-gross At January 1 \$ 716,701 \$ 323,541 \$ 291,985 \$ 1,332,227 Changes in cash flow from financing activities (718,014) (19,570) - (737,584) Changes in right-of-use assets - 3,722 - 3,722 Impact of changes in foreign exchange rate Changes in other non-cash items - (151) - (151) Changes in other non-cash items 1,313 - (164,915) (163,602)	• •		-	54,767		-		-		54,767
Changes in other non-cash items — 709 (126,870) — (126,161) At December 31 \$ 120,460 \$ 338,584 \$ — \$ 294 \$ 459,338 Long-term borrowings (including current portion) Bonds payable (including current financing activities gross) Liabilities from financing activities gross At January 1 \$ 716,701 \$ 323,541 \$ 291,985 \$ 1,332,227 Changes in cash flow from financing activities (718,014) 19,570) — (737,584) Changes in right-ofuse assets — 3,722 — 3,722 Impact of changes in foreign exchange rate Changes in other non-cash items — (151) — (151) Changes in other non-cash items 1,313 — (164,915) (163,602)	-			1						1
Top-cash items			-	1		-		-		1
Long-term Bonds payable Liabilities from financing activities-gross	_		<u> </u>	709	(1	26,870)			(126,161)
Long-term borrowings (including current portion) Lease liability portion) Lease liability portion) 2323,541 \$ 291,985 \$ 1,332,227 Changes in cash flow from financing activities (718,014) (19,570) - (737,584) Changes in right-ofuse assets - 3,722 - 3,722 Impact of changes in foreign exchange rate Changes in other non-cash items 1,313 - (164,915) (163,602)	At December 31	\$ 120,4	60 \$	338,584	\$	_	\$ 2	294	\$	459,338
borrowings (including current portion) Lease liability portion) Portion) At January 1 \$716,701 \$323,541 \$291,985 \$1,332,227 Changes in cash flow from financing activities (718,014) (19,570) - (737,584) Changes in right-ofuse assets - 3,722 - 3,722 Impact of changes in foreign exchange rate Changes in other non-cash items 1,313 - (164,915) (163,602)					20	021				
Changes in cash flow from financing activities (718,014) (19,570) - (737,584) Changes in right-of- use assets - 3,722 - 3,722 Impact of changes in foreign exchange rate - (151) - (151) Changes in other non-cash items 1,313 - (164,915) (163,602)		borrowi	ings current	Lease lia	bility	(includi	ng current		fina	ncing
from financing activities (718,014) (19,570) - (737,584) Changes in right-of- use assets - 3,722 - 3,722 Impact of changes in foreign exchange rate - (151) - (151) Changes in other non-cash items 1,313 - (164,915) (163,602)	-	\$ 71	6,701	\$ 32	23,541	\$	291,985	\$	1	,332,227
Impact of changes in foreign exchange rate - (151) - (151) Changes in other non-cash items 1,313 - (164,915) (163,602)	from financing activities	(71	8,014)	(1	19,570)	1	-	(737,584)
foreign exchange rate - (151) - (151) Changes in other non-cash items 1,313 - (164,915) (163,602)			-		3,722		-			3,722
non-cash items 1,313 - (164,915) (163,602)	foreign exchange rate		-	(151)	ı	-	(151)
At December 31 <u>\$ - \$ 307,542 \$ 127,070 \$ 434,612</u>	_		1,313			(164,915)	(163,602)
	At December 31	\$		\$ 30	07,542	\$	127,070	\$		434,612

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Group has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
FORMOSA LABORATORIES, INC.	Other related party
Development Center for Biotechnology (DCB)(Note 1)	<i>"</i>
FORMOSA PHARMACEUTICALS, INC.	<i>"</i>
TFBS Bioscience Inc. (Note 2)	<i>''</i>

Note 1: DCB term expired as a director after re-election of directors at the Company's shareholders' meeting on June 10, 2022. (The transaction amounts from January 1, 2022 to June 10, 2022 and from January 1, 2021 to December 31, 2021 are disclosed in the financial statements.)

Note 2: Since the Company was elected as one of the directors of TFBS Bioscience, Inc. on June 8, 2022. (The transaction amount from June 8, 2022 to December 31, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31			
		2022		2021
Sales of goods:		_		
Other related parties	\$	12,850	\$	2,240
Sales of services:				
Other related parties		5,622		6,504
	\$	18,472	\$	8,744

- (a) No similar transaction can be compared with for the sales of service. Prices and terms are determined based on mutual agreements.
- (b) On December 31, 2022 and 2021, the Group has recognised the revenue-related contract assets amounting to \$744 and \$974, and contract liabilities amounting to \$620 and \$929, respectively.

B. Service expense (shown as 'research and development expense')

	Year ended December 31					
		2022		2021		
Other related parties	\$	17,651	\$	5,559		

It refers to service expense of contracted Biopharmaceutical research and development with other related parties. Prices and terms are determined based on mutual agreements.

C. <u>Testing expense</u> (shown as 'operating costs')

	Year ended December 31				
		2022		2021	
Other related parties	\$	17,612	\$		
D. Other expenses (shown as '	administrative exp	enses')			

	 Year ended 1	Decemb	er 31
	 2022		2021
Other related parties	\$ 2,463	\$	4,729

It refers to repair and maintenance fees, based on the price specified in the contract as mutually agreed, allocated from leasing plant and lab from DCB, and the expense shall be paid before the 25th day of the first month of each quarter as specified in the contract.

E. Receivables from related parties

	December 31, 2022	Decemb	er 31, 2021
Other receivables:			
Other related parties	\$	_ \$	546
F. Payables to related parties			

	Dec	December 31, 2022		December 31, 2021	
Other payables:					
Other related parties	\$	7,732	\$	5,695	

The abovementioned balances of \$1,551 on December 31, 2021, refer to the utilities payables to DCB which made payments on behalf of the Company.

G. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31					
		2022		2021		
Other related parties	\$		- \$	190		

(b) Acquisition of financial assets:

	Y	ear ended l	December 31	
	2	022	2021	
Accounts	Consi	deration	Consideration	n
Non-current financial assets at fair value through profit or				
loss	\$	58,390	\$	_
Non-current financial assets at fair value through other	\$	40.627	\$	_
	Non-current financial assets at fair value through profit or loss Non-current financial assets	Accounts Consi Non-current financial assets at fair value through profit or loss Non-current financial assets at fair value through other	Accounts Consideration Non-current financial assets at fair value through profit or loss Non-current financial assets at fair value through other	Accounts Consideration Consideration Non-current financial assets at fair value through profit or loss \$ 58,390 \$ Non-current financial assets at fair value through other

Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

H. Lease transactions - lessee

(a) The Group leases plant, laboratory, instrument and equipment from DCB. Rental contract period is expected to be 20 years with initial rental period of 5 years plus the extension options. Rents are paid before the 25th day of the first month of each quarter.

(b) Right-of-use assets

	Decem	ber 31, 2021
	Carry	ring amount
Land	\$	64,558
Buildings		80,222
Machinery and equipment		37,359
	\$	182,139

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related right-of-use assets was not disclosed.

	Year ended December 31				
	2022 Depreciation expense			2021	
			Depreciation expense		
Land	\$	3,061	\$	4,193	
Buildings		2,279		5,229	
Machinery and equipment		1,022		2,299	
	\$	6,362	\$	11,721	

(c) Lease liabilities

i. Outstanding balance

	Decem	ber 31, 2021
Other related party -		
DCB	\$	187,803

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related lease liabilities was not disclosed.

ii. Interest expense

	Year ended December 31					
		2022		- <u></u>	2021	
Other related party -						
DCB	\$		2,185	\$		4,747

(b) Rent expense (shown as 'operating cost' and 'operating expenses')

	Year ended December 31				
		2022		2021	
Other related party -					
DCB	\$	50	<u> \$</u>	3,603	

Note: As of December 31, 2021, guarantee deposits paid (shown as other non-current assets, others) both amounted to \$2,962.

(4) Key management compensation

	Year ended December 31				
		2022		2021	
Salaries and other short-term employee benefits	\$	30,390	\$	36,555	
Post-employment benefits		556		780	
Share based payment		31,043		16,654	
	\$	61,989	\$	53,989	

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value			Book value	
Pledged asset	Decem	nber 31, 2022	Dec	cember 31, 2021	Purpose
Pledged demand deposits					Note 1
(shown as current	\$		\$	27,334	
other financial assets)					
Pledged time deposits	\$	8,671	\$	8,588	Note 2
(shown as non-current					
financial assets at					
amortised cost)					
Guarantee deposits paid	\$	65,048	\$	64,270	Note 3
(shown as other					
non-current assets,					
others)					
Property, plant and	\$	1,158,399	<u>\$</u>	1,315,911	Note 4
equipment					

- Note 1: It refers to short-term borrowings limit.
- Note 2: It refers to guarantee for lease of land
- Note 3: It refers to deposits for research commissioned contract, equipment and office, guarantee for gas meter as well as certificates of deposit for customs post-release duty payment.
- Note 4: It refers to long-term borrowings limit. In April 2022, the Company terminated the syndicated loan agreement with 6 financial institutions including Taiwan Business Bank. However, the guarantee for the pledged buildings has not yet been released.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2022 and 2021, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$105,637 and \$236,146, respectively.
- B. As of December 31, 2022 and 2021, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$815,285 and \$976,461, respectively.
- C. In September, 2020, the Group formed a collaboration with Antaimmu BioMed Co., Ltd. and Panion & BF Biotech Inc. to develop large-scale manufacture of the Vstrip® COVID-19 Antigen Rapid Test. Those three companies could develop markets individually after the joint agreement on the national distribution rights of product is reached among them based on the contract structure, and the profit-sharing royalty shall be calculated in proportion to the ratios

specified in the contract. This contract had expired and was terminated on December 31, 2021. However, the sale of products can be continued and no relevant profit-sharing royalty is required to be paid.

- D. Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Group's acquisition of assets from related parties.
- E. The Group entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of December 31, 2022, the aforementioned amount was shown as other non-current assets, others of \$30,000.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On March 10, 2023, the Board of Directors resolved to newly grant 1,105 thousand shares of stock options to employees for the year ended December 31, 2022. The issuance of employee stock options are in accordance with the terms of employee stock options.
- (2) The Board of Directors on March 10, 2023 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 805 thousand and 870 thousand shares with no subscription price, respectively, which has not yet been resolved by the shareholders as of March 10, 2023.
- (3) The Board of Directors on March 10, 2023 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three instalments after the authorization by shareholders. However, the issuance has not been resolved at the shareholders' meeting as of March 10, 2023.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

		December 31, 2022		December 31, 2021
Financial assets				
Financial assets at fair value				
through profit or loss				
Financial assets mandatorily measured				
at fair value through profit or loss	\$	61,420	\$	891
Financial assets at fair value				<u> </u>
through other comprehensive				
income				
Designation of equity	Φ.	250 225	Φ.	44.60
instrument	\$	279,325	\$	11,607
Financial assets at amortised cost				
Cash and cash equivalents	\$	6,126,885	\$	6,625,384
Financial assets at amortised cost		1,041,123		1,645,228
Notes receivable		-		1,139
Accounts receivable		32,782		78,474
Accounts receivable - related parties		-		546
Other receivables		24,944		6,818
Guarantee deposits paid (shown		65,048		64,270
as other non-current assets,		,		,
others)				
Other current and non-current				27.224
financial assets	_	-		27,334
	\$	7,290,782	\$	8,449,193
		December 31, 2022		December 31, 2021
Financial liabilities				
Financial liabilities at amortised				
cost				
Accounts payable	\$	134,607	\$	86,456
Other payables		407,387		234,716
Other payables-related parties		7,732		5,695
Bonds payable (including		-		127,070
current portion)		120.460		
Long-term borrowings		120,460		-
Guarantee deposits received				
(shown as other non-current liabilities)		294		_
naomics)	\$	670,480	\$	453,937
Lease liability (current and non-	\$	338,584	\$	307,542
current)	Ψ	330,304	Ψ	301,342

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including

foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

- (i) The Group operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, GBP and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- (iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December	21	1 2	000	
December	1	L . Z	MZZ	

	Foreign currency amount (In thousands) Exchange			Book value (NTD)
Financial assets				
Monetary items				
USD:NTD	\$	44,053	30.71	\$ 1,352,868
EUR:NTD		191	32.72	6,250
GBP:NTD		110	37.09	4,080
JPY:NTD		8,476	0.23	1,949
Financial liabilities				
Monetary items				
USD:NTD	\$	708	30.71	\$ 21,743
EUR:NTD		1,048	32.72	34,291
GBP:NTD		30	37.09	1,113
			December 31, 2021	
			December 31, 2021	
	Fo	oreign currency	December 31, 2021	
	Fo	oreign currency amount (In	December 31, 2021	Book value
	Fo	oreign currency	December 31, 2021 Exchange rate	Book value (NTD)
Financial assets	Fo	oreign currency amount (In		
Financial assets Monetary items	Fo	oreign currency amount (In		
	Fo	oreign currency amount (In		\$
Monetary items		oreign currency amount (In thousands)	Exchange rate	(NTD)
Monetary items USD:NTD		oreign currency amount (In thousands)	Exchange rate 27.68	(NTD) 1,150,824
Monetary items USD:NTD EUR:NTD		oreign currency amount (In thousands) 41,576 1,097	Exchange rate 27.68 31.32	(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD		oreign currency amount (In thousands) 41,576 1,097	Exchange rate 27.68 31.32	(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities		oreign currency amount (In thousands) 41,576 1,097	Exchange rate 27.68 31.32	(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities Monetary items	\$	amount (In thousands) 41,576 1,097 1,510	Exchange rate 27.68 31.32 0.24	\$ (NTD) 1,150,824 34,358 362
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities Monetary items USD:NTD	\$	oreign currency amount (In thousands) 41,576 1,097 1,510	Exchange rate 27.68 31.32 0.24	\$ (NTD) 1,150,824 34,358 362 20,815

(iv) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022					
		Sensitivity analysis				
	Degree of variation		et on profit or	Effect on other comprehensive income		
Financial assets	variation		1055			
Monetary items						
USD:NTD	1%	\$	13,529	\$ -		
EUR:NTD	1%		8	55		
GBP:NTD	1%		41	-		
JPY:NTD	1%		19	-		
Financial liabilities						
Monetary items						
USD:NTD	1%	\$	217	\$ -		
EUR:NTD	1%		343	-		
GBP:NTD	1%		11	-		
	Yea	r ended	December 31,	2021		
		Sensi	tivity analysis			
				Effect on other		
	Degree of	Effec	et on profit or	comprehensive		
_	variation		loss	income		

