

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022

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' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of EirGenix Inc. and subsidiary (the “Group”) as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EirGenix Inc. and subsidiaries as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Teng, Sheng-Wei

Yen, Yu-Fang

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 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 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
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Assets | | Notes | March 31, 2023 | | December 31, 2022 | | March 31, 2022 | |
|--------------------|---|---------------|----------------|-----|-------------------|-----|----------------|-----|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 5,610,352 | 49 | \$ 6,126,885 | 52 | \$ 6,965,969 | 60 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | - | - | - | - | 131 | - |
| 1136 | Current financial assets at amortised cost | 6(3) | 1,000,000 | 9 | 1,000,000 | 9 | 1,000,000 | 9 |
| 1140 | Current contract assets | 6(19) and 7 | 105,374 | 1 | 234,399 | 2 | 153,888 | 1 |
| 1170 | Accounts receivable, net | 6(4) | 134,662 | 1 | 32,782 | - | 96,294 | 1 |
| 1180 | Accounts receivable, net-related parties | 7 | 699 | - | - | - | 399 | - |
| 1200 | Other receivables | | 12,161 | - | 24,944 | - | 7,386 | - |
| 1220 | Current income tax assets | | 8,231 | - | 5,963 | - | 1,467 | - |
| 130X | Inventories | 6(5) | 837,066 | 8 | 739,463 | 6 | 554,564 | 5 |
| 1410 | Prepayments | 6(6) | 120,337 | 1 | 123,442 | 1 | 107,926 | 1 |
| 1476 | Other current financial assets | 6(1) and 8 | - | - | - | - | 27,334 | - |
| 1479 | Other current assets | | - | - | - | - | 18 | - |
| 11XX | Total current assets | | 7,828,882 | 69 | 8,287,878 | 70 | 8,915,376 | 77 |
| Non-current assets | | | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss | 6(2) and 7 | 80,435 | 1 | 61,420 | 1 | - | - |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(7) | 245,237 | 2 | 279,325 | 2 | 220,949 | 2 |
| 1535 | Non-current financial assets at amortised cost | 6(3) and 8 | 40,995 | - | 41,123 | - | 8,588 | - |
| 1600 | Property, plant and equipment, net | 6(8) and 8 | 2,711,638 | 24 | 2,608,848 | 22 | 1,950,390 | 17 |
| 1755 | Right-of-use assets | 6(9) and 7 | 317,999 | 3 | 325,330 | 3 | 327,926 | 3 |
| 1780 | Intangible assets | 6(10) | 23,519 | - | 28,067 | - | 16,642 | - |
| 1990 | Other non-current assets | 6(8), 7 and 8 | 139,154 | 1 | 215,165 | 2 | 188,420 | 1 |
| 15XX | Total non-current assets | | 3,558,977 | 31 | 3,559,278 | 30 | 2,712,915 | 23 |
| 1XXX | Total assets | | \$ 11,387,859 | 100 | \$ 11,847,156 | 100 | \$ 11,628,291 | 100 |

(Continued)

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Liabilities and Equity | | | March 31, 2023 | | December 31, 2022 | | March 31, 2022 | |
|-------------------------|--|-------------|----------------|------|-------------------|------|----------------|-------|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | | | |
| 2130 | Current contract liabilities | 6(19) and 7 | \$ 75,329 | 1 | \$ 150,475 | 1 | \$ 218,514 | 2 |
| 2170 | Accounts payable | | 144,376 | 1 | 134,607 | 1 | 124,163 | 1 |
| 2200 | Other payables | 6(11) | 215,792 | 2 | 407,387 | 4 | 217,345 | 2 |
| 2220 | Other payables - related parties | 7 | 5,988 | - | 7,732 | - | 9,640 | - |
| 2230 | Current tax liabilities | | 832 | - | 761 | - | 1,420 | - |
| 2280 | Current lease liabilities | 7 | 26,915 | - | 26,826 | - | 21,413 | - |
| 2320 | Long-term liabilities, current portion | 6(12) | - | - | - | - | 30,796 | - |
| 2399 | Other current liabilities | | 3,074 | - | 3,104 | - | 5,651 | - |
| 21XX | Total current liabilities | | 472,306 | 4 | 730,892 | 6 | 628,942 | 5 |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(13) and 8 | 120,460 | 1 | 120,460 | 1 | 39,560 | - |
| 2570 | Deferred tax liabilities | 6(25) | 974 | - | 874 | - | 637 | - |
| 2580 | Non-current lease liabilities | 7 | 304,930 | 3 | 311,758 | 3 | 317,074 | 3 |
| 2600 | Other non-current liabilities | | 294 | - | 294 | - | - | - |
| 25XX | Total non-current liabilities | | 426,658 | 4 | 433,386 | 4 | 357,271 | 3 |
| 2XXX | Total liabilities | | 898,964 | 8 | 1,164,278 | 10 | 986,213 | 8 |
| Equity | | | | | | | | |
| | Capital | 6(16) | | | | | | |
| 3110 | Common stock | | 3,046,672 | 27 | 3,043,358 | 26 | 3,029,129 | 26 |
| | Capital reserve | 6(17) | | | | | | |
| 3200 | Capital surplus | | 7,766,923 | 68 | 7,734,141 | 65 | 10,586,641 | 92 |
| | Accumulated deficit | 6(18) | | | | | | |
| 3350 | Accumulated deficit | | (319,027) | (3) | (115,540) | (1) | (2,959,648) | (25) |
| | Other equity interest | | | | | | | |
| 3400 | Other equity interest | | (5,673) | - | 20,919 | - | (14,044) | (1) |
| 3XXX | Total Equity | | 10,488,895 | 92 | 10,682,878 | 90 | 10,642,078 | 92 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | |
| | Significant events after the balance sheet date | 11 | | | | | | |
| 3X2X | Total Liabilities and Equity | | \$ 11,387,859 | 100 | \$ 11,847,156 | 100 | \$ 11,628,291 | 100 |

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share)
(UNAUDITED)

| | | | | Three months ended March 31 | | | |
|---|--------------------|----|--|-----------------------------|--------|--------|---------|
| | | | | 2023 | | 2022 | |
| Items | Notes | | | AMOUNT | % | AMOUNT | % |
| 4000 Operating Revenue | 6(19) and 7 | \$ | | 216,321 | 100 | \$ | 361,546 |
| 5000 Operating Costs | 6(5)(10)(24) and 7 | (| | 177,531 | (82) | (| 115,901 |
| 5900 Gross Profit | | | | 38,790 | 18 | | 245,645 |
| Operating Expenses | 6(10)(24) and 7 | | | | | | |
| 6100 Sales and marketing expenses | | (| | 13,511 | (6) | (| 9,950 |
| 6200 General and administrative expenses | | (| | 55,847 | (26) | (| 73,953 |
| 6300 Research and development expenses | | (| | 189,895 | (88) | (| 196,935 |
| 6000 Total operating expenses | | (| | 259,253 | (120) | (| 280,838 |
| 6900 Operating Loss | | (| | 220,463 | (102) | (| 35,193 |
| Non-operating Income and Expenses | | | | | | | |
| 7100 Interest income | 6(3)(4)(20) | | | 30,799 | 14 | | 6,248 |
| 7010 Other income | 6(21) | | | 91 | - | | 308 |
| 7020 Other gains and losses | 6(2)(22) | (| | 11,124 | (5) | | 45,174 |
| 7050 Finance costs | 6(9)(23) and 7 | (| | 2,494 | (1) | (| 2,349 |
| 7000 Total non-operating income and expenses | | | | 17,272 | 8 | | 49,381 |
| 7900 Profit (loss) before Income Tax | | (| | 203,191 | (94) | | 14,188 |
| 7950 Income tax | 6(25) | (| | 296 | - | (| 336) |
| 8200 Net Profit (Loss) | | (| | 203,487 | (94) | (| 13,852 |
| Other Comprehensive Income | | | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | | |
| 8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income | 6(7) | (| | 34,088 | (16) | (| 41,342 |
| 8310 Other comprehensive (loss) income that will not be reclassified to profit or loss | | (| | 34,088 | (16) | (| 41,342 |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | | |
| 8361 Exchange differences on translation | | | | 76 | - | | 70 |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(25) | (| | 12 | - | (| - |
| 8360 Other comprehensive income that will be reclassified to profit or loss | | | | 64 | - | | 70 |
| 8300 Other Comprehensive (Loss) Income | | (| | 34,024 | (16) | (| 41,412 |
| 8500 Total Comprehensive (Loss) Income | | (| | 237,511 | (110) | (| 55,264 |
| Basic (loss) earnings per share (in dollars) | | | | | | | |
| 9750 Basic (loss) earnings per share | 6(26) | (| | 0.67 | | (| 0.05 |
| 9850 Diluted (loss) earnings per share | | (| | 0.67 | | (| 0.05 |

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| Equity attributable to owners of the parent | | | | | | | | | | | | |
|--|---------------------|----------------------------|-------------------------|------------------------|--------------------------------|-------------------------------|-------------------------|-----------------------|---|---|-----------------------|----------------------|
| Notes | Capital Reserves | | | | | | | Other Equity Interest | | | | |
| | 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 |
| <u>2022</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 |
| Profit for the period | - | - | - | - | - | - | - | 13,852 | - | - | - | 13,852 |
| Other comprehensive income for the period | 6(7) | - | - | - | - | - | - | - | 70 | 41,342 | - | 41,412 |
| Total comprehensive income | - | - | - | - | - | - | - | 13,852 | 70 | 41,342 | - | 55,264 |
| Compensation costs of employee stock options | 6(15) | - | - | 15,042 | - | - | - | - | - | - | - | 15,042 |
| Employee stock options exercised | 6(15)(16) | 4,508 | 9,472 | (2,499) | - | - | - | - | - | - | - | 11,481 |
| Issuance of employee restricted stocks | 6(15)(16) | 1,840 | - | - | - | 11,703 | - | - | - | - (13,543) | - | - |
| Compensation costs of employee restricted stocks | 6(15) | - | - | - | - | - | - | - | - | - | 35,633 | 35,633 |
| Restricted stocks vested | - | 36,158 | - | - | - | (36,158) | - | - | - | - | - | - |
| Conversion of convertible bonds | 6(12)(16) | 18,936 | 79,600 | - | (2,629) | - | - | - | - | - | - | 95,907 |
| Balance at March 31, 2022 | <u>\$ 3,029,129</u> | <u>\$ 10,438,793</u> | <u>\$ 2,036</u> | <u>\$ 54,501</u> | <u>\$ 838</u> | <u>\$ 90,473</u> | <u>\$ -</u> | <u>(\$ 2,959,648)</u> | <u>(\$ 167)</u> | <u>\$ 47,173</u> | <u>(\$ 61,050)</u> | <u>\$ 10,642,078</u> |
| <u>2023</u> | | | | | | | | | | | | |
| Balance at January 1, 2023 | \$ 3,043,358 | \$ 7,532,828 | \$ - | \$ 95,289 | \$ - | \$ 105,148 | \$ 876 | (\$ 115,540) | (\$ 17) | \$ 64,922 | (\$ 43,986) | \$ 10,682,878 |
| Loss for the period | - | - | - | - | - | - | - | (203,487) | - | - | - | (203,487) |
| Other comprehensive income (loss) for the period | 6(7) | - | - | - | - | - | - | - | 64 | (34,088) | - | (34,024) |
| Total comprehensive income (loss) | - | - | - | - | - | - | - | (203,487) | 64 | (34,088) | - | (237,511) |
| Compensation costs of employee stock options | 6(15) | - | - | 21,859 | - | - | - | - | - | - | - | 21,859 |
| Employee stock options exercised | 6(15)(16) | 4,045 | 15,705 | (6,174) | - | - | - | - | - | - | - | 13,576 |
| Issuance of employee restricted stocks | 6(15)(16) | 59 | - | - | - | 602 | - | - | - | - (661) | - | - |
| Redemption of employee restricted stock | 6(15)(16) | (790) | - | - | - | 790 | - | - | - | - | - | - |
| Compensation costs of employee restricted stocks | 6(15) | - | - | - | - | - | - | - | - | - | 8,093 | 8,093 |
| Restricted stocks vested | - | 1,208 | - | - | - | (1,208) | - | - | - | - | - | - |
| Balance at March 31, 2023 | <u>\$ 3,046,672</u> | <u>\$ 7,549,741</u> | <u>\$ -</u> | <u>\$ 110,974</u> | <u>\$ -</u> | <u>\$ 105,332</u> | <u>\$ 876</u> | <u>(\$ 319,027)</u> | <u>\$ 47</u> | <u>\$ 30,834</u> | <u>(\$ 36,554)</u> | <u>\$ 10,488,895</u> |

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | Notes | Three months ended March 31 2023 | 2022 |
|---|-------------|-------------------------------------|-------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| (Loss) profit before tax | | (\$ 203,191) | \$ 14,188 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(8)(9)(24) | 53,024 | 44,840 |
| Amortization | 6(10)(24) | 4,549 | 3,303 |
| Net loss on financial assets or liabilities at fair value | 6(2)(22) | 985 | 167 |
| Interest expense | 6(23) | 2,494 | 2,349 |
| Interest income | 6(20) | (30,799) | (6,248) |
| Share-based payments | 6(15)(24) | 29,952 | 50,675 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Current contract assets | | 129,025 | 16,709 |
| Notes receivable, net | | - | 1,139 |
| Accounts receivable, net | | (101,880) | (17,820) |
| Accounts receivable, net-related parties | | (699) | 147 |
| Other receivables | | 15,580 | 1,779 |
| Inventory | | (97,603) | (140,852) |
| Prepayments | | 3,105 | (1,179) |
| Other current assets | | - | 1,537 |
| Changes in operating liabilities | | | |
| Contract liabilities | | (75,146) | (25,512) |
| Accounts payable | | 9,769 | 37,707 |
| Other payables | | (74,860) | (29,453) |
| Other payables - related parties | | (1,744) | 3,945 |
| Other current liabilities | | (30) | 729 |
| Cash outflow generated from operations | | (337,469) | (41,850) |
| Interest received | | 28,130 | 3,901 |
| Interest paid | | (2,490) | (2,101) |
| Income tax received | | 244 | - |
| Income tax paid | | (2,660) | (339) |
| Net cash flows used in operating activities | | (314,245) | (40,389) |

(Continued)

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | Notes | Three months ended March 31 2023 | 2022 |
|--|-----------|-------------------------------------|--------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Proceeds from disposal of financial assets at amortised cost | | \$ - | \$ 636,640 |
| Acquisition of property, plant and equipment | 6(8)(27) | (189,278) | (38,737) |
| Acquisition of intangible assets | 6(10)(27) | (1) | (144) |
| Increase in refundable deposits (shown as other non-current assets) | | (20) | (20) |
| Acquisition of financial assets at fair value through other comprehensive income | 6(7) | - | (168,000) |
| Increase in other non-current assets | | (19,903) | (94,276) |
| Net cash flows (used in) from investing activities | | (209,202) | 335,463 |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from long-term borrowings | 6(28) | - | 39,560 |
| Repayments of lease principal | 6(9)(28) | (6,739) | (5,580) |
| Employee stock options exercised | | 13,576 | 11,481 |
| Net cash flows from financing activities | | 6,837 | 45,461 |
| Effect of exchange rate | | 77 | 50 |
| Net (decrease) increase in cash and cash equivalents | | (516,533) | 340,585 |
| Cash and cash equivalents at beginning of period | | 6,126,885 | 6,625,384 |
| Cash and cash equivalents at end of period | | \$ 5,610,352 | \$ 6,965,969 |

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

EIRGENIX INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

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 May 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 effective from 2023 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|--|---|
| 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 arising from a single transaction’ | January 1, 2023 |

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

None.

(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 between an investor and its associate or joint venture' | To be determined by 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 – 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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation and basis of consolidation as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(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 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”) 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. The basis for preparation of these consolidated financial statements is consistent with that of the consolidated financial statements for the year ended December 31, 2022.
- B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | |
|------------------|----------------------|--|----------------|-------------------|----------------|
| | | | March 31, 2023 | December 31, 2022 | March 31, 2022 |
| The Company | EirGenix Europe GmbH | Biopharmaceutical research and development as well as business development | 100 | 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.

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

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|-----------------------------|-----------------------|--------------------------|-----------------------|
| Cash on hand and petty cash | \$ 61 | \$ 61 | \$ 51 |
| Demand deposits | 1,047,370 | 756,773 | 4,743,563 |
| Time deposits | <u>4,562,921</u> | <u>5,370,051</u> | <u>2,222,355</u> |
| | <u>\$ 5,610,352</u> | <u>\$ 6,126,885</u> | <u>\$ 6,965,969</u> |

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, \$0 and \$27,334 as other current financial assets as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. Refer to Note 8.

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

| <u>Items</u> | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Call options and put options of convertible bonds | \$ - | \$ - | \$ 87 |
| Valuation adjustment | <u>-</u> | <u>-</u> | <u>44</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 131</u> |

| Items | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|------------------|-------------------|----------------|
| Non-current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Profit-sharing investment in new drug development | \$ 58,390 | \$ 58,390 | \$ - |
| Limited partnership venture capital | 20,000 | - | - |
| Valuation adjustment | 2,045 | 3,030 | - |
| | <u>\$ 80,435</u> | <u>\$ 61,420</u> | <u>\$ -</u> |

- A. The Group recognised net losses amounting to \$985 and \$167 on financial assets at fair value through profit or loss for the three months ended March 31, 2023 and 2022, 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 production 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 March 31, 2023 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 | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-----------------------|---------------------|---------------------|---------------------|
| Current items: | | | |
| Time deposits (Note) | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> |
| Non-current items: | | | |
| Government bonds | \$ 32,324 | \$ 32,452 | \$ - |
| Pledged time deposits | 8,671 | 8,671 | 8,588 |
| | <u>\$ 40,995</u> | <u>\$ 41,123</u> | <u>\$ 8,588</u> |

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:

| | Three months ended March 31 | |
|-----------------|-----------------------------|----------|
| | 2023 | 2022 |
| Interest income | \$ 3,899 | \$ 1,199 |

- 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) Accounts receivable

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|-------------------|-------------------|------------------|
| Accounts receivable | \$ 134,959 | \$ 33,079 | \$ 96,983 |
| Less: Allowance for uncollectible accounts | (297) | (297) | (689) |
| | <u>\$ 134,662</u> | <u>\$ 32,782</u> | <u>\$ 96,294</u> |

- A. The ageing analysis of accounts receivable that was past due but not impaired is as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Accounts receivable</u> | <u>Accounts receivable</u> | <u>Accounts receivable</u> |
| Not past due | \$ 78,448 | \$ 32,782 | \$ 92,310 |
| Up to 30 days past due | 56,214 | - | 3,984 |
| 31 to 90 days past due | - | - | - |
| 91 to 180 days past due | - | - | - |
| Over 180 days past due | <u>297</u> | <u>297</u> | <u>689</u> |
| | <u>\$ 134,959</u> | <u>\$ 33,079</u> | <u>\$ 96,983</u> |

The above ageing analysis was based on past due date.