				Effe	ct on other
	Degree of	Effec	et on profit or	com	prehensive
	variation		loss	i	ncome
Financial assets					
Monetary items					
USD:NTD	1%	\$	11,508	\$	-
EUR:NTD	1%		344		-
JPY:NTD	1%		4		-
Financial liabilities					
Monetary items					
USD:NTD	1%	\$	208	\$	-
EUR:NTD	1%		475		-
GBP:NTD	1%		21		-
JPY:NTD	1%		2		-

(v) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$126,788 and (\$9,658), respectively.

ii. Price risk

- (i.) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii.) The Group's investments in equity securities comprise. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,793 and \$116, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial

recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable, and contract assets in accordance with customer types. The Group applies the modified approach using individual provision to estimate expected credit loss.
- vii. The Group's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of December 31, 2022 and 2021, the carrying amount of notes and accounts receivable (including related parties) amounted to \$32,782 and \$80,159, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance was recognised amounting to \$297 and \$689, respectively. The counterparties of time deposits over 3 months are financial institutions all with high credit quality and the expected credit risk is insignificant based on the assessment, thus, no loss allowance was recognised.

viii. Movements in loss allowance for accounts receivable are as follows:

Year ended December 31			
2	2022	2	2021
\$	689	\$	-
	-		689
(392)		_
\$	297	\$	689
		\$ 689 (392)	\$ 689 \$ (

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	December 31, 2022			December 31, 2021		
Floating rate:						
Expiring within one year	\$	1,020,000	\$	880,000		
Expiring beyond one year		593,540		995,800		
	\$	1,613,540	\$	1,875,800		

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	I	Less than	Be	tween 1			
December 31, 2022		1 year	and	l 5 years	Ove	er 5 years	 Total
Non-derivative financial							
<u>liabilities</u>							
Accounts payable	\$	134,607	\$	-	\$	-	\$ 134,607
Other payables		407,387		-		-	407,387
Other payables-		7,732		-		-	7,732
related parties							
Lease liability		34,828		115,926		247,968	398,722
Long-term borrowings		2,216		125,265		-	127,481
Guarantee deposit		294		-		-	294
received							
(show as other non-							
current liabilities)							
	I	Less than	Be	tween 1			
December 31, 2021		1 year	and	l 5 years	Ove	er 5 years	Total
Non-derivative financial	-						
<u>liabilities</u>							
Accounts payable	\$	86,456	\$	-	\$	-	\$ 86,456
Other payables		234,716		-		-	234,716
Other payables-		5,695		-		-	5,695
related parties							
Lease liability		26,555		95,725		247,236	369,516
Bonds payable							
(including current		127,070		-		-	127,070
portion)							

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and the call options and put options embedded in convertible bonds issued by the Group are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets, others), other financial assets, accounts payable, other payables (including related parties), bonds payable (including current portion), long-term borrowings (including current portion), guarantee deposits received (shown as other non-current liabilities) and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1		I	Level 2		Level 3		Total
Assets								
Recurring fair value								
<u>measurements</u>								
Financial assets at fair								
value through profit or								
loss	ф		ф		Ф	<i>c</i> 1 400	Ф	<i>c</i> 1 420
Profit-sharing investments in new drug	\$	-	\$	-	\$	61,420	\$	61,420
development								
Financial assets at fair value								
through other								
comprehensive income								
Equity securities		_				279,325		279,325
	\$	_	\$	_	\$	340,745	\$	340,745
December 31, 2021	Level 1		I	Level 2		Level 3		Total
Assets		_						
Recurring fair value								
measurements								
Financial assets at fair								
value through profit or								
loss								
Call options and Put	\$	-	\$	-	\$	891	\$	891
options of convertible								
bonds Financial assets at fair value								
through other								
comprehensive income								
Equity securities		_		_		11,607		11,607
	\$	_	\$	_	\$	12,498	\$	12,498

(b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

					202	22	
	De	rivative		Equity		Profit-sharing vestment in new	
	inst	ruments	in	struments	dr	ug development	Total
At January 1	\$	891	\$	11,607	\$	- \$	12,498
Additions		-		208,627		58,390	267,017
Conversions of convertible bonds	(723)		-		- (723)
Gains or losses recognised in profit or							
loss shown as other gains and losses							
Gains (losses) on valuation	(167)		-		3,030	2,863
Gains and losses recognised in							
other comprehensive income							
Gains (losses) on valuation	,	-		59,091		-	59,091
Settled during the year	(1)				- (_	1)
At December 31	\$		\$	279,325	\$	61,420 \$	340,745
						2021	
			Ι	Derivative		Equity	
			ir	struments		instruments	Total
At January 1			\$	600	\$	5,956 \$	6,556
Conversions of convertible bonds			(1,646)		- (1,646)
Gains or losses recognised in profit or							
loss shown as other gains and losses							
Gains (losses) on valuation				1,937		-	1,937
Gains and losses recognised in other							
comprehensive income							
Gains (losses) on valuation					_	5,651	5,651
At December 31			\$	891	\$	11,607 \$	12,498

- E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
- F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 6,207	Price-Book Ratio	Price-to -book ratio	1.54~8.46 (3.05) 30%	The higher the multiple, the higher the fair value; The higher the discount
			Discount for lack of marketability	(30%)	for lack of marketability, the lower the fair value
Unlisted shares	273,118	Price-Book Ratio	Price-to-book ratio	2.01~2.54 (2.19)	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability,
			Discount for lack of marketability	30% (30%)	the lower the fair value
Profit-sharing investments in new drug	61,420	Royalty relief method of income	Discount rate	24.58%	The higher the discount rate, the lower the fair value
development		approach	Market share	1.0%~5.4%	The higher the market share, the higher the fair value
	Fair value at		Significant	Range	
	December 31, 2021	Valuation technique	unobservable input	(weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 11,607	Price-Book Ratio	Price-to -book ratio Discount for lack of marketability	2.23~8.93 (3.41) 30% (30%)	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value
Call options and Put options of convertible bonds	891	The Binomial- Tree approach	Stock price volatility	68.35% (68.35%)	The higher the stock price volatility, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

·						December	31	, 2022		
			Re	ecognised i	n pr	ofit or loss		Recognis		
			Fa	avourable	Ur	nfavourable	F	avourable	Uı	nfavourable
	Input	Change		change		change		change		change
Financial assets Profit-sharing investments	Discount Rate	±5%	\$	3,071	(\$	3,071)	\$	-	\$	-
in new drug development Unlisted shares	Market Share Price-Book Ratio	±5%		-		-		13,966	(13,966)
	Lack of marketability	±5%	\$	3,071	(\$	3,071)	\$	13,966 27,932	(<u> </u>	13,966) 27,932)
						December	31	, 2021		
								Recognis	ed i	n other
			Re	ecognised i	n pr	ofit or loss		compreher	sive	income
				avourable	Ur	nfavourable	F	Favourable	Uı	nfavourable
	Input	Change		change		change		change		change
Financial assets Call options and Put options of convertible bonds	Stock price volatility	±5%	\$	150	(\$	130)	\$	-	\$	-
Unlisted shares	Price-Book Ratio	±5%		-		-		580	(580)
	Lack of	±5%		_		_		580	(580)
	marketability		\$	150	(\$	130)	\$	1,160	(\$	1,160)
									_	

(4) Other

The Group's operations were working normally during the Covid-19 outbreak and were implementing the government's epidemic prevention measures. The Group assessed that there was no significant impact on the Group's ability to continue as a going concern, asset impairment and financing risks.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. Segment Information

(1) General information

The Group is primarily engaged in the biosimilar and new drug research and development as well as biopharmaceutical contract development and manufacturing services, including cell line construction platforms, process development platforms, analytical science and protein characterisation, as well as PIC/S facilities to provide clinical trial drug production, etc. The Group operates business only in a single industry. The Chief Operating Decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment Information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with

the loss before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3) <u>Information about segment profit or loss</u>, assets and liabilities

The Group has only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

(4) Reconciliation for segment income (loss)

The amounts provided to the Chief Operating Decision-maker with respect to segment assets, liabilities and loss before tax from continuing operations are measured in a manner consistent with that in the financial statements. Thus, no reconciliation is needed.

(5) <u>Information on products and services</u>

The Group's revenue is mainly from biopharmaceutical contract development and manufacturing services, authorisation and cooperative development and sales. Details of revenue are as follows:

	 Year ended	Decemb	per 31
	 2022		2021
Service revenue	\$ 757,680	\$	864,515
Sales revenue	261,876		496,089
Authorisation and cooperative development revenue	 461,461		336,755
	\$ 1,481,017	\$	1,697,359

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31									
		20)22			20	21			
			N			N	Ion-current			
	I	Revenue		assets		Revenue		assets		
Taiwan	\$	746,845	\$	3,176,241	\$	611,808	\$	2,284,180		
Japan		133,023		-		149,949		-		
American & Canada		304,969		-		373,492		-		
Europe		283,327		1,169		549,259		1,962		
Others		12,853		_		12,851	_	_		
	\$	1,481,017	\$	3,177,410	\$	1,697,359	\$	2,286,142		

(7) Major customer information

Major customers which contributed more than 10% of the Group's total operating revenues for the years ended December 31, 2022 and 2021 are listed below:

			Year ended	Dece	ember 31	
		202	22		21	
	_ F	Revenue	Segment	I	Revenue	Segment
A	\$	514,208	Note	\$	355,074	Note
В		261,876	"		496,089	"
C		168,647	"		283,557	"

Note: The Group has only one reportable operating segment.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD (Except as otherwise indicated)

	As	of 1	December	· 31.	2022
--	----	------	----------	-------	------

		Relationship with						
 Securities held by	Marketable securities	the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
EirGenix Inc.	Oncomatryx Biopharma S.L. common stock	None	Non-current financial assets at fair value through other comprehensive	30,665	\$ 6,207	0.37% \$	6,207	
"	TFBS Bioscience, Inc.	"	"	4,752,361	273,118	14.35%	273,118	
	common stock							

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD (Except as otherwise indicated)

						Transact	ion	
								Percentage of consolidated total
Number								operating revenues or
(Note 1)	Company name	Counterparty	Relationship	General ledger account	_	Amount	Transaction terms	total assets (Note 3)
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Operating expesnse	\$	66,663	Note 4	4.50%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables		8,665	"	0.07%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.
- Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transact between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
 - (1) Parent company to subsidiary.
 - (2) Subsidiary to parent company.
 - (3) Subsidiary to subsidiary.
- Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.
- Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.
- Note 5: Transactions between the parent company and subsidiaries are eliminated.
- Note 6: Individual amounts less than \$1,000 are not disclosed.

Information on investees

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD (Except as otherwise indicated)

				Initial inve	stme	ent amount	Shares held	d as at Decemb	oer 31	, 2022	- Net profit (loss) of	Investment income (loss)	
			Main business	Balance as at December 31,		Balance as at December 31,	Number of	Ownership			the investee for the year ended	recognised by the Company for the year	
Investor	Investee	Location	activities	2022		2021	shares	(%)	Во	ok value	December 31, 2022	ended December 31, 2022	Footnote
EirGenix Inc.	EirGenix Europe GmbH	Germany	Biopharmaceutical research and development as well as business development	\$ 845	5 \$	845	-	100.00	\$	5,200	\$ 1,690	\$ 1,690	None

Major shareholders information

December 31, 2022

Table 4

	Shares		
Name of major shareholders	Number of shares held	Ownership (%)	
Foxconn Technology Co., Ltd.	27,500,000	9.03	
Yonglin Capital Holding Co., Ltd.	26,500,000	8.70	
Formosa Laboratories, Inc.	18,582,818	6.10	
National Development Fund, Executive Yuan	15,288,860	5.02	

EIRGENIX INC.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

Opinion

We have audited the accompanying parent company only balance sheets of EirGenix Inc. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Accuracy of service revenue and authorisation and cooperative development revenue

Description

Refer to Note 4(26) for accounting policy on service revenue and authorisation and cooperative development revenue recognition, Note 5(2) for significant accounting estimates and assumptions, and Note 6(20) for details of operating revenue. The amount of service revenue and authorisation and cooperative development revenue for the year ended December 31, 2022 were NTD 757,680 thousand and NTD 261,876 thousand, respectively.

The Company's service revenue and authorisation and cooperative development revenue primarily arise from offering biopharmaceutical contract development and manufacturing services and authorising intellectual property rights of medicine development to pharmaceutical factory. Revenue is recognised based on the stage of completion at the balance sheet date provided that such transaction amounts can be reliably estimated. Since the information process, recording and maintenance are partially performed manually and the recognition of service revenue and authorisation and cooperative development revenue contains a high degree of uncertainty resulting in a complex calculation process, and revenue recognition is significant to the financial statements, we considered the accuracy of service revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- 1. Obtained management's accounting policies on the service revenue and authorisation and cooperative development revenue recognition and confirmed that they are reasonable.
- 2. Selected samples and examined the contract in order to confirm whether the judgement made by the management was in line with the contract and generally accepted accounting principles..
- 3. For the performance obligation which was satisfied over time, selected samples and examined each data of contract costs and assessed whether the method and parameters used to measure the completion of performance obligation are reasonable.
- 4. Recalculated the accuracy of amount recognised as revenue and respective timing of recognition.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(17) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to property, plant and equipment and Note 6(9) for description of property, plant and equipment.