- B. As of March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable (including related parties) was all from contracts with customers. Also, as of January 1, 2022,

the balance of receivables from contracts with customers amounted to \$80,159.

C. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 accounts receivable (including related parties) held by the Group was \$135,361, \$32,782 and \$96,693, respectively.

D. The Group did not hold any collateral.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

| March 31, 2023 | | | |
|-----------------------|-------------------|---------------------------------|-------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 490,124 | (\$ 29,014) | \$ 461,110 |
| Work in progress | 233,035 | - | 233,035 |
| Finished goods | 142,878 | - | 142,878 |
| Merchandise inventory | 461 | (418) | 43 |
| | <u>\$ 866,498</u> | <u>(\$ 29,432)</u> | <u>\$ 837,066</u> |

| December 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 | - | 477 |
| | <u>\$ 757,790</u> | <u>(\$ 18,327)</u> | <u>\$ 739,463</u> |

| March 31, 2022 | | | |
|-----------------------|-------------------|---------------------------------|-------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 407,270 | (\$ 21,300) | \$ 385,970 |
| Work in progress | 126,653 | - | 126,653 |
| Finished goods | 37,589 | - | 37,589 |
| Merchandise inventory | 4,599 | (247) | 4,352 |
| | <u>\$ 576,111</u> | <u>(\$ 21,547)</u> | <u>\$ 554,564</u> |

The cost of inventories recognised as expense for the period:

| | Three months ended March 31 | |
|---------------------------------|-----------------------------|------------------|
| | 2023 | 2022 |
| Cost of goods used | \$ 21,044 | \$ 21,500 |
| Cost of goods sold | 43,488 | 1,042 |
| Loss on decline in market value | 11,105 | 4,232 |
| | <u>\$ 75,637</u> | <u>\$ 26,774</u> |

(6) Prepayments

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|-------------------|-------------------|-------------------|
| Office supplies | \$ 7,593 | \$ 9,009 | \$ 12,935 |
| Prepayments for contracted research expense | 9,587 | 11,310 | 10,363 |
| Excess business tax paid (or Net Input VAT) | 13,749 | 6,267 | 11,830 |
| Prepayments to suppliers | 50,192 | 50,100 | 35,838 |
| Prepayment for guarantee deposits and handling fee | 511 | 433 | 543 |
| Other prepaid expenses | <u>38,705</u> | <u>46,323</u> | <u>36,417</u> |
| | <u>\$ 120,337</u> | <u>\$ 123,442</u> | <u>\$ 107,926</u> |

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

| Items | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|----------------------|-------------------|-------------------|-------------------|
| Non-current items: | | | |
| Equity instruments | | | |
| Unlisted stocks | \$ 214,403 | \$ 214,403 | \$ 173,776 |
| Valuation adjustment | <u>30,834</u> | <u>64,922</u> | <u>47,173</u> |
| | <u>\$ 245,237</u> | <u>\$ 279,325</u> | <u>\$ 220,949</u> |

- 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 \$245,237, \$279,325 and \$220,949 as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- B. In February 2022, the Group acquired equity instruments in the amount of \$168,000. For the year ended December 31, 2022, the total investment amount was \$208,627.
- 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:

| | Three months ended March 31 | |
|--|-----------------------------|-----------|
| | 2023 | 2022 |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognised in other comprehensive (loss) income | (\$ 34,088) | \$ 41,342 |

(8) Property, plant, equipment and prepayments for business facilities

2023

| | Machinery and equipment | Office equipment | Buildings and structures | Leasehold improvements | Other equipment | Unfinished construction and equipment under acceptance | Total | Prepayments for business facilities (shown as other non-current assets, others) |
|---|----------------------------|---------------------|-----------------------------|---------------------------|--------------------|---|---------------------|---|
| At January 1 | | | | | | | | |
| 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>\$ 661,781</u> | <u>\$ 45,195</u> | <u>\$ 1,205,417</u> | <u>\$ 33,454</u> | <u>\$ 20,137</u> | <u>\$ 642,864</u> | <u>\$ 2,608,848</u> | <u>\$ 98,273</u> |
| Opening net book amount as at January 1 | \$ 661,781 | \$ 45,195 | \$ 1,205,417 | \$ 33,454 | \$ 20,137 | \$ 642,864 | \$ 2,608,848 | \$ 98,273 |
| Additions | 14,272 | 111 | 685 | - | 342 | 57,129 | 72,539 | 19,970 |
| Reclassifications | 11,295 | - | 2,070 | - | - | (13,365) | - | - |
| Transfers from other non- current assets | 1,954 | - | - | - | - | 73,980 | 75,934 | (75,934) |
| Depreciation charge | (22,952) | (2,318) | (18,001) | (1,172) | (1,250) | - | (45,693) | - |
| Net exchange differences | - | 10 | - | - | - | - | 10 | - |
| Closing net book amount as at March 31 | <u>\$ 666,350</u> | <u>\$ 42,998</u> | <u>\$ 1,190,171</u> | <u>\$ 32,282</u> | <u>\$ 19,229</u> | <u>\$ 760,608</u> | <u>\$ 2,711,638</u> | <u>\$ 42,309</u> |
| At March 31 | | | | | | | | |
| Cost | \$ 1,005,738 | \$ 74,832 | \$ 1,437,234 | \$ 45,595 | \$ 31,083 | \$ 760,608 | \$ 3,355,090 | \$ 42,309 |
| Accumulated depreciation | (339,388) | (31,834) | (247,063) | (13,313) | (11,854) | - | (643,452) | - |
| | <u>\$ 666,350</u> | <u>\$ 42,998</u> | <u>\$ 1,190,171</u> | <u>\$ 32,282</u> | <u>\$ 19,229</u> | <u>\$ 760,608</u> | <u>\$ 2,711,638</u> | <u>\$ 42,309</u> |

| | Machinery and equipment | Office equipment | Buildings and structures | Leasehold improvements | Other equipment | Unfinished construction and equipment under acceptance | Total | Prepayments for business facilities (shown as other non-current assets, 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) | - | (445,513) | - |
| | <u>\$ 574,684</u> | <u>\$ 44,008</u> | <u>\$ 1,131,692</u> | <u>\$ 15,521</u> | <u>\$ 17,654</u> | <u>\$ 103,265</u> | <u>\$ 1,886,824</u> | <u>\$ 65,456</u> |
| 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 | 19,421 | 1,769 | 2,419 | - | 887 | 26,052 | 50,548 | 94,226 |
| Reclassifications | - | - | 656 | - | - | (656) | - | - |
| Transfers from other non- current assets | 6,396 | - | - | - | 35 | 45,072 | 51,503 | (51,503) |
| Depreciation charge | (19,307) | (2,036) | (15,484) | (661) | (1,014) | - | (38,502) | - |
| Net exchange differences | - | 17 | - | - | - | - | 17 | - |
| Closing net book amount as at March 31 | <u>\$ 581,194</u> | <u>\$ 43,758</u> | <u>\$ 1,119,283</u> | <u>\$ 14,860</u> | <u>\$ 17,562</u> | <u>\$ 173,733</u> | <u>\$ 1,950,390</u> | <u>\$ 108,179</u> |
| At March 31 | | | | | | | | |
| Cost | \$ 839,611 | \$ 70,143 | \$ 1,298,986 | \$ 24,495 | \$ 27,446 | \$ 173,733 | \$ 2,434,414 | \$ 108,179 |
| Accumulated depreciation | (258,417) | (26,385) | (179,703) | (9,635) | (9,884) | - | (484,024) | - |
| | <u>\$ 581,194</u> | <u>\$ 43,758</u> | <u>\$ 1,119,283</u> | <u>\$ 14,860</u> | <u>\$ 17,562</u> | <u>\$ 173,733</u> | <u>\$ 1,950,390</u> | <u>\$ 108,179</u> |

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

(9) Leasing arrangements - lessee

- 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:

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|------------------------|--------------------------|------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Land | \$ 198,740 | \$ 202,394 | \$ 210,558 |
| Buildings | 81,463 | 84,031 | 76,153 |
| Machinery and equipment | 34,726 | 35,305 | 36,785 |
| Transportation equipment (Business vehicles) | 2,179 | 2,584 | 3,796 |
| Office equipment (Multifunction printers) | 891 | 1,016 | 634 |
| | <u>\$ 317,999</u> | <u>\$ 325,330</u> | <u>\$ 327,926</u> |

| | <u>Three months ended</u> | |
|---|-----------------------------|-----------------------------|
| | <u>March 31</u> | |
| | <u>2023</u> | <u>2022</u> |
| | <u>Depreciation expense</u> | <u>Depreciation expense</u> |
| Land | \$ 3,655 | \$ 3,530 |
| Buildings | 2,568 | 1,716 |
| Machinery and equipment | 579 | 575 |
| Transportation equipment (Business vehicles) | 404 | 427 |
| Office equipment (Multifunction printers) | 125 | 90 |
| | <u>\$ 7,331</u> | <u>\$ 6,338</u> |

D. For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$42,933, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | Three months ended March 31 | |
|---------------------------------------|-----------------------------|----------|
| | 2023 | 2022 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 1,963 | \$ 2,063 |
| Expense on short-term lease contracts | 7,278 | 1,504 |
| Expense on leases of low-value assets | 53 | 55 |

F. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$16,033 and \$9,202, respectively.

(10) Intangible assets

| | 2023 | | |
|---|------------------|------------------------|------------------|
| | Software | Professional expertise | Total |
| At January 1 | | | |
| Cost | \$ 45,851 | \$ 107,953 | \$ 153,804 |
| Accumulated amortisation | (21,678) | (104,059) | (125,737) |
| | <u>\$ 24,173</u> | <u>\$ 3,894</u> | <u>\$ 28,067</u> |
| Opening net book amount as at January 1 | \$ 24,173 | \$ 3,894 | \$ 28,067 |
| Additions | 1 | - | 1 |
| Amortisation charge | (1,836) | (2,713) | (4,549) |
| Closing net book amount as at March 31 | <u>\$ 22,338</u> | <u>\$ 1,181</u> | <u>\$ 23,519</u> |
| At March 31 | | | |
| Cost | \$ 45,852 | \$ 107,953 | \$ 153,805 |
| Accumulated amortisation | (23,514) | (106,772) | (130,286) |
| | <u>\$ 22,338</u> | <u>\$ 1,181</u> | <u>\$ 23,519</u> |

| | 2022 | | |
|---|-----------------|---------------------------|------------------|
| | Software | Professional expertise | Total |
| At January 1 | | | |
| Cost | \$ 21,153 | \$ 107,953 | \$ 129,106 |
| Accumulated amortisation | (16,438) | (93,115) | (109,553) |
| | <u>\$ 4,715</u> | <u>\$ 14,838</u> | <u>\$ 19,553</u> |
| Opening net book amount as at January 1 | \$ 4,715 | \$ 14,838 | \$ 19,553 |
| Additions | 392 | - | 392 |
| Amortisation charge | (520) | (2,783) | (3,303) |
| Closing net book amount as at March 31 | <u>\$ 4,587</u> | <u>\$ 12,055</u> | <u>\$ 16,642</u> |
| At March 31 | | | |
| Cost | \$ 21,546 | \$ 107,953 | \$ 129,499 |
| Accumulated amortisation | (16,959) | (95,898) | (112,857) |
| | <u>\$ 4,587</u> | <u>\$ 12,055</u> | <u>\$ 16,642</u> |

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

| | Three months ended March 31 | |
|--------------------------------------|-----------------------------|-----------------|
| | 2023 | 2022 |
| Operating costs | \$ 2,668 | \$ 2,161 |
| Administrative expenses | 301 | 157 |
| Research and development expenses | 1,552 | 985 |
| Selling expenses | 28 | - |
| | <u>\$ 4,549</u> | <u>\$ 3,303</u> |

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

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Payable on equipment and intangible assets | \$ 41,489 | \$ 158,228 | \$ 31,567 |
| Salary and bonus payable | 62,592 | 95,239 | 44,991 |
| Service expense payable | 29,173 | 52,083 | 72,307 |
| Payable on consumables | 23,701 | 25,012 | 29,435 |
| Payable on repairs and maintenance expense | 18,036 | 19,732 | 11,582 |
| Others | 40,801 | 57,093 | 27,463 |
| | <u>\$ 215,792</u> | <u>\$ 407,387</u> | <u>\$ 217,345</u> |

(12) Bonds payable

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Bonds payable | \$ - | \$ - | \$ 31,200 |
| Less: Discount on bonds payable | - | - | (404) |
| | - | - | 30,796 |
| Less: Current portion or exercise of put options | - | - | (30,796) |
| | <u>\$ -</u> | <u>\$ -</u> | <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 March 31, 2023, 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 | March 31, 2023 |
|---------------------------|---|---------------------|------------|-------------------|
| Long-term bank borrowings | | | | |
| 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%~1.9500% | None | \$ 39,560 |
| " | 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%~1.9500% | " | |
| | | | | 80,900 |
| | | | | <u>\$ 120,460</u> |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2022 |
|---------------------------|---|---------------------|------------|-------------------|
| Long-term bank borrowings | | | | |
| 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 |
| " | 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 |
| | | | | <u>\$ 120,460</u> |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | March 31, 2022 |
|---------------------------|--|---------------------|------------|------------------|
| Long-term bank borrowings | | | | |
| 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%~1.4500% | None | <u>\$ 39,560</u> |

A. Information on the Group's undrawn borrowing facilities is provided in Note 12(2) C.

B. 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".

C. Information about assets pledged as collateral for long-term borrowings facilities 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 the defined contribution pension plans of the Group for the three months ended March 31, 2023 and 2022, were \$5,327 and \$3,853, respectively.

(15) Share based payment

- A. For the three months ended March 31, 2023 and 2022, the Group’s share-based payment arrangements were as follows:

| Type of arrangement | Grant date | Quantity granted (shares in thousands) | Contract period | Vesting conditions |
|----------------------------|--------------|---|-----------------|-----------------------|
| Employee stock options - B | 2015. 07. 01 | 1,270 | 10 years | 1 to 4 years’ 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 | " | " |
| " | 2018. 03. 23 | 175 | " | " |
| Employee stock options - F | 2019. 01. 25 | 520 | 10 years | 2 to 4 years’ service |
| " | 2019. 05. 13 | 285 | " | " |

| Type of arrangement | Grant date | Quantity granted (shares in thousands) | Contract period | Vesting conditions |
|--|--------------|---|-----------------|---|
| Restricted stocks to employees - A | 2016. 11. 18 | 1,660 | N/A | Conditions of service years and performance |
| " | 2017. 08. 08 | 257 | " | " |
| Employee stock options - G | 2019. 11. 12 | 960 | 10 years | 2 to 4 years' service |
| " | 2020. 04. 15 | 775 | " | " |
| " | 2020. 08. 12 | 205 | " | " |
| Restricted stocks to employees - B | 2020. 05. 13 | 455 | N/A | 0.25 to 3 years' service |
| " | 2020. 12. 10 | 144 | " | " |
| Restricted stocks to employees - D | 2020. 08. 14 | 905 | N/A | Performance conditions |
| " | 2020. 12. 10 | 94 | " | " |
| Employee stock options - H | 2020. 12. 23 | 830 | 10 years | 2 to 4 years' service |
| " | 2021. 05. 12 | 315 | " | " |
| " | 2021. 08. 12 | 505 | " | " |
| " | 2021. 10. 01 | 1,185 | " | " |
| 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 | " | " |
| " | 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 | " | " |

| Type of arrangement | Grant date | Quantity granted (shares in thousands) | Contract period | Vesting conditions |
|------------------------------------|--------------|---|-----------------|------------------------|
| Restricted stocks to employees - G | 2022. 09. 08 | 63 | N/A | Performance conditions |
| " | 2022. 11. 08 | 195 | " | " |
| " | 2023.03.10 | 6 | " | " |
| Employee stock options - J | 2022.11.08 | 615 | 10 years | 2 to 4 years' service |
| " | 2023.03.10 | 1105 | " | " |

(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

| | 2023 | | 2022 | |
|----------------------------------|---|---|---|---|
| | No. of options (shares in thousands) | Weighted-average exercise price (in dollars) | No. of options (shares in thousands) | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 5,666 | \$15~146.4 | 5,282 | \$15~146.4 |
| Options granted | 1,105 | 111.5 | 160 | 93.5 |
| Options forfeited | (235) | 85.9~128.4 | (96) | 34.3~128.4 |
| Options exercised | (404) | 20~51.2 | (451) | 15~37.5 |
| Options outstanding at March 31 | <u>6,132</u> | 15~146.4 | <u>4,895</u> | 15~146.4 |
| Options exercisable at March 31 | <u>894</u> | | <u>1,144</u> | |

(b) Restricted stocks to employees

| | 2023 (shares in thousands) | 2022 (shares in thousands) |
|---------------------------------|-------------------------------|-------------------------------|
| Stocks outstanding at January 1 | 2,571 | 2,869 |
| Stocks granted | 6 | 184 |
| Stocks vested | (42) | (434) |
| Stocks retired | (79) | - |
| Stocks outstanding at March 31 | <u>2,456</u> | <u>2,619</u> |