On December 31, 2022, property, plant and equipment amounted to NTD 2,607,958 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have significant impact to property, plant and equipment, we considered impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- 1. Reviewed and assessed the reasonableness of each data in the impairment assessment.
- 2. Assessed the estimation procedure of future cash flows, and checked whether the cash flows listed in the assessment is consistent with operating plans.
- 3. Interviewed management to discuss the Company's operations and reviewed the actual performance of prior years' operating plans in order to understand the Company's intention and ability and ascertained whether there was any significant postponement on research and development.
- 4. Assessed the reasonableness of the significant assumptions adopted in estimating cash flows.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

Teng, Sheng-Wei Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan March 10, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EIRGENIX INC. PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

		Dece		December 31, 2022	2	December 31, 202	1
	Assets	Notes		AMOUNT		AMOUNT	%
	Current assets						
1100	Cash and cash equivalents	6(1)	\$	6,108,994	52	\$ 6,619,427	58
1110	Current financial assets at fair value	6(2)					
	through profit or loss			-	-	891	-
1136	Current financial assets at amortised	6(3)					
	cost			1,000,000	9	1,636,640	14
1140	Current contract assets	6(20) and 7		234,399	2	170,597	1
1150	Notes receivable, net	6(4)		-	-	1,139	-
1170	Accounts receivable, net	6(4)		32,782	-	78,474	1
1180	Accounts receivable, net-related	7					
	parties			-	-	546	-
1200	Other receivables			24,944	-	6,818	-
1220	Current income tax assets			5,963	-	1,128	-
130X	Inventories	6(5)		739,463	6	413,712	4
1410	Prepayments	6(6)		122,502	1	105,783	1
1476	Other current financial assets	6(1) and 8		-	-	27,334	-
1479	Other current assets, others			<u>-</u>		1,555	
11XX	Total current assets			8,269,047	70	9,064,044	79
	Non-current assets						
1510	Non-current financial assets at fair	6(2) and 7					
	value through profit or loss			61,420	1	-	-
1517	Non-current financial assets at fair	6(7)					
	value through other comprehensive						
	income			279,325	2	11,607	-
1535	Non-current financial assets at	6(3) and 8					
	amortised cost			41,123	-	8,588	-
1550	Investments accounted for using	6(8)					
	equity method			5,200	-	3,289	-
1600	Property, plant and equipment, net	6(9), 7 and 8		2,607,958	22	1,885,858	17
1755	Right-of-use assets	6(10) and 7		325,330	3	296,973	3
1780	Intangible assets	6(11)		28,067	-	19,553	-
1990	Other non-current assets, others	6(9) and 8		214,887	2	146,065	1
15XX	Total non-current assets			3,563,310	30	2,371,933	21
1XXX	Total assets		\$	11,832,357	100	\$ 11,435,977	100

(Continued)

EIRGENIX INC. PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes		December 31, 2022 AMOUNT	%	 December 31, 2021 AMOUNT	%
	Current liabilities			<u> </u>	70	 7HVIOCIVI	70
2130	Current contract liabilities	6(20) and 7	\$	150,475	2	\$ 223,967	2
2170	Accounts payable			134,607	1	86,456	1
2200	Other payables	6(12)		384,682	3	226,655	2
2220	Other payables - related parties	7		16,397	_	10,796	_
2280	Current lease liabilities	7		26,826	-	18,454	-
2320	Long-term liabilities, current portion	6(13)(14) and 8		-	-	127,070	1
2399	Other current liabilities, others			3,106		4,922	_
21XX	Total current liabilities			716,093	6	698,320	6
	Non-current liabilities					_	
2527	Non-current contract liabilities	6(20)		-	-	20,059	-
2540	Long-term borrowings	6(14) and 8		120,460	1	-	-
2570	Deferred tax liabilities	6(26)		874	-	536	-
2580	Non-current lease liabilities	7		311,758	3	288,311	3
2600	Other non-current liabilities, others			294		<u> </u>	
25XX	Total non-current liabilities			433,386	4	308,906	3
2XXX	Total liabilities			1,149,479	10	 1,007,226	9
	Equity						
	Capital	6(17)					
3110	Common stock			3,043,358	26	3,003,845	26
	Capital reserve	6(18)					
3200	Capital surplus			7,734,141	65	10,475,952	92
	Accumulated deficit	6(19)					
3350	Accumulated deficit		(115,540) (1)(2,973,500) (26)
	Other equity interest						
3400	Other equity interest			20,919	(77,546) (1)
3XXX	Total equity			10,682,878	90	 10,428,751	91
	Significant contingent liabilities and	9					
	unrecognised contract commitments						
	Significant events after the balance	11					
	sheet date						
3X2X	Total liabilities and equity		\$	11,832,357	100	\$ 11,435,977	100

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC. PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as loss per share)

		Year ended December 31					
	Items	Notes		2022 AMOUNT	%	2021 AMOUNT	%
4000	Operating Revenue	6(20) and 7	\$	1,481,017	100 \$	1,697,359	100
5000	Operating Costs	6(5)(11)(25) and 7		724,565) (49) (604,305) (35)
5900	Gross Profit	0(3)(11)(23) und 7		756,452	51	1,093,054	65
2700	Operating Expenses	6(11)(25) and 7		130, 132		1,075,051	
6100	Sales and marketing expenses	o(11)(23) una /	(51,130) (4) (34,034) (2)
6200	General and administrative expenses		(236,675) (16) (223,564) (13)
6300	Research and development expenses		(802,439) (54) (895,285) (53)
6450	Reversal of credit impairment	12(2)	`	, , ,	, ,	, , ,	,
	loss(expected credit impairment						
	loss)			392	- (689)	
6000	Total operating expenses		(1,089,852) (74) (1,153,572) (<u>68</u>)
6900	Operating Loss		(333,400) (23) (60,518) (3)
	Non-operating Income and Expenses						
7100	Interest income	6(3)(4)(21)		59,584	4	10,366	1
7010	Other income	6(22)		37,644	3	40,195	2
7020	Other gains and losses	6(2)(23)		128,915	9 (12,266) (1)
7050	Finance costs	6(10)(24) and 7	(9,635) (1)(21,116) (1)
7070	Share of profit of subsidiaries	6(8)					
	associates and joint ventures			1 (00		0.47	
7000	accounted for using equity method			1,690	<u> </u>	947	
7000	Total non-operating income and			210 100	1.5	10 106	1
7900	expenses Loss before Income Tax		_	218,198 115,202) (15 8) (18,126 42,392) (2)
7950	Income tax expense	6(26)	(338)	8) (42,392) (189)	2)
8200	Net Loss	0(20)	(•	115,540) (8) (\$	42,581) (2)
8200	Other Comprehensive Income		(<u> </u>	113,340) (<u>o</u>) (<u>a</u>	42,301)(_	
	Components of other comprehensive						
	income that will not be reclassified to						
	profit or loss						
8316	Unrealised gains (losses) from	6(7)					
	investments in equity instruments						
	measured at fair value through other						
	comprehensive income		\$	59,091	4 \$	5,651	
8310	Other comprehensive income that						
	will not be reclassified to profit or						
	loss			59,091	<u>4</u>	5,651	
	Components of other comprehensive						
	income that will be reclassified to						
0271	profit or loss			220	,	225)	
8361 8399	Exchange differences on translation Income tax relating to components	6(26)		220	- (335)	-
0399	of other comprehensive income that	0(20)					
	will be reclassified to profit or loss				_	19	
8360	Other comprehensive income that					17	<u></u>
0500	will be reclassified to profit or loss			220	- (316)	_
8300	Other Comprehensive Income		\$	59,311	4 \$	5,335	
8500	Total Comprehensive Loss		(\$	56,229) (4) (\$	37,246) (2)
0200	20m Comprehensive Loss		·Ψ	50,227)(- / (Ψ	31,270)(
	Loss per share (in dollars)	6(27)					
9750	Loss per share (in dollars)	- (- ,)	(\$		0.38) (\$		0.18)
	. /		`				/

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC. PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

				Capital Reserves											
	Notes	Comn	non stock	Additional paid-in capital	Donated assets received	Employee stock		apital surplus, hare options	Restricted stock t employees	o Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
Year ended December 31, 2021															
Balance at January 1, 2021		\$ 2,	063,751	\$ 2,737,424	\$ 2,036	\$ 13,798	\$	8,056	\$ 52,660	\$ -	(\$ 2,930,919)	\$ 79	\$ 180	(\$ 41,448)	\$ 1,905,617
Loss for 2021							_				(42,581)				(42,581)
Other comprehensive income(loss)	6(7)		-	-	-	-			-	-	-	(316)	5,651	-	5,335
Total comprehensive income(loss)							_				(42,581)	(316)	5,651		(37,246)
Issuance of shares	6(17)		900,000	7,329,736			_	_			` <u> </u>	`			8,229,736
Cash capital increase reserved for employee preemption	6(16)		-	88,335	_	-			_	_	_	_	-	_	88,335
Compensation costs of employee stock options	6(16)			-	_	29,935	;		_	_	_	_	-	_	29,935
Employee stock options exercised	6(16)(17)		3,865	9,489	_	(1,775			_	_	_	_	-	_	11,579
Issuance of employee restricted stocks	6(16)(17)		9,525	-	_	-			67,567	_	_	-	_	(77,092)	-
Redemption of employee restricted stock	6(16)(17)	(4,253)	-	-	-			4,253	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(16)		-	_	_	-		-	-	_	_	-	_	35,400	35,400
Restricted stocks vested			-	9,552	-	-			(9,552)) -	-	-	-	-	-
Conversion of convertible bonds	6(13)(17)		30,957	139,027	-	-	(4,589)	-	-	-	-	-	-	165,395
Balance at December 31, 2021		\$ 3,	003,845	\$ 10,313,563	\$ 2,036	\$ 41,958	\$	3,467	\$ 114,928	\$ -	(\$ 2,973,500)	(\$ 237)	\$ 5,831	(\$ 83,140)	\$ 10,428,751
Year ended December 31, 2022							-								
Balance at January 1, 2022		\$ 3.	003,845	\$ 10,313,563	\$ 2,036	\$ 41,958	\$ \$	3,467	\$ 114,928	\$ -	(\$ 2,973,500)	(\$ 237)	\$ 5,831	(\$ 83,140)	\$ 10,428,751
Loss for 2022		-		-	-	-				-	(115,540)	-			(115,540)
Other comprehensive income(loss)	6(7)			-	_	-			_	_	-	220	59,091	_	59,311
Total comprehensive income(loss)	. ,	-									(115,540)	220	59,091		(56,229)
Capital surplus used to offset accumulated deficits	6(17)	-		(2,971,464)	(2,036)						2,973,500				-
Compensation costs of employee stock options	6(16)		_	-	-,,	61,651			_	871	-,,,,,,,,	_	_	_	62,522
Employee stock options exercised	6(16)(17)		10,523	26,467	_	(8,320			_	-	_	_	_	_	28,670
Issuance of employee restricted stocks	6(16)(17)		6,318	_	_	-			47,318	_	_	_	-	(53,636)	-
Redemption of employee restricted stock	6(16)(17)	(2,260)	-	_	-			2,260	_	_	_	_	-	_
Compensation costs of employee restricted stocks	6(16)	`	-	-	_	-			-	_	_	_	-	92,790	92,790
Restricted stocks vested	,		-	59,358	_	-			(59,358)) -	_	-	_	_	-
Conversion of convertible bonds	6(13)(17)		24,932	104,904	-	-	(3,462)	-	-	-	-	-	-	126,374
Pay off convertible bonds			_	_	-	-	(5)	-	5	-	-	-	-	-
Balance at December 31, 2022		\$ 3,	043,358	\$ 7,532,828	\$ -	\$ 95,289	\$	_	\$ 105,148	\$ 876	(\$ 115,540)	(\$ 17)	\$ 64,922	(\$ 43,986)	\$ 10,682,878

EIRGENIX INC. PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

		Year ended December 31			
	Notes		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(\$	115,202)	(\$	42,392)
Adjustments		(Ψ	113,202)	(Ψ	12,372)
Adjustments to reconcile profit (loss)					
Depreciation expense	6(9)(10)(25)		187,987		166,572
Amortization expense	6(11)(25)		16,184		16,304
Net profit on financial assets or liabilities at fair	6(2)(23)		10,101		10,501
value	*(-)()	(2,863)	(1,937)
Interest expense	6(24)	(9,635	`	21,116
Interest income	6(21)	(59,584)	(10,366)
Share-based payments	6(16)(25)	(155,312	(153,670
Loss on redemption of convertible bonds	6(23)		3		155,070
Share of loss of subsidiaries associates and joint	6(8)		3		
ventures accounted for using equity method	(0)	(1,690)	(947)
Reversal of credit impairment loss(expected	12(2)	(1,000 /	(<i>y</i> ()
credit impairment loss)	(-)	(392)		689
Loss on lease modification	6(10)(23)	(709		-
Changes in operating assets and liabilities	0(10)(20)		707		
Changes in operating assets					
Current contract assets		(63,802)	(37,559)
Notes receivable, net		`	1,139		19,913
Accounts receivable, net			46,084	(6,631)
Accounts receivable, net-related parties			546	(546)
Other receivables		(13,793)	ì	2,887)
Inventories		Ì	324,025)	Ì	252,780)
Prepayments		Ì	16,719)	ì	21,654)
Other current assets			1,555	Ì	1,026)
Changes in operating liabilities			-,	`	-,,
Contract liabilities		(93,551)	(29,776)
Accounts payable		`	48,151		45,295
Other payables			19,212	(42,174)
Other payables - related parties			5,601	`	4,142
Other current liabilities, others		(1,816)	(3,662)
Cash outflow generated from operations		(201,319)	(26,636)
Interest received		`	55,232	`	9,549
Interest paid		(9,314)	(18,464)
Income tax refund		`	-	•	77
Income tax paid		(4,835)	(898)
Net cash flows used in operating activities		(160,236)	(36,372)

(Continued)

EIRGENIX INC. PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in thousands of New Taiwan dollars)

		Year ended December 31			per 31
	Notes		2022		2021
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of financial assets at amortised cost		(\$	1,032,516)	(\$	1,522,782)
Proceeds from disposal of financial assets at					
amortised cost			1,636,640		-
Acquisition of property, plant and equipment	6(28)	(345,548)	(165,927)
Acquisition of intangible assets	6(11)	(8,652)	(3,017)
Decrease(increase) in refundable deposits(shown as					
other non-current assets, others)		(778)		958
Decrease in other financial assets			27,334		3,266
Acquisition of financial assets at fair value through	6(7)				
other comprehensive income		(208,627)		-
Acquisition of financial assets at fair value through	6(2) and 7				
profit or loss		(58,390)		-
Increase in other non-current assets		(465,226)	(68,222)
Increase in prepayments for investments		(20,000)		<u> </u>
Net cash flows used in investing activities		(475,763)	(1,755,724)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of bonds	6(13)(29)	(200)		-
Proceeds from long-term borrowings	6(29)		120,460		37,160
Repayments of long-term borrowings	6(29)		-	(755,174)
Increase in guarantee deposits received(shown as	6(29)				
other non-current liabilities)			294		-
Repayments of lease principal	6(10)(29)	(23,657)	(17,734)
Issuance of common stocks			-		8,229,736
Employee stock options exercised			28,669		11,579
Net cash flows from financing activities			125,566		7,505,567
Net (decrease) increase in cash and cash equivalents		(510,433)		5,713,471
Cash and cash equivalents at beginning of year			6,619,427		905,956
Cash and cash equivalents at end of year		\$	6,108,994	\$	6,619,427

EIRGENIX INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

- (1) EirGenix, Inc. (hereinafter referred to as the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 2012. In April 2013, the Company obtained all key technologies from the biopharmaceutical pilot plant originally owned by the Development Center for Biotechnology, including its complete core competencies. The Company is primarily engaged in the research and development of biosimilars and new drugs, as well as biopharmaceutical contract development and manufacturing services, which included cell line construction platforms, process development platforms, analytical science and protein identification. Furthermore, EirGenix has two cGMP facilities certified by the Taiwan Food and Drugs Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug production.
- (2) The shares of the Company have been listed on the Taipei Exchange since June 28, 2019.
- 2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting

Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission

("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

	Effective date by
	International
	Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022

	Effective date by
	International
	Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IAS 37, 'Onerous contracts—	January 1, 2022
cost of fulfilling a contract'	
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities	January 1, 2023
arising from a single transaction'	

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets	To be determined by
between an investor and its associate or joint venture'	International Accounting
	Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 -	January 1, 2023
comparative information'	

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan

dollars, which is the Company's functional and currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through profit or loss and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial

recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) <u>Investments accounted for using equity method - subsidiaries</u>

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- D. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the parent company only financial statements. In addition, owner's equity presented on the parent company only

financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	$2 \sim 10 \text{ years}$
Office equipment	2 ~ 10 years
Buildings and structures	5 ~ 20 years
Leasehold improvements	3 ~ 20 years
Other equipment	3 ~ 10 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) <u>Intangible assets</u>

The Company's accounting policies on intangible assets are summarised below:

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Professional expertise

Professional expertise is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or

loss'.

- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as

expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the amounts resolved by the shareholders and the actual amounts subsequently distributed is accounted for as changes in estimates.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are not required to return the dividends received if they resign during the vesting period.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An

- additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Revenue recognition

A. Service revenue

(a) The Company provides biopharmaceutical contract testing and development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

B. Sales revenue

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

C. Authorisation and cooperative development revenue

(a) The Company's authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Company will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and development outcome at any time. Based on the Company's assessment, the Company uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Company are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time. Pharmaceutical factories pay a nonrefundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Company uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer

of control of services to customers and the Company's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

(b) The Company also entered into contracts with pharmaceutical factories, whereby the Company is entitled to a sales-based royalty in exchange for a license of manufacturing and the right to sell pharmaceutical products. In accordance with the contracts, the Company will not undertake any activities that will significantly affect the intellectual property to which the customer has rights. The Company recognises revenue at the later of when the performance obligation has been satisfied and the subsequent transfer of control or sale occurs.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment on property, plant and equipment

(a) The Company assesses impairment based on its internal and external information and industry characteristics and determines the separate cash flows of a specific group of assets, useful lives

of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

- (b) As of December 31, 2022, the carrying amount of property, plant and equipment was \$2,607,958.
- B. Recognition of service revenue and authorisation and cooperative development revenue
 - (a) Service revenue and authorisation and cooperative development revenue are recognised based on the stage of completion. The Company sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.
 - (b) For the year ended December 31, 2022, the service revenue and authorisation and cooperative development revenue amounted to \$757,680 and \$261,876, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	Dece	ember 31, 2022	December 31, 2021		
Cash on hand and petty cash	\$	61	\$	51	
Demand deposits		738,882		5,422,756	
Time deposits		5,370,051		1,196,620	
	\$	6,108,994	\$	6,619,427	

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company classified restricted cash and cash equivalents amounting to \$0 and \$27,334 as other current financial assets as of December 31, 2022 and 2021. Please refer to Note 8.

(2) Financial assets at fair value through profit or loss

Items	De	ecember 31, 2022	December 31, 2021		
Current items:					
Financial assets mandatorily					
measured at fair value					
through profit or loss					
Call options and Put options of convertible bonds	\$	-	\$	362	
Valuation adjustment		<u>-</u>		529	
	\$		\$	891	
Non-current items:					
Financial assets mandatorily					
measured at fair value					
through profit or loss					
Profit-sharing investment in new drug development	\$	58,390	\$	-	
Valuation adjustment		3,030		<u>-</u>	
	\$	61,420	\$		

- A. The Company recognised net gains amounting to \$2,863 and \$1,937 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.
- B. On April 18, 2022, the Company entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the "Product") with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Company at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize this product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the aforementioned agreement, the Company paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2022, the Company had paid US\$2,000 thousand.
- C. Details of the terms of the first domestic secured convertible bonds issued by the Company are provided in Note 6(13).

(3) Financial assets at amortised cost

Items	Dece	mber 31, 2022	December 31, 2021			
Current items:						
Time deposits (Note)	\$	1,000,000	\$	1,636,640		
Non-current items:						
Government bonds	\$	32,452	\$	-		
Pledged time deposits		8,671		8,588		
	\$	41,123	\$	8,588		

Note: The deposit period for time deposits ranges between three months and a year.

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31							
		2022	2021					
Interest income	\$	1,722 \$	1,260					

- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits and government bonds are financial institutions and governments with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	Decei	mber 31, 2022	Decem	ber 31, 2021
Notes receivable	\$		\$	1,139
Accounts receivable	\$	33,079	\$	79,163
Less: Allowance for uncollectible				
accounts	(297)	(689)
	\$	32,782	\$	78,474

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

		Decemb	er 31, 20	022	December 31, 2021					
	Note	s receivable	Accoun	ts receivable	Note	s receivable	Accour	nts receivable		
Not past due	\$	32,782	\$	-	\$	72,291	\$	1,139		
Up to 30 days past due		-		-		2,454		-		
31 to 90 days past due		-		-		-		-		
91 to 180 days past due		-		-		4,418		-		
Over 181 days past due		297		_						
	\$	33,079	\$	<u>-</u>	\$	79,163	\$	1,139		

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$93,584.
- C. For the years ended December 31, 2022 and 2021, the interest income is recognised in profit or loss of \$0 and \$342, respectively.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable (including related parties) held by the Company was \$32,782 and \$80,159, respectively.
- E. The Company did not hold any collateral.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) <u>Inventories</u>

			Dece	mber 31, 2022					
		Cost	Book value						
Raw materials	\$	377,424	(\$	18,327)	\$	359,097			
Work in progress		281,739		-		281,739			
Finished goods		98,150		-		98,150			
Merchandise inventory		477		<u>-</u>		477			
	\$	757,790	(\$	18,327)	\$	739,463			
	December 31, 2021								
			Al	lowance for					
		Cost	va	luation loss		Book value			
Raw materials	\$	338,034	(\$	17,315)	\$	320,719			
Work in progress		52,374		-		52,374			
Finished goods		37,569		-		37,569			
Merchandise inventory		3,050		<u>-</u>		3,050			
	\$	431,027	(\$	17,315)	\$	413,712			

The cost of inventories recognised as expense for the year:

	Year ended December 31							
Cost of goods used		2022		2021				
	\$	199,628	\$	143,605				
Cost of goods sold		138,672		38,422				
Loss on decline in market value		1,012		6,878				
Loss (gain) on physical inventory		34	(90)				
	\$	339,346	\$	188,815				

(6) Prepayments

	 December 31, 2022	 December 31, 2021
Office supplies	\$ 9,009	\$ 12,935
Prepayments for contracted research expense	11,310	12,972
Excess business tax paid (or Net Input VAT)	6,106	1,877
Prepayments to suppliers	50,100	48,871
Prepayment for guarantee deposits and handling fee	-	1,606
Other prepaid expenses	 45,977	 27,522
	\$ 122,502	\$ 105,783

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

Items	Dece	mber 31, 2022	December 31, 2021			
Non-current items:						
Equity instruments						
Unlisted stocks	\$	214,403	\$	5,776		
Valuation adjustment		64,922		5,831		
	\$	279,325	\$	11,607		

- A. The Company has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$279,325 and \$11,607 as at December 31, 2022 and 2021, respectively.
- B. The Company acquired equity instruments amounting to \$208,627 for the year ended December 31, 2022.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

 Y ea	December 31			
 2022			2021	
\$	59,091	\$		5,651
\$		2022	2022	2022 2021

(8) Investments accounted for using equity method

	Decemb	er 31, 2022	December 31, 2021		
Subsidiary:					
EirGenix Europe GmbH	\$	5,200	\$	3,289	

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.
- B. Share of profit of subsidiaries, associates and joint ventures accounted for using equity method is as follows:

	Year ended December 31								
		2022	2021						
Subsidiary:									
EirGenix Europe GmbH	\$	1,690 \$		947					

(9) Property, plant and equipment

2022

	Machinery and	l Office equipment		ldings and tructures	Leasehold improvements	S.	Other equipment	const	infinished truction and oment under eceptance	Total	busin (sho	payments for ness facilities own as other on-current ets, others)
At January 1							* *					
Cost	\$ 813,793	8 \$ 67,03	7 \$	1,295,911	\$ 24,49	5 \$	26,524	\$	103,265 \$	2,331,025	\$	65,456
Accumulated depreciation	(239,109	9) (23,99	5) (164,219)	(8,97	4) (8,870)		- (445,167))	<u>-</u>
	\$ 574,684	\$ 43,04	<u>\$</u>	1,131,692	\$ 15,52	1 \$	17,654	\$	103,265 \$	1,885,858	\$	65,456
Opening net book amount												
as at January 1	\$ 574,684	\$ 43,04	2 \$	1,131,692	\$ 15,52	1 \$	17,654	\$	103,265 \$	1,885,858	\$	65,456
Additions	92,578		•	76,679	21,10		6,516		278,775	484,268		433,952
Reclassifications	7,701		-	61,890		-	-	(69,591)	-		-
Transfers from other non- current assets	69,453	86	2	-		-	405		330,415	401,135	(401,135)
Depreciation charge	(80,909	9) (8,21	3) (64,844)	(3,16	8) (4,438)		- (161,577))	-
Reclassified to inventories	(1,726	<u> </u>							- (_	1,726)		
Closing net book amount												
as at December 31	\$ 661,781	\$ 44,30	<u>\$</u>	1,205,417	\$ 33,45	<u>4</u> <u>\$</u>	20,137	\$	642,864 \$	2,607,958	\$	98,273
At December 31												
Cost	\$ 978,923			1,434,479	\$ 45,59		32,925	\$	642,864 \$	3,209,096		98,273
Accumulated depreciation	(317,142	-		229,062)	(12,14		12,788)			601,138		
	\$ 661,781	\$ 44,30	<u>\$</u>	1,205,417	\$ 33,45	4 \$	20,137	\$	642,864 \$	2,607,958	\$	98,273

								20	,_,							
		achinery and equipment		Office equipment	E	Buildings and structures		Leasehold approvements		Other equipment	con	Unfinished struction and ipment under acceptance		Total	busi (sh	epayments for iness facilities own as other non-current ssets, others)
At January 1								_				_			-	
Cost	\$	723,658		63,999	\$	1,290,377	\$	23,263		22,469	\$	28,246	\$	2,152,012	\$	12,063
Accumulated depreciation	(168,970)	(17,622)	(102,463)	(6,340)	(5,292)			(300,687)		
	\$	554,688	\$	46,377	\$	1,187,914	\$	16,923	\$	17,177	\$	28,246	\$	1,851,325	\$	12,063
Opening net book amount as at January 1 Additions Reclassifications Transfers from other non- current assets	\$	554,688 86,102 2,423 2,186	\$	46,377 3,882 -	\$	1,187,914 2,685 2,547 302	\$	16,923 1,232	\$	17,177 4,089 -	·	28,246 71,716 4,970) 8,273	\$	1,851,325 169,706 - 10,761		12,063 64,154 - 10,761)
Depreciation charge	(70,715)	(7,217)	(61,756)	(2,634)	(3,612)		=	(145,934)		_
Closing net book amount as at December 31	\$	574,684		43,042	<u>\$</u>	1,131,692		15,521		17,654	\$	103,265	\$	1,885,858		65,456
At December 31																
Cost	\$	813,793		67,037	\$	1,295,911	\$	24,495		26,524	\$	103,265	\$		\$	65,456
Accumulated depreciation	(239,109)	(23,995)	(164,219)	(8,974)	(_	8,870)			(445,167)		
	\$	574,684	\$	43,042	\$	1,131,692	\$	15,521	\$	17,654	\$	103,265	\$	1,885,858	\$	65,456

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

		December 31, 2022		December 31, 2021		
		Carrying amount		Carrying amount		
Land	\$	202,395	\$	174,445		
Buildings		84,030		80,222		
Machinery and equipment		35,305		37,359		
Transportation equipment (Business vehicles)		2,584		4,223		
Office equipment						
(Multifunction printers)	_	1,016	_	724		
	\$	325,330	\$	296,973		
	Year ended December 31					
	_	2022		2021		
		Depreciation expense	_	Depreciation expense		
Land	\$	14,543	\$	11,560		
Buildings		7,521		5,229		
Machinery and equipment		2,310		2,299		
Transportation equipment (Business vehicles)		1,640		1,188		
Office equipment						
(Multifunction printers)	_	396	_	362		
	\$	26,410	\$	20,638		

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$54,767 and \$2,949, respectively.

The information on profit and loss accounts relating to lease contracts is as follows:

Year ended December 31 2022 2021 Items affecting profit or loss Interest expense on lease \$ 8,204 \$ 7,723 liabilities Expense on short-term lease 11,889 8,476 contracts Expense on leases of low-value 364 376 assets Loss on lease modification 709

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$44,126 and \$34,297, respectively.

(11) Intangible assets

		Software	Prof	fessional expertise		Total
At January 1						
Cost	\$	21,153	\$	107,953	\$	129,106
Accumulated amortisation	(16,438)	(93,115)	(109,553)
	\$	4,715	\$	14,838	\$	19,553
Opening net book amount as at January 1	\$	4,715	\$	14,838	\$	19,553
Additions		8,652		-		8,652
Transfers(Note)		16,046		-		16,046
Amortisation charge	(5,240)	(10,944)	(16,184)
Closing net book amount as at December 31	<u>\$</u>	24,173	\$	3,894	\$	28,067
At December 31						
Cost	\$	45,851	\$	107,953	\$	153,804
Accumulated amortisation	(21,678)	(104,059)	(125,737)
	\$	24,173	\$	3,894	\$	28,067

Note:Transfers pertain to the assets transferred from prepaid intangible assets (shown as "other non-current assets, others).

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		Software	Profess	sional expertise		Total
At January 1						
Cost	\$	18,415	\$	107,674	\$	126,089
Accumulated amortisation	(11,127)	(82,122)	(93,249)
	\$	7,288	\$	25,552	\$	32,840
Opening net book amount as at January 1	\$	7,288	\$	25,552	\$	32,840
Additions		2,738		279		3,017
Amortisation charge	(5,311)	(10,993)	(16,304)
Closing net book amount as at December 31	\$	4,715	\$	14,838	\$	19,553
At December 31						
Cost	\$	21,153	\$	107,953	\$	129,106
Accumulated amortisation	(16,438)	(93,115)	(109,553)
	\$	4,715	\$	14,838	\$	19,553

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31				
		2022		2021	
Operating costs	\$	10,456	\$	9,271	
Administrative expenses		1,005		1,242	
Research and development expenses		4,705		5,791	
Selling expenses		18			
	\$	16,184	\$	16,304	

- B. The basic information of the professional expertise that is material to the Company is as follows:
 - (a) In April 2013, the Company acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to \$92,483 from the Development Center for Biotechnology cGMP biopharmaceutical pilot plant facility.
 - (b) In July 2013, the Company acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to \$7,143.
 - (c) In July 2013, the Company acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to \$7,485.