C. The weighted-average stock prices of stock options at exercise dates for the three months ended March 31, 2023 and 2022 were NT\$118.6 (in dollars) and NT\$99.1 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

| Type of arrangement | Issue date approved | Expiry date | March 31, 2023 | | December 31, 2022 | |
|----------------------------|---------------------|--------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| | | | No. of shares (shares in thousands) | Exercise price (in dollars) | No. of shares (shares in thousands) | Exercise price (in dollars) |
| Employee stock options - B | 2015. 07. 01 | 2025. 06. 30 | 140 | \$ 15 | 140 | \$ 15 |
| " | 2015. 07. 01 | 2025. 06. 30 | 5 | 20 | 20 | 20 |
| " | 2015. 07. 06 | 2025. 07. 05 | 25 | 20 | 25 | 20 |
| " | 2015. 10. 29 | 2025. 10. 28 | - | 20 | - | 20 |
| " | 2016. 01. 01 | 2025. 12. 31 | 25 | 20 | 25 | 20 |
| Employee stock options - C | 2016. 05. 05 | 2026. 05. 04 | 10 | 29.2 | 10 | 29.2 |
| Employee stock options - D | 2016. 10. 12 | 2026. 10. 11 | 150 | 29.2 | 180 | 29.2 |
| " | 2016. 12. 29 | 2026. 12. 28 | 15 | 37.5 | 15 | 37.5 |
| Employee stock options - E | 2017. 08. 08 | 2027. 08. 07 | 4 | 29.2 | 18 | 29.2 |
| " | 2017. 12. 27 | 2027. 12. 26 | 79 | 25 | 112 | 25 |
| " | 2018. 03. 23 | 2028. 03. 22 | 48 | 23.5 | 52 | 23.5 |

| Type of arrangement | Issue date approved | Expiry date | March 31, 2023 | | December 31, 2022 | |
|----------------------------|---------------------|--------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| | | | No. of shares (shares in thousands) | Exercise price (in dollars) | No. of shares (shares in thousands) | Exercise price (in dollars) |
| Employee stock options - F | 2019. 01. 25 | 2029. 01. 24 | 57 | \$ 28.7 | 103 | \$ 28.7 |
| " | 2019. 05. 13 | 2029. 05. 12 | 135 | 34.3 | 141 | 34.3 |
| Employee stock options - G | 2019. 11. 12 | 2029. 11. 11 | 270 | 25.2 | 325 | 25.2 |
| " | 2020. 04. 15 | 2030. 04. 14 | 135 | 28.8 | 175 | 28.8 |
| " | 2020. 08. 12 | 2030. 08. 11 | 115 | 51.2 | 140 | 51.2 |
| Employee stock options - H | 2020. 12. 23 | 2030. 12. 22 | 379 | 42.1 | 515 | 42.1 |
| " | 2021. 05. 12 | 2031. 05. 11 | 235 | 146.4 | 235 | 146.4 |
| " | 2021. 08. 12 | 2031. 08. 11 | 290 | 128.4 | 305 | 128.4 |
| " | 2021. 10. 01 | 2031. 09. 30 | 990 | 117.5 | 990 | 117.5 |
| Employee stock options - I | 2022. 03. 22 | 2032. 03. 21 | 130 | 93.5 | 145 | 93.5 |
| " | 2022. 05. 12 | 2032. 05. 11 | 225 | 71.6 | 225 | 71.6 |
| " | 2022. 08. 11 | 2032. 08. 10 | 575 | 85.9 | 645 | 85.9 |
| " | 2022. 09. 08 | 2032. 09. 07 | 410 | 118.5 | 510 | 118.5 |
| Employee stock options - J | 2022. 11. 08 | 2032. 11. 07 | 580 | 103.5 | 615 | 103.5 |
| " | 2023. 03. 10 | 2033. 03. 09 | 1,105 | 111.5 | - | - |

March 31, 2022

| Type of arrangement | Issue date approved | Expiry date | No. of shares (shares in thousands) | Exercise price (in dollars) |
|----------------------------|---------------------|-------------|--|--------------------------------|
| Employee stock options - B | 2015.07.01 | 2025.06.30 | 173 | \$ 15 |
| " | 2015.07.01 | 2025.06.30 | 20 | 20 |
| " | 2015.07.06 | 2025.07.05 | 30 | 20 |
| " | 2015.10.29 | 2025.10.28 | - | 20 |
| " | 2016.01.01 | 2025.12.31 | 25 | 20 |
| Employee stock options - C | 2016.05.05 | 2026.05.04 | 25 | 29.2 |
| Employee stock options - D | 2016.10.12 | 2026.10.11 | 250 | 29.2 |
| " | 2016.12.29 | 2026.12.28 | 15 | 37.5 |
| Employee stock options - E | 2017.08.08 | 2027.08.07 | 78 | 29.2 |
| " | 2017.12.27 | 2027.12.26 | 180 | 25 |
| " | 2018.03.23 | 2028.03.22 | 76 | 23.5 |
| Employee stock options - F | 2019.01.25 | 2029.01.24 | 136 | 28.7 |
| " | 2019.05.13 | 2029.05.12 | 182 | 34.3 |
| Employee stock options - G | 2019.11.12 | 2029.11.11 | 410 | 25.2 |
| " | 2020.04.15 | 2030.04.14 | 450 | 28.8 |
| " | 2020.08.12 | 2030.08.11 | 170 | 51.2 |
| Employee stock options - H | 2020.12.23 | 2030.12.22 | 680 | 42.1 |
| " | 2021.05.12 | 2031.05.11 | 315 | 146.4 |
| " | 2021.08.12 | 2031.08.11 | 450 | 128.4 |
| " | 2021.10.01 | 2031.09.30 | 1,070 | 117.5 |
| Employee stock options - I | 2022.03.22 | 2032.03.21 | 160 | 93.5 |

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 | 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) |
|------------------------------------|--------------|---|-----------------------------|--------------------------------|------------------------------|-------------------------|----------------------------|--|
| 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 |
| " | 2015. 07. 01 | 130 | 14.88 | 20 | 36.58~ 37.13% | 5.5 ~ 7 years | 1.15~ 1.35% | 3.83~ 4.69 |
| " | 2015. 07. 06 | 250 | 14.60 | 20 | 37.09~ 37.64% | 5.5 ~ 7 years | 1.15~ 1.35% | 3.75~ 4.6 |
| " | 2015. 10. 29 | 80 | 15.83 | 20 | 38.62~ 38.95% | 5.5 ~ 7 years | 0.94~ 1.07% | 4.62 ~ 5.48 |
| " | 2016. 01. 01 | 270 | 16.03 | 20 | 40.11~ 40.30% | 5.5 ~ 7 years | 0.79~ 0.90% | 4.91~ 5.76 |
| Employee stock options - C | 2016. 05. 05 | 100 | 13.27 | 29.2 | 40.75~ 40.91% | 6 ~ 7 years | 0.70~ 0.77% | 1.86 ~ 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 | 20.4 | 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 |
| " | 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 |
| " | 2020. 04. 15 | 775 | 33.1 | 28.8 | 50.33% | 6 ~ 7 years | 0.47~ 0.49% | 15.56 ~ 16.65 |
| " | 2020. 08. 12 | 205 | 57.8 | 51.2 | 64.08% | 6 ~ 7 years | 0.36~ 0.38% | 33.07 ~ 35.18 |

| 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 - 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 |
| " | 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 | 124.0 | 118 | 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 |
| Restricted stocks to employees - 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 |

| 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 - G | 2022. 09. 08 | 63 | \$ 118.5 | \$ - | - | - | - | \$118.5 |
| " | 2022. 11. 08 | 195 | 103.5 | - | - | - | - | 103.5 |
| " | 2023. 03. 10 | 6 | 111.5 | - | - | - | - | 111.5 |
| Employee stock options - J | 2022. 11. 08 | 615 | 103.5 | 103.5 | 60% | 6~7 years | 1.63~1.7% | 57.97~61.88 |
| " | 2023. 03. 10 | 1,105 | 111.5 | 111.5 | 59.15% | 6~7 years | 1.12~1.14% | 60.98~65.04 |

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

| | Three months ended March 31 | |
|--------------------------------|-----------------------------|------------------|
| | 2023 | 2022 |
| Employee stock options | \$ 21,859 | \$ 15,042 |
| Restricted stocks to employees | 8,093 | 35,633 |
| | <u>\$ 29,952</u> | <u>\$ 50,675</u> |

(16) Share capital

A. As of March 31, 2023, 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 \$3,046,672 with a par value of \$10 (in dollars) per share, consisting of 304,667 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):

| | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| At January 1 | 304,336 | 300,385 |
| Employee stock options exercised | 404 | 451 |
| Issuance of employee restricted stock | 6 | 184 |
| Employee restricted stock-redeemed | (79) | - |
| Conversion of convertible bonds | - | 1,893 |
| At March 31 | <u>304,667</u> | <u>302,913</u> |

- B. For the three months ended March 31, 2023 and 2022, the Company issued 404 thousand and 451 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 \$4,045 and \$4,508, respectively.
- C. For the three months ended March 31, 2023 and 2022, 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 79 thousand shares and 0 shares did not meet the vesting conditions in accordance with the terms of restricted shares, respectively.
- D. 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.
- E. 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. On March 10, 2023, the Board of Directors resolved to issue the 1st restricted stocks to employees amounting to 6 thousand shares in 2022 with the effective date set on March 10, 2023.

- F. 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.
- G. 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 May 10, 2023.
- H. 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 during their meeting as of May 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' meeting.
- 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. On June 10, 2022, the shareholders at their meeting 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.
- D. 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 March 31, 2023 and 2022, there was no earnings to be distributed.

(19) Operating revenue

| | Three months ended March 31 | |
|---------------------------------------|-----------------------------|------------|
| | 2023 | 2022 |
| Revenue from contracts with customers | \$ 216,321 | \$ 361,546 |

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:

| | Three months ended March 31, 2023 | | | |
|-------------------------------|-----------------------------------|--|-------------------|-------------------|
| | Sales of services | Sales of authorisation and cooperative development | Sales of goods | Total |
| Timing of revenue recognition | | | | |
| At a point in time | \$ - | \$ - | \$ 117,191 | \$ 117,191 |
| Over time | 78,412 | 17,507 | 3,211 | 99,130 |
| | <u>\$ 78,412</u> | <u>\$ 17,507</u> | <u>\$ 120,402</u> | <u>\$ 216,321</u> |

| Three months ended March 31, 2022 | | | | |
|-----------------------------------|----------------------|---|------------------|-------------------|
| | Sales of services | Sales of authorisation and cooperative development | Sales of goods | Total |
| Timing of revenue recognition | | | | |
| At a point in time | \$ - | \$ - | \$ 6,248 | \$ 6,248 |
| Over time | <u>155,342</u> | <u>189,814</u> | <u>10,142</u> | <u>355,298</u> |
| | <u>\$ 155,342</u> | <u>\$ 189,814</u> | <u>\$ 16,390</u> | <u>\$ 361,546</u> |

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

| | March 31, 2023 | December 31, 2022 |
|-----------------------------------|-------------------|-------------------|
| Contract assets: | | |
| Services | <u>\$ 105,374</u> | <u>\$ 234,399</u> |
| Current contract liabilities | | |
| Services | \$ 46,745 | \$ 104,384 |
| Authorisation and cooperative | <u>28,584</u> | <u>46,091</u> |
| | <u>\$ 75,329</u> | <u>\$ 150,475</u> |
| | March 31, 2022 | January 1, 2022 |
| Contract assets: | | |
| Services | <u>\$ 153,888</u> | <u>\$ 170,597</u> |
| Current contract liabilities: | | |
| Services | 100,361 | 102,289 |
| Authorisation and cooperative | 118,153 | 121,678 |
| Non-current contract liabilities: | | |
| Authorisation and cooperative | <u>-</u> | <u>20,059</u> |
| | <u>\$ 218,514</u> | <u>\$ 244,026</u> |

- (b) Revenue recognised that was included in the contract liability balance at the beginning of the period

| | Three months ended March 31 | |
|---|-----------------------------|------------------|
| | 2023 | 2022 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | | |
| Services | \$ 61,005 | \$ 20,404 |
| Authorisation and cooperative development | 17,507 | 38,284 |
| | <u>\$ 78,512</u> | <u>\$ 58,688</u> |

- (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 March 31, 2023 amounted to \$1,847,689. 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, additional supply payments and the sales-basis profit-sharing royalty could be collected as specified by supply terms and quantities. For the three months ended March 31, 2023 and 2022, the Group recognised the revenue from authorisation and cooperative development contract amounting to \$17,507 and \$189,814, 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.

- D. In April 2023, the Company received a letter from the Taiwan Food and Drug Administration (TFDA) to which indicated that the Company had obtained the domestic active pharmaceutical ingredients "EG12014 Trastuzumab" license and a drug master file number.

(20) Interest income

| | Three months ended March 31 | |
|--|-----------------------------|-----------------|
| | 2023 | 2022 |
| Interest income from bank deposits | \$ 26,900 | \$ 5,049 |
| Interest income from financial assets measured at amortised cost | 3,899 | 1,199 |
| | <u>\$ 30,799</u> | <u>\$ 6,248</u> |

(21) Other income

| | Three months ended March 31 | |
|---------------------------|-----------------------------|---------------|
| | 2023 | 2022 |
| Government grant revenues | \$ - | \$ 220 |
| Other income, others | 91 | 88 |
| | <u>\$ 91</u> | <u>\$ 308</u> |

(22) Other gains and losses

| | Three months ended March 31 | |
|---|-----------------------------|------------------|
| | 2023 | 2022 |
| Foreign exchange (losses) gains | (\$ 10,139) | \$ 45,341 |
| Losses on financial assets at fair value through profit or loss | (985) | (167) |
| | <u>(\$ 11,124)</u> | <u>\$ 45,174</u> |

(23) Finance costs

| | Three months ended March 31 | |
|---------------------------------------|-----------------------------|-----------------|
| | 2023 | 2022 |
| Interest expense on bank borrowings | \$ 531 | \$ 61 |
| Interest expense on lease liabilities | 1,963 | 2,063 |
| Other interest expense | - | 225 |
| | <u>\$ 2,494</u> | <u>\$ 2,349</u> |

(24) Employee benefits, depreciation and amortisation expenses

| Function Nature | Three months ended March 31, 2023 | | | Three months ended March 31, 2022 | | |
|----------------------------------|--|---|------------|--|---|-----------|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefit expense | | | | | | |
| Wages and salaries | \$ 40,556 | \$ 68,139 | \$ 108,695 | \$ 34,187 | \$ 47,728 | \$ 81,915 |
| Share-based payment | 11,120 | 18,832 | 29,952 | 12,430 | 38,245 | 50,675 |
| Labour and health insurance fees | 3,401 | 6,821 | 10,222 | 2,996 | 4,796 | 7,792 |
| Pension costs | 1,805 | 3,522 | 5,327 | 1,647 | 2,206 | 3,853 |
| Directors' remuneration | - | 1,050 | 1,050 | - | 770 | 770 |
| Other personnel | 1,725 | 2,867 | 4,592 | 1,198 | 2,265 | 3,463 |
| Depreciation expense | 24,541 | 28,483 | 53,024 | 25,795 | 19,045 | 44,840 |
| Amortisation expense | 2,668 | 1,881 | 4,549 | 2,161 | 1,142 | 3,303 |

- A. In accordance with 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 three months ended March 31, 2023 and 2022.
- 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:

| | Three months ended March 31 | |
|---|-----------------------------|--------|
| | 2023 | 2022 |
| Current tax: | | |
| Current tax on profits for the period | \$ 208 | \$ 235 |
| Total current tax | 208 | 235 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 88 | 101 |
| Income tax expense | \$ 296 | \$ 336 |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

| | Three months ended March 31 | |
|----------------------------------|-----------------------------|------|
| | 2023 | 2022 |
| Currency translation differences | \$ 12 | \$ - |

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) (Loss) earnings per share

| | Three months ended March 31, 2023 | | |
|-----------------------------|-----------------------------------|--|--------------------------------|
| | | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| | Amount after tax | | |
| <u>Basic loss per share</u> | | | |
| Loss for the period | (\$ 203,487) | 304,503 | (\$ 0.67) |

| Three months ended March 31, 2022 | | | |
|--|------------------|--|------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit for the period | <u>\$ 13,852</u> | <u>301,339</u> | <u>\$ 0.05</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employee stock options | <u>-</u> | <u>1,996</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 13,852</u> | <u>303,335</u> | <u>\$ 0.05</u> |

Diluted loss per share was not be calculated as the Company had incurred a loss for the three months ended March 31, 2023.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

| | Three months ended March 31 | |
|--|-----------------------------|------------------|
| | 2023 | 2022 |
| Purchase of property, plant and equipment | \$ 72,539 | \$ 50,548 |
| Add: Opening balance of other payables | 158,228 | 19,508 |
| Less: Ending balance of other payables | (41,489) | (31,319) |
| Cash paid during the period | <u>\$ 189,278</u> | <u>\$ 38,737</u> |

| | Three months ended March 31 | |
|--|-----------------------------|---------------|
| | 2023 | 2022 |
| Purchase of intangible assets | \$ 1 | \$ 392 |
| Add: Ending balance of prepayment for intangible assets (Note) | 1,565 | - |
| Less: Ending balance of other payables | - (| 248) |
| Opening balance of prepayment for intangible assets (Note) | (1,565) | - |
| Cash paid during the period | <u>\$ 1</u> | <u>\$ 144</u> |

Note: Shown as “other non-current assets”.

B. Financing activities with no cash flow effects:

| | Three months ended March 31 | |
|---------------------------------|-----------------------------|------------------|
| | 2023 | 2022 |
| Conversion of convertible bonds | <u>\$ -</u> | <u>\$ 95,907</u> |

(28) Changes in liabilities from financing activities

| | 2023 | | | |
|---|-------------------------|-------------------|-----------------------------------|--|
| | Long-term borrowings | Lease liability | Guarantee deposits received | Liabilities from financing activities- gross |
| At January 1 | \$ 120,460 | \$ 338,584 | \$ 294 | \$ 459,338 |
| Changes in cash flow from financing activities | - (| 6,739) | - (| 6,739) |
| At March 31 | <u>\$ 120,460</u> | <u>\$ 331,845</u> | <u>\$ 294</u> | <u>\$ 452,599</u> |

| | Long-term borrowings | Lease liability | Bonds payable (including current portion) | Liabilities from financing activities-gross |
|--|-------------------------|-------------------|---|---|
| At January 1 | \$ - | \$ 307,542 | \$ 127,070 | \$ 434,612 |
| Changes in cash flow from financing activities | 39,560 | (5,580) | - | 33,980 |
| Changes in right-of- use assets | - | 36,517 | - | 36,517 |
| Impact of changes in foreign exchange rate | - | 8 | - | 8 |
| Changes in other non-cash items | - | - | (96,274) | (96,274) |
| At March 31 | <u>\$ 39,560</u> | <u>\$ 338,487</u> | <u>\$ 30,796</u> | <u>\$ 408,843</u> |

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) | " |
| FORMOSA PHARMACEUTICALS, INC. | " |
| TFBS Bioscience Inc. (Note 2) | " |

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 for the three months ended March 31, 2022 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 for the three months ended March 31, 2023 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

| | Three months ended March 31 | |
|-----------------------|-----------------------------|-----------------|
| | 2023 | 2022 |
| Sales of goods: | | |
| Other related parties | \$ - | \$ 1,291 |
| Sales of services: | | |
| Other related parties | 2,392 | 995 |
| | <u>\$ 2,392</u> | <u>\$ 2,286</u> |

(a) No similar transaction can be compared with for the sales of service. Prices and terms are determined based on mutual agreements.