(12) Other payables

	 December 31, 2022		December 31, 2021
Payable on equipment	\$ 158,228	\$	19,508
Salary and bonus payable	87,593		69,981
Service expense payable	51,108		57,660
Payable on consumables	25,012		25,831
Payable on repairs and maintenance expense	19,732		17,136
Others	 43,009		36,539
	\$ 384,682	\$	226,655
(13) Bonds payable			
	December 31, 2022		December 31, 2021
Bonds payable	\$ -	\$	129,100
Less: Discount on bonds payable	 	(2,030)
	-		127,070
Less: Current portion or exercise of put options	 <u>-</u>	(127,070)

- A. The terms of the 1st domestic secured convertible bonds issued by the Company are as follows:
 - (a) The Company issued \$300,000, 0% 1st domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (May 29, 2020 ~ May 29, 2023), will be redeemed in cash at face value at the maturity date and are guaranteed by Taichung Commercial Bank, Linkou Branch. The bonds were listed on the Taipei Exchange on May 29, 2020.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. The conversion price was reset at NTD 51.7 (in dollars) effective November 30,

2021.

- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 100% of the face value as interests (yields 0% per annum) upon two years from the issue date.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$8,056 were separated from the liability component and were recognised in 'capital surplus share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 0.82%.
- C. As of December 31, 2022, the bonds totaling \$299,800 (face value) had been converted into 5,589 thousand shares of common stock, and the bonds were repurchased at the face value amounting to \$200.

(14) Long-term borrowings

T		
Borr	owing	period

	zono mis ponos				
Type of borrowings	and repayment term	Interest rate range	Collateral	Decem	ber 31, 2022
Long-term bank borrowi	ings				
Credit borrowings	Borrowing period	1.3500%	None	\$	39,560
	is from February	~1.8250%			
	15, 2022 to				
	February 15,				
	2027; interest is				
	payable monthly;				
	principal is				
	payable on the				
	15th of every				
	month from				
	March 2025				
"	.	1.4750%	"		
	Borrowing period is	~1.8250%			
	from June 30, 2022				
	to February 15, 2027; interest is				
	payable monthly;				
	principal is payable				
	on the 15th of every				
	month from March				
	2025				
					80,900
				\$	120,460

- A. Information on the Company's undrawn borrowing facilities is provided in Note 12(2) C.
- B. On May 6, 2020, the Company entered into a \$1,050,000 syndicated loan agreement with 6 banks including Taiwan Business Bank to ensure it has sufficient cash to support its research and development expenditures through drawing the credit limit of \$281,800 circularly, upon repaying the existing syndicated loan and purchasing the new machinery and equipment as well as auxiliary equipment. Subsequently, the Company settled the long-term borrowings in advance in December 2021.
- C. On December 23, 2021, the Company entered into a \$714,000 syndicated loan agreement with Hua Nan Commercial Bank Ltd. and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations".
- D. Information about assets pledged as collateral for long-term borrowings is provided in Note 8.

(15) Pensions

- A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$16,051 and \$11,591, respectively.

(16) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of		Quantity granted		
arrangement	Grant date	(shares in thousands)	Contract period	Vesting conditions
Employee stock	2015. 07. 01	1,270	10 years	1 to 4 years'
options - B				service
"	2015. 07. 01	130	"	"
"	2015. 07. 06	250	"	"
"	2015. 10. 29	80	"	"
"	2016. 01. 01	270	"	"
Employee stock options - C	2016. 05. 05	100	10 years	2 to 4 years' service
Employee stock options - D	2016.10. 12	515	10 years	2 to 4 years' service
"	2016.12. 29	85	"	"
Employee stock options - E	2017.08. 08	395	10 years	2 to 4 years' service
"	2017.12. 27	570	"	"
"	2017.12. 27	175	"	"
Employee stock soptions - F	2019. 01. 25	520	10 years	2 to 4 years' service
"	2019. 05. 13	285	"	11
Restricted stocks	2016.11. 18	1,660	N/A	Conditions of
to employees - A	2010.11. 10	1,000	1 1/11	service years and performance
"	2017 00 00	257	"	"
	2017. 08. 08	257		
Employee stock options - G	2019. 11. 12	960	10 years	2 to 4 years' service
options - G	2020. 04. 15	775	"	sel vice
"	2020. 04. 13	205	"	"
Restricted stocks	2020. 05. 13	455	N/A	0.25 to 3 years'
to employees - B				service
"	2020. 12. 10	144	"	"
Restricted stocks	2020. 08. 14	905	N/A	Performance
to employees - D				conditions
11	2020. 12. 10	94	"	"

Type of		Quantity granted		
arrangement	Grant date	(shares in thousands)	Contract period	Vesting conditions
Employee stock	2020. 12. 23	830	10 years	2 to 4 years'
options - H			•	service
"	2021. 05.12	315	"	"
"	2021. 08.12	505	"	"
"	2021. 10.01	1,185	"	"
Cash capital	2021. 04.06	3,211	N/A	Vested
increase reserved		·		immediately
for employee				•
preemption				
Restricted stocks	2021. 10.15	613	N/A	Performance
to employees - E				conditions
	2022.01.10	184	"	"
"				
	2022.09.08	190	"	"
"	2022.00	2,0		
Restricted stocks	2021. 10.15	340	N/A	Performance
to employees - F	2021. 10.13	310	17/11	conditions
Employee stock	2022.03.22	160	10 years	2 to 4 years'
options - I	2022.03.22	100	10 years	service
"	2022.05.12	225	"	"
"	2022.08.11	685	"	"
"	2022.09.08	510	"	"
"	2022.11.08	615	"	"
Restricted stocks	2022.09.08	63	N/A	Performance
to employees - G	552 13 0			conditions
" I	2022.11.08	195	"	"

- (a) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.
- (b) The abovementioned share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2022		2021	
		Weighted-		Weighted-
		average		average
	No. of options	exercise price	No. of options	exercise price
	(shares in thousands)	(in dollars)	(shares in thousands)	(in dollars)
Options outstanding	5,282	\$15~146.4	4,210	\$15~57.8
at January 1				
Options granted	2,195	71.6~118.5	2,005	124~154.5
Options forfeited	(759)	25.2~146.4	(546)	15~135.5
Options exercised	(1,052)	15~51.2	(387)	15~39.6
Options outstanding				
at December 31	5,666	15~146.4	5,282	15~146.4
Options exercisable				
at December 31	1,238		1,503	

(b) Restricted stocks to employees

		2022	2021
		(shares in thousands)	(shares in thousands)
Stocks outstanding at January 1		2,869	2,629
Stocks granted		632	953
Stocks vested	(704) (287)
Stocks retired Stocks outstanding	(226) (426)
at December 31	_	2,571	2,869

C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2022 and 2021 were \$99.8 (in dollars) and \$132.5 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

			December	31, 2022	December	31, 2021
			No. of shares	Exercise	No. of shares	Exercise
Type of	Issue date		(shares in	price	(shares in	price
arrangement	approved	Expiry date	thousands)	(in dollars)	thousands)	(in dollars)
Employee	2015. 07. 01	2025. 06. 30	140	\$ 15	208	\$ 15
stock						
options - B						
"	2015. 07. 01	2025. 06. 30	20	20	20	20
"	2015. 07. 06	2025. 07. 05	25	20	67	20
**	2015. 10. 29	2025. 10. 28	-	20	7	20
"	2016. 01. 01	2025. 12. 31	25	20	29	20
Employee	2016. 05. 05	2026. 05. 04	10	29.2	35	29.2
stock						
options - C						
Employee	2016. 10. 12	2026. 10. 11	180	29.2	280	29.2
stock						
options - D						
"	2016. 12. 29	2026. 12. 28	15	37.5	22	37.5
Employee	2017. 08. 08	2027. 08. 07	18	29.2	137	29.2
stock						
options - E						
"	2017. 12. 27	2027. 12. 26	112	25	246	25
"	2018. 03. 23	2028. 03. 22	52	23.5	81	23.5
Employee	2019. 01. 25	2029. 01. 24	103	28.7	182	28.7
stock						
options - F						
"	2019. 05. 13	2029. 05. 12	141	34.3	203	34.3
Employee	2019. 11. 12	2029. 11. 11	325	25.2	545	25.2
stock						
options - G						
"	2020. 04. 15	2030. 04. 14	175	28.8	450	28.8
"	2020. 08. 12	2030. 08. 11	140	51.2	170	51.2

			December	31, 2022	December 31, 2021		
Type of arrangement	Issue date approved	Expiry date	No. of shares (shares in thousands)	Exercise price (in dollars)	price (shares in		
Employee stock	2020. 12. 23	2030. 12. 22	515	\$ 42.1	700	\$ 42.1	
options - H							
"	2021. 05. 12	2031. 05. 11	235	146.4	315	146.4	
"	2021. 08. 12	2031. 08. 11	305	128.4	485	128.4	
"	2021. 10. 01	2031. 09. 30	990	117.5	1,100	117.5	
Employee	2022. 03. 22	2032 .03. 21	145	93.5	-	_	
stock							
options - I							
"	2022. 05. 12	2032. 05. 11	225	71.6	-	-	
"	2022. 08. 11	2032. 08. 10	645	85.9	-	_	
"	2022. 09. 08	2032. 09. 07	510	118.5	-	_	
"	2022. 11. 08	2032. 11. 07	615	103.5	-	-	

E. The fair value of stock options granted is measured using the Black-Scholes option-pricing model to estimate the fair value of employee stock options, cash capital increase reserved for employee preemption and restricted stocks to employees. Relevant information is as follows:

Type of arrangement Employee stock options	Grant date 2015. 07. 01	Quantity granted (shares in thousands) 1,270	Stock price (in dollars) \$ 14.88	Exercise price (in dollars) \$ 15	Expected price volatility 36.58~ 37.13%	Expected option life 5.5 ~ 7 years	Risk-free interest rate 1.15~ 1.35%	Fair value per unit (in dollars) \$5.22 ~ 6.01
- B	2015. 07. 01	130	14.88	20	36.58~	5.5 ~ 7	1.15~	3.83~
"	2015. 07. 06	250	14.60	20	37.13% 37.09~	years 5.5 ~ 7	1.35% 1.15~	4.69 3.75~
"	2015. 10. 29	80	15.83	20	37.64% 38.62~	years 5.5 ~ 7	1.35% 0.94~	4.60 4.62 ~
"	2016. 01. 01	270	16.03	20	38.95% 40.11~	years 5.5 ~ 7	1.07% 0.79~	5.48 4.91~
Employee	2016. 05. 05	100	13.27	29.2	40.30% 40.75~	years 6 ~ 7 years	0.90% 0.70~	5.76 1.86 ~
stock options - C					40.91%		0.77%	2.30
Employee stock options - D	2016. 10. 12	515	21.42	29.2	39.82~ 39.91%	6 ~ 7 years	0.71~ 0.75%	5.19~ 5.93
"	2016. 12. 29	85	20.40	37.5	39.39~ 39.48%	6 ~ 7 years	1.16~ 1.20%	3.49~ 4.18
Employee stock options - E	2017. 08. 08	395	18.75	29.2	38.13~ 38.22%	6 ~ 7 years	0.82~ 0.88%	3.64~ 4.23
- E "	2017. 12. 27	570	18.07	25	36.97~ 37.23%	6 ~ 7 years	0.74~ 0.80%	3.81~ 4.41
"	2018. 03. 23	175	19.16	23.5	36.87~ 37.17%	6 ~ 7 years	0.79~ 0.84%	4.71 ~ 5.38
Employee stock options - F	2019. 01. 25	520	21.96	28.7	36.03~ 36.90%	6 ~ 7 years	0.72~ 0.78%	4.85~ 5.74
"	2019. 05. 13	285	25.75	34.3	35.50%~ 36.35%	6 ~ 7 years	0.64~ 0.67%	5.39 ~ 6.40
Restricted stocks to employees - A	2016. 11. 18	1,660	22.88	-	-	-	-	22.88
"	2017. 08. 08	257	19.61	-	-	_	-	19.61
Employee stock options - G	2019. 11. 12	960	29.05	25.2	26.38%	6 ~ 7 years	0.63~ 0.66%	7.77 ~ 8.42
- 0 "	2020. 04. 15	775	33.1	28.8	50.33%	6 ~ 7 years	0.47~	15.56 ~
"	2020. 08. 12	205	57.80	51.2	64.08%	6 ~ 7 years	0.49% 0.36~	16.65 33.07 ~ 35.18
Restricted stocks to employees - B	2020. 05. 13	455	46.85	-	-	-	0.38%	46.85
"	2020. 12. 10	144	48.6	-	-	-	-	48.6

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees - D	2020. 08. 14	905	\$ 55.7	\$ -	-	-	-	\$55.7
"	2020. 12. 10	94	48.6	_	-	_	_	48.6
Employee stock options - H	2020. 12. 23	830	47.55	42.1	61.28%	6 ~ 7 years	0.22~ 0.26%	26.15~ 27.88
"	2021. 05. 12	315	154.5	146.4	65.02%	6 ~ 7 years	0.31~ 0.35%	89.32~ 95.02
"	2021. 08. 12	505	135.5	128.4	67.02%	6 ~ 7 years	0.32~ 0.34%	80.24~ 85.25
"	2021. 10. 01	1,185	124	117.5	65.78%	6 ~ 7 years	0.34~ 0.38%	72.39~ 76.99
Cash capital increase reserved for employee preemption	2021. 04. 06	3,211	117.5	91.5	71.79%	0.1 year	0.13%	27.51
Restricted stocks to employees - E	2021. 10. 15	613	106.5	-	-	-	-	106.5
"	2022. 01. 10	184	108.5	-	-	-	-	108.5
"	2022. 09. 08	190	118.5	-	-	-	-	118.5
Restricted stocks to employees - F	2021. 10. 15	340	106.5	-	-	-	-	106.5
Employee stock options - I	2022. 03. 22	160	93.5	93.5	62.20%	6 ~ 7 years	0.86~ 0.87%	52.85~ 56.27
"	2022. 05. 12	225	71.6	71.6	61.32%	6 ~ 7 years	1.22~ 1.27%	40.37~ 43.04
"	2022. 08. 11	685	85.9	85.9	60.04%	6 ~ 7 years	1.10~ 1.14%	47.51~ 50.67
"	2022. 09. 08	510	118.5	118.5	60.29%	6 ~ 7 years	1.19~ 1.23%	65.9~ 70.28
"	2022. 11. 08	615	103.5	103.5	60.00%	6 ~ 7 years	1.63~ 1.70%	57.97~ 61.88
Restricted stocks to employees - G	2022. 09. 08	63	118.5	-	-	-	-	118.5
"	2022. 11. 08	195	103.5	-	-	-	-	103.5

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31						
		2022		2021			
Cash capital increase reserved for employee preemption	\$	-	\$	88,335			
Employee stock options		62,522		29,935			
Restricted stocks to employees		92,790		35,400			
	\$	155,312	\$	153,670			

(17) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,043,358 with a par value of \$10 (in dollars) per share, consisting of 304,336 thousand shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2022	2021
At January 1	300,385	206,375
Cash capital increase	-	90,000
Employee stock options		
exercised	1,052	387
Issuance of employee restricted		
stock	632	953
Employee restricted stock -		
redeemed	(226)	(426)
Issuance of convertible bonds	2,493	3,096
At December 31	304,336	300,385

- B. For the years ended December 31, 2022 and 2021, the Company issued 1,052 thousand and 387 thousand ordinary shares related to the exercise of employee share options in accordance with the employee share options plan with a par value of \$10 (in dollars) per share, totalling \$10,523 and \$3,865, respectively.
- C. For the years ended December 31, 2022 and 2021, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks because employee restricted stocks distributed to certain employees amounting to 226 thousand shares and 426 thousand shares did not meet the vesting conditions in accordance with the terms of restricted shares.