(b) On March 31, 2023, December 31, 2022 and March 31, 2022, the Group has recognised the revenue-related contract assets amounting to \$1,264, \$744 and \$0, and contract liabilities amounting to \$207, \$620 and \$931, respectively.

B. Service expense (shown as ‘research and development expense’)

| | Three months ended March 31 | |
|-----------------------|-----------------------------|-----------------|
| | 2023 | 2022 |
| Other related parties | <u>\$ 3,627</u> | <u>\$ 8,248</u> |

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. Testing expense (shown as ‘operating costs’)

| | Three months ended March 31 | |
|-----------------------|-----------------------------|-------------|
| | 2023 | 2022 |
| Other related parties | <u>\$ 986</u> | <u>\$ -</u> |

D. Other expenses (shown as ‘administrative expenses’)

| | Three months ended March 31 | |
|-----------------------|-----------------------------|----------|
| | 2023 | 2022 |
| Other related parties | \$ - | \$ 1,362 |

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

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-----------------------|----------------|-------------------|----------------|
| Accounts receivable: | | | |
| Other related parties | \$ 699 | \$ - | \$ 399 |

F. Payables to related parties

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-----------------------|----------------|-------------------|----------------|
| Other payables: | | | |
| Other related parties | \$ 5,988 | \$ 7,732 | \$ 9,640 |

The balance of \$1,649 as of March 31, 2022 pertain to the utilities payable to DCB for payments made on behalf of the Company.

G. Lease transactions - lessee

- (a) The Group leases plant, laboratory, instruments 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

| | March 31, 2022 |
|-------------------------|-------------------|
| | Carrying amount |
| Land | \$ 102,513 |
| Buildings | 75,841 |
| Machinery and equipment | 36,785 |
| | <u>\$ 215,139</u> |

As of March 31, 2023 and 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.

| | Three months ended March 31, 2022 |
|-------------------------|--------------------------------------|
| | <u>Depreciation expense</u> |
| Land | \$ 1,688 |
| Buildings | 1,254 |
| Machinery and equipment | 575 |
| | <u>\$ 3,517</u> |

(c) Lease liabilities

i. Outstanding balance

| | <u>March 31, 2022</u> |
|------------------------------|-----------------------|
| Other related party - DCB | <u>\$ 221,302</u> |

As of March 31, 2023 and 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

| | Three months ended March 31, 2022 |
|------------------------------|--------------------------------------|
| Other related party - DCB | <u>\$ 1,152</u> |

(d) Rent expense (shown as ‘operating cost’ and ‘operating expenses’)

| | Three months ended March 31, 2022 |
|------------------------------|--------------------------------------|
| Other related party - DCB | <u>\$ 283</u> |

Note: As of March 31, 2022, guarantee deposits paid (shown as ‘other non-current assets, others’) amounted to \$2,962.

(4) Key management compensation

| | Three months ended March 31 | |
|---|-----------------------------|------------------|
| | 2023 | 2022 |
| Salaries and other short-term employee benefits | \$ 8,049 | \$ 8,024 |
| Post-employment benefits | 120 | 203 |
| Share-based payment | 36 | 27,468 |
| | <u>\$ 8,205</u> | <u>\$ 35,695</u> |

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

| Pledged asset | Book value | | | Purpose |
|---|---------------------|---------------------|---------------------|---------|
| | March 31, 2023 | December 31, 2022 | March 31, 2022 | |
| Pledged demand deposits (shown as current other financial assets) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,334</u> | Note 1 |
| Pledged time deposits (shown as non-current financial assets at amortised cost) | <u>\$ 8,671</u> | <u>\$ 8,671</u> | <u>\$ 8,588</u> | Note 2 |
| Guarantee deposits paid (shown as other non-current assets) | <u>\$ 95,068</u> | <u>\$ 65,048</u> | <u>\$ 64,290</u> | Note 3 |
| Property, plant and equipment | <u>\$ 1,144,639</u> | <u>\$ 1,158,399</u> | <u>\$ 1,297,367</u> | Note 4 |
| Pledged government bonds (shown as non-current financial assets at amortised cost) | <u>\$ 32,324</u> | <u>\$ -</u> | <u>\$ -</u> | Note 5 |

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.

Note 5: It refers to guarantee for investment.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of March 31, 2023, December 31, 2022 and March 31 2022, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$75,011, \$105,637 and \$221,784, respectively.

B. As of March 31, 2023, December 31, 2022 and March 31 2022, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$728,105, \$815,285 and \$959,098, respectively.

C. Refer to Note 6(2) B. for details of the transactions relating to the Group's acquisition of assets from related parties.

D. 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 March 31, 2023, 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

On May 10, 2023, the Board of Directors resolved to newly grant 255 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.

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

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through profit or loss | | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ <u>80,435</u> | \$ <u>61,420</u> | \$ <u>131</u> |
| Financial assets at fair value through other comprehensive income | | | |
| Designation of equity instrument | \$ <u>245,237</u> | \$ <u>279,325</u> | \$ <u>220,949</u> |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | \$ 5,610,352 | \$ 6,126,885 | \$ 6,965,969 |
| Financial assets at amortised cost | 1,040,995 | 1,041,123 | 1,008,588 |
| Accounts receivable | 134,662 | 32,782 | 96,294 |
| Accounts receivable - related parties | 699 | - | 399 |
| Other receivables | 12,161 | 24,944 | 7,386 |
| Guarantee deposits paid (shown as other non-current assets, others) | 95,068 | 65,048 | 64,290 |
| Other current and non-current financial assets | <u>-</u> | <u>-</u> | <u>27,334</u> |
| | \$ <u>6,893,937</u> | \$ <u>7,290,782</u> | \$ <u>8,170,260</u> |

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortised cost | | | |
| Accounts payable | \$ 144,376 | \$ 134,607 | \$ 124,163 |
| Other payables | 215,792 | 407,387 | 217,345 |
| Other payables-related parties | 5,988 | 7,732 | 9,640 |
| Bonds payable (including current portion) | - | - | 30,796 |
| Long-term borrowings | 120,460 | 120,460 | 39,560 |
| Guarantee deposits received (shown as other non-current liabilities) | 294 | 294 | - |
| | <u>\$ 486,910</u> | <u>\$ 670,480</u> | <u>\$ 421,504</u> |
| Lease liability (current and non-current) | <u>\$ 331,845</u> | <u>\$ 338,584</u> | <u>\$ 338,487</u> |

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

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, JPY and CHF. 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:

| March 31, 2023 | | | | |
|------------------------------|----|--|---------------|---------------------|
| | | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ | 45,959 | 30.45 | \$ 1,399,452 |
| EUR:NTD | | 1,356 | 33.15 | 44,951 |
| GBP:NTD | | 5 | 37.67 | 188 |
| JPY:NTD | | 15,929 | 0.23 | 3,664 |
| CHF:NTD | | 182 | 33.28 | 6,057 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ | 533 | 30.45 | \$ 16,230 |
| EUR:NTD | | 322 | 33.15 | 10,674 |
| GBP:NTD | | 9 | 37.67 | 339 |
| JPY:NTD | | 8,251 | 0.23 | 1,898 |
| December 31, 2022 | | | | |
| | | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| 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 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ | 708 | 30.71 | \$ 21,743 |
| EUR:NTD | | 1,048 | 32.72 | 34,291 |
| GBP:NTD | | 30 | 37.09 | 1,113 |

| March 31, 2022 | | | | |
|------------------------------|----|------------------|---------------|--------------|
| | | Foreign currency | | Book value |
| | | amount | | |
| | | (In thousands) | Exchange rate | (NTD) |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ | 44,773 | 28.63 | \$ 1,281,851 |
| EUR:NTD | | 1,070 | 31.92 | 34,154 |
| GBP:NTD | | 116 | 37.62 | 4,364 |
| JPY:NTD | | 25,517 | 0.24 | 6,124 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ | 1,004 | 28.63 | \$ 28,745 |
| EUR:NTD | | 1,491 | 31.92 | 47,593 |
| GBP:NTD | | 61 | 37.62 | 2,295 |
| JPY:NTD | | 463 | 0.24 | 111 |