- D. On December 23, 2020, the Board of Directors resolved to increase capital by issuing 35,000 thousand ordinary shares, and resolved the issuance price of \$91.5 (in dollars) per share and totalling \$3,202,500 on April 6, 2021. The effective date was set on May 11, 2021. The registration was completed on June 15, 2021.
- E. The shareholders during their meeting on August 3, 2021 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 1,000 thousand and 340 thousand shares with no subscription price, respectively. On October 1, 2021, the Board of Directors of the Company resolved to issue the 1st and 2nd restricted stocks to employees amounting to 613 thousand and 340 thousand shares in 2021, respectively, with the effective date set on October 15, 2021. On December 23, 2021, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 184 thousand shares in 2021, with the effective date set on January 10, 2022. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 190 thousand shares in 2021, with the effective date set on September 8, 2022.
- F. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement with par value of \$91.5 (in dollars) and the total consideration of issuing common stock was \$5,032,500, and the effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- G. The shareholders during their meeting on June 10, 2022, resolved to issue the 1st restricted stocks to employees amounting to 850 thousand shares with no subscription price. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 63 thousand shares in 2022 with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 195 thousand shares in 2022 with the effective date set on November 8, 2022.
- H. The shareholders during their meeting on June 10, 2022, adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during their meeting. The private placement was in accordance with the Securities and Exchange Act and the Directions for Public Companies Conducting

Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 10, 2023.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.
- B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.
- C. The shareholders at their meeting on August 3, 2021 have resolved not to distributed earnings as the Company incurred operating loss. Please refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- D. On June 10, 2022, the shareholders at their meetings resolved the deficit compensation for the year ended December 31, 2021. The Company offset the accumulated deficit by capital surplus. Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- E. On March 10, 2023, the Board of Directors proposed the deficit compensation for the year ended December 31, 2022. The Company offset the accumulated deficit against the capital surplus.

Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

E. As of December 31, 2022 and 2021, there was no earnings to be distributed.

(20) Operating revenue

	Year ended December 31					
	2022			2021		
Revenue from contracts with						
customers	\$	1,481,017	\$	1,697,359		

A. Disaggregation of revenue

The Company derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

	Year ended December 31, 2022							
		Sales of authorisation						
	Sales of	fservices		cooperative velopment	Sale	es of goods		Total
Timing of revenue recognition	<u>Sales of</u>	SCIVICES	<u>uc v</u>	усюртен <u>т</u>	Sak	or goods		Total
At a point in time	\$	-	\$	_	\$	417,774	\$	417,774
Over time		757,680		261,876		43,687		1,063,243
	\$	757,680	\$	261,876	\$	461,461	\$	1,481,017
			Year	ended Decei	mber 3	31, 2021		
			autl	Sales of horisation cooperative				
	Sales of	f services	dev	velopment	Sale	es of goods		Total
Timing of revenue recognition								
At a point in time	\$	-	\$	-	\$	274,087	\$	274,087
Over time		864,515		496,089		62,668		1,423,272
	\$	864,515	\$	496,089	\$	336,755	\$	1,697,359

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December	31, 2022	December	31, 2021	January	1, 2021
Contract assets:						
Services	\$	234,399	\$	170,597	\$	133,038
Current contract liabilities						
Services	\$	104,384	\$	102,289	\$	56,201
Authorisation and cooperative		46,091		121,678		153,369
Non-current contract liabilities						
Authorisation and cooperative				20,059		64,232
	\$	150,475	\$	244,026	\$	273,802

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

Revenue recognised that was
included in the contract liability
balance at the beginning of the
year
Services
Authorisation and cooperative
development

 Year ended December 31						
2022		2021				
\$ 92,362	\$	55,949				
 101,380		126,778				
\$ 193,742	\$	182,727				

(C) Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term technology service contracts, authorisation and cooperative development contracts that are partially or fully unsatisfied, and all of the milestone payment as at December 31, 2022 amounted to \$2,119,033. The management expects to recognise the amount in the future.

C. Details on authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

In April 2019, the Company entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in regions other than Taiwan and Mainland China (After the amendment of the contract in the fourth quarter of 2021, it was revised to Taiwan, China, Japan, South Korea and Russia).

As of December 31, 2022, the Company has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price base on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2022 and 2021, the Company recognised the revenue from authorisation and cooperative development contract amounting to \$261,876 and \$496,089, respectively.

The European Medicines Agency and the US Food and Drug Administration accepted the Sandoz AG's application for marketing review in January 2022 and February 2022, respectively. Sandoz AG received a complete response letter from the US Food and Drug Administration in December 2022. Within the complete response letter (CRL):

- A. There were no clinical or safety or biosimilarity deficiencies cited in the CRL.
- B. The CRL cites certain drug product deficiencies related to the manufacturing facility identified by the agency during a pre-license inspection of the site.

In January 2023, the Company received an EIR (Establishment Inspection Report) from the US Food and Drug Administration, which indicated that the Company's Zhubei plant had passed the US FDA's pre-marketing drug inspection. Sandoz is in close contact with the FDA to meet the satisfactory resolution of the FDA observations in a timely manner and plans a BLA resubmission in due course.

(21) Interest income

Interest income from bank deposits
Interest income from financial
assets measured at amortised cost
Other interest income

Year ended	December	31
2022		2021
57,862	\$	8,764
1,722		1,260
<u>-</u>		342
59,584	\$	10,366
	2022 57,862 1,722	57,862 \$ 1,722 -

(22) Other income

Government grant revenues Other income

 Year ended	Decemb	er 31	
 2022		2021	
\$ 37,214	\$		37,022
 430			3,173
\$ 37,644	\$		40,195

The Company received a grant for the 'Breast Cancer Targeted Antibody similar to EG12014 Trastuzumab Biosimilar phase III clinical trial program' from Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to \$80,000. For the years ended December 31, 2022 and 2021, the Company recognised government grants revenue of \$36,994 and \$36,861, respectively.

(23) Other gains and losses

	Year ended December 31					
		2022	2021			
Loss on lease modification	(\$	709) \$	-			
Foreign exchange gains (losses)		126,788 (9,658)			
Gains on financial assets at fair value through profit or loss		2,863	1,937			
Miscellaneous disbursements	(24) (4,545)			
Loss on redemption of convertible						
bonds	(3)	<u>-</u>			
	\$	128,915 (\$	12,266)			

(24) Finance costs

	Year ended December 31					
		2022		2021		
Interest expense on bank borrowings	\$	1,205	\$	11,267		
Interest expense on lease liabilities		8,204		7,723		
Other interest expense		226		2,126		
Interest expense	\$	9,635	\$	21,116		

(25) Employee benefits, depreciation and amortisation expenses

Function	Year ended December 31, 2022			Year ended December 31, 2021			
	Classified as	Classified as		Classified as	Classified as		
	Operating	Operating		Operating	Operating		
Nature	Costs	Expenses	Total	Costs	Expenses	Total	
Employee benefit expense							
Wages and salaries	\$ 147,873	\$ 185,966	\$ 333,839	\$ 112,754	\$ 143,592	\$ 256,346	
Share based payment	60,275	95,037	155,312	44,609	109,061	153,670	
Labour and health insurance fees	13,771	16,809	30,580	9,421	12,221	21,642	
Pension costs	7,427	8,624	16,051	5,522	6,069	11,591	
Directors' remuneration	-	3,948	3,948	-	3,235	3,235	
Other personnel expenses	5,557	13,245	18,802	3,761	7,983	11,744	
Depreciation expense	99,536	88,451	187,987	80,216	86,356	166,572	
Amortisation expense	10,456	5,728	16,184	9,271	7,033	16,304	

- A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2022 and 2021.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	 Year ended	er 31		
	 2022		2021	
Current tax:				
Current tax on profits for the year	\$ 	\$		
Deferred tax:				
Origination and reversal				
of temporary differences	 338			189
Income tax expense	\$ 338	\$		189

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31					
		2022			2021	
Currency translation differences	\$			\$		19

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31						
		2022	2021				
Tax calculated based on loss before tax and statutory tax rate Expenses disallowed by tax	(\$	23,040) (\$	8,478)				
regulation		49	3				
Tax exempt income by tax regulation	(3,099) (387)				
Taxable losses not recognised as deferred tax assets		26,428	7,636				
Temporary differences not recognised as deferred tax assets		<u> </u>	1,415				
Income tax expenses	\$	338 \$	189				

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:

					2022			
			Reco	gnised in	Recogn	ised in other		
	Jan	uary 1	_profi	t or loss	comprehe	nsive income	Dece	ember 31
 Deferred tax assets: Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences 	\$	536	\$	338	\$	_	\$	874
					2021			
	-			. 1.		. 11		
	_			gnised in	_	ised in other	_	
	Jan	uary 1	profi	t or loss	comprehe	nsive income	Dece	ember 31
 Deferred tax assets: Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences 	\$	347	\$	189	\$	-	\$	536
Currency translation		4.0				4.0)		
differences		19			(<u>19</u>)		
	\$	366	\$	189	(<u>\$</u>	<u>19</u>)	\$	536

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022

			Unr	ecognised deferred		
Qualifying items	Unus	ed tax credits		tax assets	Expiry year	
Research and						
development	\$	887,160	\$	887,160	Note	

December 31, 2021

			Unre	ecognised deferred	
Qualifying items	Unus	ed tax credits		tax assets	Expiry year
Research and					
development	\$	686,981	\$	686,981	Note

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10920401340 issued by the MOEA on February 3, 2020. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. As of December 31, 2022, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022

	Amount filed/	ed/ Unrecognised				
Year incurred	assessed	Un	used amount	defe	rred tax assets	Expiry year
2013	Amount assessed	\$	104,540	\$	104,540	2023
2014	Amount assessed		131,762		131,762	2024
2015	Amount assessed		133,257		133,257	2025
2016	Amount assessed		109,737		109,737	2026
2017	Amount assessed		163,949		163,949	2027
2018	Amount assessed		371,827		371,827	2028
2019	Amount assessed		858,819		858,819	2029
2020	Amount assessed		1,009,168		1,009,168	2030
2021	Amount filed		56,144		56,144	2031
2022	Amount expected		132,140		132,140	2032
		\$	3,071,343	\$	3,071,343	

December 31, 2021

	Amount filed/					
Year incurred	assessed	_Uni	used amount	defe	red tax assets	Expiry year
2013	Amount assessed	\$	104,540	\$	104,540	2023
2014	Amount assessed		131,762		131,762	2024
2015	Amount assessed		133,257		133,257	2025
2016	Amount assessed		109,737		109,737	2026
2017	Amount assessed		163,949		163,949	2027
2018	Amount assessed		371,827		371,827	2028
2019	Amount assessed		858,819		858,819	2029
2020	Amount filed		1,009,168		1,009,168	2030
2021	Amount expected		38,184		38,184	2031
		\$	2,921,243	\$	2,921,243	

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

G. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(27) Loss per share

) Eloss per share					
		Year	r ended December 31,	202	22
			Weighted average		
			number of ordinary		
			shares outstanding		Loss per share
	Amo	ount after tax	(shares in thousands)		(in dollars)
Basic loss per share					
Loss for the year	(<u>\$</u>	115,540)	303,258	(<u>\$</u>	0.38)
		Year	r ended December 31,	202	21
			Weighted average		
			number of ordinary		
			shares outstanding		Loss per share
	Amo	ount after tax	(shares in thousands)		(in dollars)
Basic loss per share					
Loss for the year	(\$	42,581)	242,662	(\$	0.18)

Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2022 and 2021.

(28) Supplemental cash flow information

A. <u>Investing activities with partial cash payments:</u>

<u>i partiai casi</u>	ı payı	<u>ments.</u>	Year ended	Dece	mber 31		
		2022			2021		
	\$		484,268	\$		16	59,706
			19,508			1	15,729
other	(158,228)	(1	19,508)
ar	\$		345,548	\$		16	65,927
no cash flo	w eff	ects:					
			Year ended	Dece	mber 31		
		2022	2		2021		
ole bonds	\$		126,375	\$		16	55,395
financing a	ctiviti	les					
_			2022				
			payable			I	Liabilities
				T	Guarantee	fror	n financing
Long-tern	n		current		deposits	a	ctivities-
borrowing	s L	ease liability	portion)		received		gross
\$	- \$	306,765	\$ 127,07	70 \$	-	\$	433,835
120,40	50 (23,657)	(20	00)	294		96,897
	-	54,767		-	-		54,767
	_	709	(126.87	70)	_	(126,161)
\$ 120,40			\			`	120,101)
	lant and of other f other ar n no cash flo ble bonds financing a Long-terr borrowing \$	lant and \$ of other fother ar \$ a no cash flow effect belie bonds \$ financing activities Long-term borrowings L \$ \$ - \$	lant and \$ of other f other ar \$ no cash flow effects: 2022 ble bonds \$ financing activities Long-term borrowings Lease liability \$ - \$ 306,765	2022	Year ended Dece 2022	Year ended December 31 202	Year ended December 31 2022 2021

164,915) (

\$

127,070

\$

306,765

163,602)

433,835

7. Related Party Transactions

Changes in other

non-cash items

At December 31

(1) Parent and ultimate controlling party

The Company has no ultimate parent company and ultimate controlling party.

1,313

\$

\$

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
EirGenix Europe GmbH	Subsidiary
FORMOSA LABORATORIES, INC.	Other related party
Development Center for Biotechnology (DCB)(Note 1)	"
FORMOSA PHARMACEUTICALS, INC.	<i>''</i>
TFBS Bioscience Inc.(Note 2)	<i>''</i>

- Note 1: DCB term expired as a director after re-election of directors at the Company's shareholders' meeting on June 10, 2022. (The transaction amounts from January 1, 2022 to June 10, 2022 and from January 1, 2021 to December 31, 2021 are disclosed in the financial statements.)1
- Note 2: Since the Company was elected as one of the directors of TFBS Bioscience, Inc. on June 8, 2022. (The transaction amounts from June 8, 2022 to December 31, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31			
		2022		2021
Sales of goods:				
Other related parties	\$	12,850	\$	2,240
Sales of services:				
Other related parties		5,622		6,504
	\$	18,472	\$	8,744

- (a) No similar transaction can be compared with for the sales of service. Prices and terms are determined based on mutual agreements.
- (b) On December 31, 2022 and 2021, the Company has recognised the revenue-related contract assets amounting to \$744 and \$974, and contract liabilities amounting to \$620 and \$929, respectively.
- B. Service expense (shown as 'sales and marketing expense' and 'research and development expense')

		December	31	
		2022		2021
Subsidiary	\$	66,663	\$	52,370
Other related parties		17,651		5,559
	\$	84,314	\$	57,929

It refers to service expense that the Company commissioned its subsidiaries and other related parties to perform biopharmaceutical research and development as well as business development. Prices and terms are determined based on mutual agreements.

C. <u>Testing expense</u> (shown as 'operating costs')

	Year ended December 31				
		2022	2021		
Other related parties	\$	17,612 \$			

D. Other expenses (shown as 'administrative expenses')

	Year ended December 31				
		2022	2021		
Other related parties	\$	2,463 \$	4,729		

It refers to repair and maintenance fees, based on the price specified in the contract as mutually agreed, allocated from leasing plant and lab from DCB, and the expense shall be paid before the 25th day of the first month of each quarter as specified in the contract.

E. Receivables from related parties:

	December	31, 2022	December 31, 2021
Accounts receivable:			
Other related parties	\$	- \$	546

F. Payables to related parties

	Decem	ber 31, 2022	December 31, 2021	
Other payables:				
Subsidiary	\$	8,665	\$	5,101
Other related parties		7,732		5,695
	\$	16,397	\$	10,796

The abovementioned balances of \$1,551 on December 31, 2021, refer to the utilities payables to DCB which made payments on behalf of the Company.

G. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31				
	2022		2021		
Other related parties	\$	- \$	190		

(b) Acquisition of financial assets:

			Year ended l	December 31
			2022	2021
	Accounts		Consideration	Consideration
Other related party	Non-current financial assets at fair value through profit			
"	or loss Non-current financial assets at fair value through other	<u>\$</u>	58,390	\$ -
	comprehensive income	\$	40,627	\$ -

Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

H. Lease transactions - lessee

(a) The Company leases plant, laboratory, instrument and equipment from DCB. Rental contract period is expected to be 20 years with initial rental period of 5 years plus the extension options. Rents are paid before the 25th day of the first month of each quarter.

(b) Right-of-use assets

	<u>D</u>	ecember 31, 2021
		Carrying amount
Land	\$	64,558
Buildings		80,222
Machinery and equipment		37,359
	\$	182,139

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related right-of-use assets was not disclosed.

		er 31		
		2022		2021
	Depr	eciation expense	Dep	reciation expense
Land	\$	3,061	\$	4,193
Buildings		2,279		5,229
Machinery and equipment		1,022		2,299
	\$	6,362	\$	11,721

(c) Lease liabilities

i.Outstanding balance

	Decen	nber 31, 2021
Other related party -		
DCB	\$	187,803

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related lease liabilities was not disclosed.

ii.Interest expense

	Year ended December 31				
		2022		2021	
Other related party -					
DCB	\$	2,185	\$		4,747

(d) Rent expense (shown as 'operating cost' and 'operating expenses')

	Year ended December 31				
		2022		2021	
Other related party -					
DCB	\$	505	\$	3,603	

Note: As of December 31, 2021, guarantee deposits paid (shown as other non-current assets, others) amounted to \$2,962.

(4) Key management compensation

	Year ended December 31			
		2022		2021
Salaries and other short-term employee benefits	\$	24,790	\$	29,798
Post-employment benefits		309		518
Share based payment		30,244		15,338
	\$	55,343	\$	45,654

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

		Book			
Pledged asset	December 31, 2022		December 31, 2021		Purpose
Pledged demand deposits					
(shown as current other					
financial assets)	\$	<u>-</u>	\$	27,334	Note 1
Pledged time deposits					
(shown as non-current					
financial assets at					
amortised cost)	\$	8,671	\$	8,588	Note 2
Guarantee deposits paid		_		_	
(shown as other non-current					
assets, others)	\$	65,048	\$	64,270	Note 3
Property, plant and					
equipment	\$	1,158,399	\$	1,315,911	Note 4

Note 1:It refers to short-term borrowings limit.

Note 2:It refers to guarantee for lease of land.

Note 3:It refers to deposits for research commissioned contract, equipment and office, guarantee for gas meter as well as certificates of deposit for customs post-release duty payment.

Note 4: It refers to long-term borrowings limit. In April 2022, the Company terminated the syndicated loan agreement with 6 financial institutions including Taiwan Business Bank. However, the guarantee for the pledged buildings has not yet been released.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2022 and 2021, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$105,637 and \$236,146, respectively.
- B. As of December 31, 2022 and 2021, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$815,285 and \$976,461, respectively.
- C. In September 2020, the Company formed a collaboration with Antaimmu BioMed Co., Ltd. and Panion & BF Biotech Inc. to develop large-scale manufacture of the Vstrip® COVID-19 Antigen Rapid Test. Those three companies could develop markets individually after the joint agreement on the national distribution rights of product is reached among them based on the contract structure, and the profit-sharing royalty shall be calculated in proportion to the ratios specified in the contract. This contract had expired and was terminated on December 31, 2021. However, the sale of products can be continued and no relevant profit-sharing royalty is required to be paid.
- D. Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.
- E. The Company entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of December 31, 2022, the aforementioned amount was shown as other non-current assets, others of \$30,000.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- 1.On March 10, 2023, the Board of Directors resolved to newly grant 1,105 thousand shares of stock options to employees for the year ended December 31, 2022. The issuance of employee stock options are in accordance with the terms of employee stock options.
- 2. The Board of Directors on March 10, 2023 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 805 thousand and 870 thousand shares with no subscription price, respectively, which has not yet been resolved by the shareholders as of March 10, 2023.
- 3. The Board of Directors on March 10, 2023 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three instalments after the authorization by shareholders. However, the issuance has not been resolved at the shareholders' meeting as of March 10, 2023.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	 December 31, 2022	 December 31, 2021
Financial assets		
Financial assets at fair value through		
profit or loss		
Financial assets mandatorily measured		
at fair value through profit or loss		
on initial recognition	\$ 61,420	\$ 891
Financial assets at fair value through		
other comprehensive income		
Designation of equity instrument	\$ 279,325	\$ 11,607
Financial assets at amortised cost		
Cash and cash equivalents	\$ 6,108,994	\$ 6,619,427
Financial assets at amortised cost	1,041,123	1,645,228
Notes receivable	-	1,139
Accounts receivable	32,782	78,474
Accounts receivable - related parties	-	546
Other receivables	24,944	6,818
Guarantee deposits paid (shown		
as other non-current assets, others)	65,048	64,270
Other non-current financial assets	 <u>-</u>	 27,334
	\$ 7,272,891	\$ 8,443,236

	 December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	\$ 134,607	\$ 86,456
Other payables	384,682	226,655
Other payables-related parties	16,397	10,796
Bonds payable(including current portion)	-	127,070
Long-term borrowings	120,460	-
Guarantee deposits received		
(shown as other non-current		
liabilities)	 294	 -
	\$ 656,440	\$ 450,977
Lease liability	\$ 338,584	\$ 306,765

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

- (i) The Company operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, GBP, EUR, and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require Company units to manage their foreign exchange risk against their functional currency. The units are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- (iii) The Company's businesses involve some non-functional currency operations (the

Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

]	December 31, 2022	,	
	an	ign currency nount (In ousands)	Exchange rate		Book value (NTD)
Financial assets					
Monetary items					
USD:NTD	\$	44,053	30.71	\$	1,352,868
EUR:NTD		191	32.72		6,250
GBP:NTD		110	37.09		4,080
JPY:NTD		8,476	0.23		1,949
Financial liabilities					
Monetary items					
USD:NTD	\$	708	30.71	\$	21,743
EUR:NTD		1,048	32.72		34,291
GBP:NTD		30	37.09		1,113
]	December 31, 2021		
	Fore	ign currency	December 31, 2021		
			December 31, 2021		Book value
	an	ign currency	December 31, 2021 Exchange rate		Book value (NTD)
Financial assets	an	ign currency nount (In			
<u>Financial assets</u> Monetary items	an	ign currency nount (In			
Financial assets Monetary items USD:NTD	an	ign currency nount (In ousands)		\$	(NTD)
Monetary items	an th	ign currency nount (In ousands)	Exchange rate		(NTD) 1,150,824
Monetary items USD:NTD	an th	ign currency nount (In ousands)	Exchange rate 27.68		(NTD)
Monetary items USD:NTD EUR:NTD JPY:NTD	an th	ign currency nount (In ousands) 41,576 1,097	Exchange rate 27.68 31.32		(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities	an th	ign currency nount (In ousands) 41,576 1,097	Exchange rate 27.68 31.32		(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD	an th	ign currency nount (In ousands) 41,576 1,097	Exchange rate 27.68 31.32		(NTD) 1,150,824 34,358
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities Monetary items	an the	ign currency nount (In ousands) 41,576 1,097 1,510	Exchange rate 27.68 31.32 0.24	\$	(NTD) 1,150,824 34,358 362
Monetary items USD:NTD EUR:NTD JPY:NTD Financial liabilities Monetary items USD:NTD	an the	ign currency nount (In ousands) 41,576 1,097 1,510	Exchange rate 27.68 31.32 0.24	\$	(NTD) 1,150,824 34,358 362 20,815

⁽iv) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Sensitivity	analysis	
			Effect on other
ree of	Effect on	profit or	comprehensive
ation	los	S	income
%	\$	13 529	\$ -

21

2

Year ended December 31, 2022

					oct on other	
	Degree of	Effec	t on profit or	comprehensive		
	variation	loss		income		
Financial assets						
Monetary items						
USD:NTD	1%	\$	13,529	\$	-	
EUR:NTD	1%		8		55	
GBP:NTD	1%		41			
JPY:NTD	1%		19		-	
Financial liabilities						
Monetary items						
USD:NTD	1%	\$	217	\$	-	
EUR:NTD	1%		343		-	
GBP:NTD	1%		11		-	

	Yea	Year ended December 31, 2021									
		Sensitivity analysis									
	Degree of variation			compr	on other rehensive come						
Financial assets											
Monetary items											
USD:NTD	1%	\$	11,508	\$	-						
EUR:NTD	1%		344		-						
JPY:NTD	1%		4		-						
Financial liabilities											
Monetary items											
USD:NTD	1%	\$	208	\$	-						
EUR:NTD	1%		475		-						

(v) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$126,788 and (\$9,658), respectively.

1%

1%

ii. Price risk

GBP:NTD

JPY:NTD

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii)The Company's investments in equity securities comprise. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,793 and \$116, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

 If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable, and contract assets in accordance with customer types. The Company applies the modified approach using individual provision to estimate expected credit loss.
- vii. The Company's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of December 31, 2022 and 2021, the carrying amount of notes and accounts receivable (including related parties) amounted to \$32,782 and \$80,159, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance amounted to \$297 and \$689, respectively. The counterparties of time deposits over 3 months are financial institutions all with high credit quality and the expected credit risk is insignificant based on the assessment, thus, no loss allowance was recognised.

viii. Movements in loss allowance for accounts receivable are as follows:

	Year ended December 31								
At January 1	2	2021							
	\$	689	\$		-				
Provision for impairment		-		(689				
Reversal of impairment loss	(392)			_				
At December 31	\$	297	\$	(689				

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii.Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	D	ecember 31, 2022	De	cember 31, 2021
Floating rate:				
Expiring within one year	\$	1,020,000	\$	880,000
Expiring beyond one year		593,540		995,800
	\$	1,613,540	\$	1,875,800

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	L	ess than	В	etween 1				
December 31, 2022		1 year	an	and 5 years		Over 5 years		Total
Non-derivative								
financial liabilities								
Accounts payable	\$	134,607	\$	-	\$	- \$	3	134,607
Other payables		384,682		-		-		384,682
Other payables-		16,397		-		-		16,397
related parties								
Lease liability		34,828		115,926		247,968		398,722
Long-term borrowings		2,216		125,265		-		127,481
Guarantee deposits received								
(shown as other non-		294		-		-		294
current liabilities)								
		Less than		Between 1				
December 31, 2021		1 year	a	and 5 years	O	ver 5 years		Total
Non-derivative								
financial liabilities								
Accounts payable	\$	86,456	5 \$	-	- \$	-	\$	86,456
Other payables		226,655	i	-	-	-		226,655
Other payables-		10,796)	-	-	-		10,796
related parties								
Lease liability		25,776)	95,725	5	247,236		368,737
Bonds payable								
(including current								
portion)		127,070)	-	-	-		127,070

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
 - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and the call options and put options embedded in convertible bonds issued by the Company are included in Level 3.
- B. Financial instruments not measured at fair value
 - Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets, others), other non-current financial assets, accounts payable, other payables (including related parties), bonds payable (including current portion), long-term borrowings(including current portion), guarantee deposits received(shown as other non-current liabilities) and lease liabilities are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:
 - (a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Le	evel 1		L	evel 2		Level 3		<u>Total</u>	
Assets										
Recurring fair value measurements										
Financial assets at fair value										
through profit or loss										
Profit-sharing investments in										
new drug development	\$		-	\$		-	\$	61,420	\$	61,420
Financial assets at fair value										
through other comprehensive										
income										
Equity securities			_			_		279,325		279,325
	\$		_	\$		_	\$	340,745	\$	340,745

December 31, 2021	Level 1	·	Level 2	,]	Level 3	 Total
Assets							
Recurring fair value measurements							
Financial assets at fair value							
through profit or loss							
Call options and Put options							
of convertible bonds	\$	-	\$	-	\$	891	\$ 891
Financial assets at fair value							
through other comprehensive							
income							
Equity securities		_				11,607	11,607
	\$		\$	_	\$	12,498	\$ 12,498

- (b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.
- D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022								
					Prof	it-sharing			
					inves	tments in			
	De	rivative		Equity	ne	w drug			
	inst	ruments	ins	struments	deve	elopment		Total	
At January 1	\$	891	\$	11,607	\$	-	\$	12,498	
Additions				208,627		58,390		267,017	
Conversions of convertible bonds	(723)		-		-	(723)	
Gains or losses recognised in profit or loss shown as other gains and losses									
Gains (losses) on valuation	(167)		-		3,030		2,863	
Gains and losses recognised in other comprehensive income									
Gains (losses) on valuation		-		59,091		-		59,091	
Settled during the year	(1)					(1)	
At December 31	\$		\$	279,325	\$	61,420	\$	340,745	

	2021						
	De	Derivative					
	inst	instruments		instruments		Total	
At January 1	\$	600	\$	5,956	\$	6,556	
Conversions of convertible bonds	(1,646)		-	(1,646)	
Gains or losses recognised in profit or loss shown as other gains and losses							
Gains (losses) on valuation		1,937		-		1,937	
Gains and losses recognised in other comprehensive income							
Gains (losses) on valuation				5,651		5,651	
At December 31	\$	891	\$	11,607	\$	12,498	

- E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
- F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing backtesting, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at		Significant	Range	
	December 31,	Valuation	unobservable	(weighted	Relationship of
	2022	technique	input	average)	inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,207	Price-Book Ratio	Price-to-book ratio	1.54-8.46 (3.05)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	273,118	Price-Book Ratio	Price-to-book ratio	2.01-2.54 (2.19)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,420	Royalty relief method of income approach	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share	1.0%~5.4%	The higher the market share, the higher the fair value
	Fair value at		Significant	Range	
	December 31,	Valuation	unobservable	(weighted	Relationship of
Non-derivative equity instrument:	2021	technique	input	average)	inputs to fair value
Unlisted shares	\$ 11,607	Price-Book Ratio	Price-to-book ratio	2.23-8.93 (3.41)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument: Call options and Put options of convertible bonds	891	The Binomial- Tree approach	Stock price volatility	68.35% (68.35%)	The higher the stock price volatility, the higher the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022							
			Recognised	in profit or loss	•	sed in other				
			Favourable	Unfavourable	Favourable	Unfavourable				
	Input	Change	change	change	change	change				
Financial assets					<u>U</u>					
Profit-sharing investments in new drug development	Discount rate Market share	±5%	\$ 3,071	(\$ 3,071)	\$ -	\$ -				
Unlisted shares	Price-Book Ratio	±5%	-	-	13,966	(13,966)				
	Lack of marketability	±5%	-	-	13,966	(13,966)				
	,		\$ 3,071	(\$ 3,071)	\$ 27,932	(\$ 27,932)				
				December	r 31, 2021					
				in profit or loss	Recognised in other					
	•	C1	Favourable		Favourable	Unfavourable				
	Input	Change	change	change	change	change				
Financial assets Call options and Put options of convertible bonds	Stock price volatility	±5%	\$ 150	(\$ 130)	\$ -	\$ -				
Unlisted shares	Price-Book Ratio	±5%	-	-	580	(580)				
	Lack of marketability	±5%			580	(580)				
	·		\$ 150	(\$ 130)	\$ 1,160	(\$ 1,160)				

(4) Others

The Company's operations were working normally during the Covid-19 outbreak and were implementing the government's epidemic prevention measures. The Company assessed that there was no significant impact on the Company's ability to continue as a going concern, asset impairment and financing risks.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) <u>Information on investees</u>

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. <u>Segment Information</u>

None.

EirGenix Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures) December 31, 2022

Table 1

Expressed in thousands of NTD (Except as otherwise indicated)

		Relationship with			As of December	31, 2022		
		the securities						
Securities held by	Marketable securities	issuer	General ledger account	Number of shares	 Book value	Ownership	Fair value	Footnote
EirGenix Inc.	Oncomatryx Biopharma S.L. common stock	None	Non-current financial assets at fair value through other comprehensive	30,665	\$ 6,207	0.37%	6,207	
"	TFBS Bioscience, Inc. common stock	"	"	4,752,361	273,118	14.35%	273,118	

EirGenix Inc.

Significant inter-company transactions during the reporting periods Year ended December 31, 2022

Table 2

Expressed in thousands of NTD (Except as otherwise indicated)

						Transacu	OII
Number			Relationship			Transaction	Percentage of consolidated total operating
(Note 1)	Company name	Counterparty	(Note 2)	General ledger account	Amount	terms	revenues or total assets (Note 3)
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Operating expense	\$ 66,663	Note 4	4.50%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables	8,665	Note 4	0.07%

- Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
 - (1) Parent company is '0'.
 - (2) The subsidiaries are numbered in order starting from '1'.
- Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
 - (1) Parent company to subsidiary.
 - (2) Subsidiary to parent company.
 - (3) Subsidiary to subsidiary.
- Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and

based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

- Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.
- Note 5: Transactions between the parent company and subsidiaries are eliminated.
- Note 6: Individual amounts less than \$1,000 are not disclosed.

EirGenix Inc. Information on investees Year ended December 31, 2022

Table 3

Expressed in thousands of NTD (Except as otherwise indicated)

												Ne	t profit (loss)			
								Shares he	eld as at Dec	emb	er 31,	of	the investee	Inv	vestment income	
				I	nitial invest	tme	ent amount	-	2022			f	or the year	(los	ss) recognised by	
				Ва	lance as at	F	Balance as at						ended	the	Company for the	
				De	cember 31,	, D	December 31,	Number of	Ownership			De	ecember 31,	year	r ended December	
Investor	Investee	Location	Main business activities		2022		2021	shares	(%)	Во	ok value		2022		31, 2022	Footnote
EirGenix Inc.	EirGenix Europe GmbH	Germany	Biopharmaceutical research and development as well as business development	\$	845	\$	\$ 845	-	100.00	\$	5,200	\$	1,690	\$	1,690	None

Table 3, page 1

EirGenix Inc.

Major shareholders information

December 31, 2022

Table 4

	Shares				
Name of major shareholders	Number of shares held	Ownership (%)			
Foxconn Te Chnology Co., Ltd	27,500,000	9.03			
Yonglin Capital Holding Co., Ltd.	26,500,000	8.70			
Formosa Laboratories, Inc.	18,582,818	6.10			
National Development Fund, Executive Yuan	15,288,860	5.02			

EIRGENIX INC. STATEMENT OF CASH AND CASH EQUIVALENTS DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Statement 1

<u>Item</u> <u>Description</u>		Amount		
Cash on hand and petty cash		\$	61	
Demand deposit-			624,832	
Deposit of NTD				
Demand deposit-				
Deposit of foreign currency	USD 3,491 thousand Exchange rate 30.71		107,205	
	EUR 110 thousand Exchange rate 37.09		4,088	
	JPY 8,476 thousand Exchange rate 0.23		1,970	
	Others		787	
Time deposits-			4,200,000	
Deposit of NTD				
Time deposits-				
Deposit of foreign currency	USD 38,100 thousand Exchange rate 30.71		1,170,051	
		\$	6,108,994	

The above mentioned time deposits are all maturing in three months with interest rate of 0.87% ~4.80%.

EIRGENIX INC. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST -CURRENT DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

		Amount of			
		certificate of		Carrying	
Name	Description	deposit	Rates	Amount	Note
Far Eastern International Bank	2022/12/28~2023/5/28	1	1.50%	\$ 1,000,000	

EIRGENIX INC. STATEMENT OF INVENTORIES DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

		Amo				
Item		Cost	Net R	tealizable Value	Note	
Raw material	\$	377,424	\$	382,269	Net realisable value is based on the market value	
Work in progress		281,739		1,356,395		
Finished goods		98,150		439,537		
Merchandise inventory		477		1,214		
		757,790	\$	2,179,415		
Less: Allowance for						
Inventory Valuation and Obsolescence						
Losses	(18,327)				
_0000	\$	739,463				

EIRGENIX INC. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Item Balance at January 1 Increase			Decrease Balance at December 3		nce at December 31	Note	
Cost:								
Land	\$	208,636 \$	42,493	\$	-	\$	251,129	
Buildings		95,671	11,330		-		107,001	
Machinery and equipment		44,426	256		-		44,682	
Transportation equipment		6,664	-	(546)		6,118	
Office equipment		1,764	688		<u>-</u>		2,452	
		357,161	54,767	(546)	-	411,382	
Accumulated depreciation:								
Land	(\$	34,191) (\$	14,543)	\$	-	(\$	48,734)	
Buildings	(15,449) (7,521)		-	(22,970)	
Machinery and equipment	(7,067) (2,310)		-	(9,377)	
Transportation equipment	(2,441) (1,640)		546	(3,535)	
Office equipment	(1,040) (396)			(1,436)	
	(60,188) (26,410)		546	(86,052)	
Total	\$	296,973 \$	28,357	\$	-	\$	325,330	

EIRGENIX INC. STATEMENT OF LEASE LIABILITIES DECEMBER 31, 2022 (Expressed in thousands of New Taiwan dollars)

				Ending	
Item	Description	Lease term	Discounted rate	Balance	Note
Land	Plant and office land for business use	2013.04~2036.11	1.2%~2.4842%	\$ 210,494	
Buildings	Plant and office for business use	2013.04~2028.12	1.2%~2.4842%	87,559	
Machinery and equipment	Machinery and equipment in cGMP plant	2013.04~2028.03	1.7%~2.4842%	36,596	
Transportation equipment	Passenger cars, electric trailers and stackers	2019.04~2024.12	1.797%~2.4842%	2,800	
Office equipment	Multifunction printers	2019.01~2027.09	1.7%~2.4842%	1,135	
				\$ 338,584	

EIRGENIX INC. STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Total
Raw materials at January 1	\$	338,034
Add: Raw materials purchased at current period		527,318
Less: Raw materials at December 31	(377,424)
Raw material deficit	(34)
Raw materials reclassified to merchandise inventory	(133,189)
Reclassified to research and development expenses	(40,230)
Labor cost used for the year	(134,440)
Raw materials at current period		180,035
Direct labor		10,281
Manufacturing expense		115,367
Manufacturing cost		305,683
Add: Beginning work in progress		52,374
Processing cost		8,190
Less: Ending work in progress	(281,739)
Cost of finished goods		84,508
Add: beginning finished goods		37,569
Less: ending finished goods	(98,150)
Reclassified to research and development expenses	(23,028)
Cost of goods manufactured and sold		899
Merchandise inventory at January 1		3,050
Add: Purchase at current period		3,114
Raw materials reclassified to merchandise inventory		133,189
Property, plant and equipment reclassified to merchandise inventory		1,726
Less: Merchandise inventory at December 31	(477)
Reclassified to research and development expenses	(1,930)
Cost of goods sold for the merchandise inventory		138,672
Other operating costs		583,948
Loss on physical inventory		34
Loss on decline in market value of inventory		1,012
Operating costs	<u>\$</u>	724,565

EIRGENIX INC. STATEMENT OF MANUFACTURING EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	 Amount	Note	
Depreciation expense	\$ 32,810		
Consumables	13,822		
Repair and maintenance expense	11,576		
Service fees	8,535		
Utilities expenses	6,547		
		Each of the account	
		was less than 5% of the	
Other expenses	 42,077	total account balance.	
	\$ 115,367		

EIRGENIX INC. STATEMENT OF OTHER OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item		Amount	Note
Wages and salaries	\$	197,867	
Raw materials used		134,440	
Depreciation expense		66,726	
Consumables		46,092	
Inspection fees		46,610	
Repair and maintenance expense		32,461	
			Each of the account
			was less than 5% of the
Other Expenses		59,752	total account balance.
	\$	583,948	

EIRGENIX INC. STATEMENT OF SALES AND MARKETING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

 Amount	Note	
\$ 34,032		
5,825		
4,218		
	Each of the account was less than 5% of the	
 7,055	total account balance.	
\$ 51,130		
	5,825 4,218 7,055	

EIRGENIX INC. STATEMENT OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note	
Wages and salaries	\$	126,007		
Depreciation expense		24,878		
			Each of the account was less than 5% of the	
Other expenses		85,790	total account balance.	
	\$	236,675		

EIRGENIX INC. STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note	
Service fees	\$	368,204		
Wages and salaries		120,964		
Consumables		163,223		
Depreciation expense		62,956		
			Each of the account	
			was less than 5% of the	
Other expenses		87,092	total account balance.	
	\$	802,439		

EIRGENIX INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Statement 12

Function	Year ended December 31, 2022			Year ended December 31, 2021		
Nature	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 147,873	\$ 185,966	\$ 333,839	\$ 112,754	\$ 143,592	\$ 256,346
Share based payment	60,275	95,037	155,312	44,609	109,061	153,670
Labour and health insurance fees	13,771	16,809	30,580	9,421	12,221	21,642
Pension costs	7,427	8,624	16,051	5,522	6,069	11,591
Directors' remuneration	-	3,948	3,948	-	3,235	3,235
Other personnel expenses	5,557	13,245	18,802	3,761	7,983	11,744
Depreciation Expense	99,536	88,451	187,987	80,216	86,356	166,572
Amortisation Expense	10,456	5,728	16,184	9,271	7,033	16,304

Note:

- A. As at December 31, 2022 and 2021, the Company had 369 and 270 employees, both including 9 non-employee directors.
- B. The Company's stock is listed for trading on the over-the-counter securities exchange and shall additionally disclose the following information:
- (a) Average employee benefit expense was \$1,541 and \$1,743 for the years ended December 31, 2022 and 2021, respectively.
- (b) Average employee salaries were \$1,359 and \$1,571 for the years ended December 31, 2022 and 2021, respectively.
- (c) Adjustment of average employees salaries was (13.49%). The average salary for the year was decreased because most of the new employees were general employees and the part-time employees were also increased.
- (d) The Company has no supervisors' remuneration as it set up the audit committees.
- C. The Company' salary and compensation policy:
- (a) Directors

In accordance with the Articles of Incorporation of the Company, the Board of Directors shall propose a ratio not higher than 3% of distributable profit of directors' remuneration, and the distribution shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The Company did not distribute directors' remuneration in the previous two years. The directors only receive the transportation allowance for the professional practice execution, while the independent directors' transportation allowance and the independent directors' remuneration for the professional practice execution have been reviewed by the Company's remuneration committee and approved by the Board of Directors.

EIRGENIX INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2022 (Expressed in thousands of New Taiwan dollars)

Statement 12

(b) The president and vice presidents

The remuneration for the president and vice presidents is the employeess' compensation distributed from retained earnings. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. Distribution of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The emolument of the president and vice presidents of the Company shall be determined according to the position, contribution to the Company and by reference to the general pay levels of the industry, and shall be reviewed by the remuneration committee and approved by the Board of Directors. The Company did not distribute employee compensation in the previous two years.

(c) Employees:

The salary and compensation package of the Company's employees consists of three parts: basic fixed salary, bonus and welfare; the payment standard: the basic fixed salary is determined based on the time devoted in and the responsibilities undertaken for the position, and by reference to the salary situation in the industry; bonus is awarded based on the achievement of employee and department goals as well as the Company's operation performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees. Employee reward system is based on the individual performance, contribution to the Company and the market value of the position, which are positively associated with the operation performance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements.





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