- (iv) Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Three months ended March 31, 2023 | | | | |
|-----------------------------------|----|-----------|---------------------|-----------------|
| <u>Sensitivity analysis</u> | | | | |
| | | Degree of | Effect on profit or | Effect on other |
| | | variation | loss | comprehensive |
| | | | | income |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1% | \$ | 13,995 | \$ - |
| EUR:NTD | 1% | | 394 | 56 |
| GBP:NTD | 1% | | 2 | - |
| JPY:NTD | 1% | | 37 | - |
| CHF:NTD | 1% | | 61 | - |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1% | \$ | 162 | \$ - |
| EUR:NTD | 1% | | 107 | - |
| GBP:NTD | 1% | | 3 | - |
| JPY:NTD | 1% | | 19 | - |

| Three months ended March 31, 2022 | | | | |
|-----------------------------------|---------------------|--------------------------|--------------------------------------|---|
| Sensitivity analysis | | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1% | \$ 12,819 | \$ | - |
| EUR:NTD | 1% | 342 | | - |
| GBP:NTD | 1% | 44 | | - |
| JPY:NTD | 1% | 61 | | - |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1% | \$ 287 | \$ | - |
| EUR:NTD | 1% | 476 | | - |
| GBP:NTD | 1% | 23 | | - |
| JPY:NTD | 1% | 1 | | - |

- (v) The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022, amounted to (\$10,139) and \$45,341, 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 comprise equity securities. 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$2,453 and \$2,209, 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. For the three months ended March 31, 2023 and 2022, 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 its 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 accounts receivable (including related parties) 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 March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of accounts receivable (including related parties) amounted to \$135,361, \$32,782 and \$96,693, 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, \$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:

| | Three months ended March 31 | |
|----------------------------|-----------------------------|--------|
| | 2023 | 2022 |
| At January 1 (at March 31) | \$ 297 | \$ 689 |

(c) Liquidity risk

- i. 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:

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--------------------------|-----------------------|--------------------------|-----------------------|
| Floating rate: | | | |
| Expiring within one year | \$ 1,140,000 | \$ 1,020,000 | \$ 640,000 |
| Expiring beyond one year | <u>593,540</u> | <u>593,540</u> | <u>956,240</u> |
| | <u>\$ 1,733,540</u> | <u>\$ 1,613,540</u> | <u>\$ 1,596,240</u> |

- 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.

| | <u>Less than 1 year</u> | <u>Between 1 and 5 years</u> | <u>Over 5 years</u> | <u>Total</u> |
|---|-----------------------------|----------------------------------|---------------------|--------------|
| March 31, 2023 | | | | |
| <u>Non-derivative financial liabilities</u> | | | | |
| Accounts payable | \$ 144,376 | \$ - | \$ - | \$ 144,376 |
| Other payables | 215,792 | - | - | 215,792 |
| Other payables-related parties | 5,988 | - | - | 5,988 |
| Lease liability | 34,410 | 113,749 | 242,097 | 390,256 |
| Long-term borrowings | 2,370 | 125,033 | - | 127,403 |
| Guarantee deposit received (shown as other non-current liabilities) | 294 | - | - | 294 |

| December 31, 2022 | Less than 1 year | Between 1 and 5 years | Over 5 years | Total |
|--|---------------------|--------------------------|--------------|------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Accounts payable | \$ 134,607 | \$ - | \$ - | \$ 134,607 |
| Other payables | 407,387 | - | - | 407,387 |
| Other payables- related parties | 7,732 | - | - | 7,732 |
| Lease liability | 34,828 | 115,926 | 247,968 | 398,722 |
| Long-term borrowings | 2,216 | 125,265 | - | 127,481 |
| Guarantee deposit received (shown as other non-current liabilities) | 294 | - | - | 294 |

| March 31, 2022 | Less than 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---------------------|--------------------------|--------------|------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Accounts payable | \$ 124,163 | \$ - | \$ - | \$ 124,163 |
| Other payables | 217,345 | - | - | 217,345 |
| Other payables- related parties | 9,640 | - | - | 9,640 |
| Lease liability | 29,383 | 110,339 | 265,006 | 404,728 |
| Bonds payable (including current portion) | 30,796 | - | - | 30,796 |
| Long-term borrowings | 571 | 41,247 | - | 41,818 |

- 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, 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 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:

| March 31, 2023 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|-------------------|-------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Profit-sharing investments in new drug development | \$ - | \$ - | \$ 60,900 | \$ 60,900 |
| Limited partnership venture capital | - | - | 19,535 | 19,535 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | - | - | 245,237 | 245,237 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 325,672</u> | <u>\$ 325,672</u> |

| December 31, 2022 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|--------------------|--------------------|--------------------|-------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| 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 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 340,745</u> | <u>\$ 340,745</u> |
| March 31, 2022 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Call options and put options of convertible bonds | \$ - | \$ - | \$ 131 | \$ 131 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | - | - | 220,949 | 220,949 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 221,080</u> | <u>\$ 221,080</u> |

(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 three months ended March 31, 2023 and 2022:

| | 2023 | | | |
|---|-----------------------|--|---|-------------------|
| | Equity instruments | Profit-sharing investment in new drug development | Limited partnership venture capital | Total |
| At January 1 | \$ 279,325 | \$ 61,420 | \$ - | \$ 340,745 |
| Additions | - | - | 20,000 | 20,000 |
| Gains or losses recognised in profit or loss | | | | |
| Losses on valuation | - | (520) | (465) | (985) |
| Gains and losses recognised in other comprehensive income | | | | |
| Losses on valuation | (34,088) | - | - | (34,088) |
| At March 31 | <u>\$ 245,237</u> | <u>\$ 60,900</u> | <u>\$ 19,535</u> | <u>\$ 325,672</u> |

| | 2022 | | |
|---|---------------------------|-----------------------|-------------------|
| | Derivative instruments | Equity instruments | Total |
| At January 1 | \$ 891 | \$ 11,607 | \$ 12,498 |
| Additions | - | 168,000 | 168,000 |
| Conversions of convertible bonds | (593) | - | (593) |
| Gains or losses recognised in profit or loss | | | |
| Losses on valuation | (167) | - | (167) |
| Gains and losses recognised in other comprehensive income | | | |
| Losses on valuation | - | 41,342 | 41,342 |
| At March 31 | <u>\$ 131</u> | <u>\$ 220,949</u> | <u>\$ 221,080</u> |

- E. For the three months ended March 31, 2023 and 2022, 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 March 31, 2023 | Valuation Technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|--|------------------------------------|--|--------------------------------------|--------------------------------|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 6,289 | 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 | 238,948 | Price-Book Ratio | Price-to-book ratio | 1.71~2.02 (1.92) | 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 | 60,900 | 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 |
| Limited partnership venture capital | 19,535 | Net asset value | N/A | N/A | N/A |

| | 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 Discount for lack of marketability | 1.54~8.46 (3.05) 30% (30%) | The higher the multiple, the higher the fair value ; The higher the discount for lack of marketability, the lower the fair value |
| Unlisted shares | 273,118 | Price-Book Ratio | Price-to-book ratio Discount for lack of marketability | 2.01~2.54 (2.19) 30% (30%) | The higher the multiple, the higher the fair value; 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 Market share | 24.58% 1.0%~5.4% | The higher the discount rate, the lower the fair value The higher the market share, the higher the fair value |

| | Fair value at March 31, 2022 | Valuation Technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|------------------------------------|----------------------------|--------------------------------------|--------------------------------|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 11,829 | Price-Book Ratio | Price-to-book ratio | 2.23~8.93 (3.41) | The higher the multiple, the higher the fair value ; The higher the discount for lack of marketability, the lower the fair value |
| | | | Discount for lack of marketability | 30% (30%) | |
| Unlisted shares | 209,120 | Price-Book Ratio | Price-to-book ratio | 1.86~2.28 (2.03) | The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value |
| | | | Discount for lack of marketability | 20.96% (20.96%) | |
| Hybrid instrument: | | | | | |
| Call options and put options of convertible bonds | 131 | The Binomial-Tree approach | Stock price volatility | 59.78% (59.78%) | 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 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:

| March 31, 2023 | | | | | | |
|--|-----------------------|--------|------------------------------|---------------------|--|---------------------|
| | Input | Change | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | | | | | | |
| Financial assets | | | | | | |
| Profit-sharing investments in new drug development | Discount rate | ±5% | \$ 3,045 | (\$ 3,045) | \$ - | \$ - |
| | Market share | | | | | |
| Limited partnership venture capital | N/A | ±5% | 977 | (977) | - | - |
| Unlisted shares | Price-Book Ratio | ±5% | - | - | 12,262 | (12,262) |
| | Lack of marketability | ±5% | - | - | 12,262 | (12,262) |
| | | | <u>\$ 4,022</u> | <u>(\$ 4,022)</u> | <u>\$ 24,524</u> | <u>(\$ 24,524)</u> |

| December 31, 2022 | | | | | | |
|--|-----------------------|--------|------------------------------|---------------------|--|---------------------|
| | Input | Change | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | | | | | | |
| Financial assets | | | | | | |
| Profit-sharing investments in new drug development | Discount rate | ±5% | \$ 3,071 | (\$ 3,071) | \$ - | \$ - |
| | Market share | | | | | |
| Unlisted shares | Price-Book Ratio | ±5% | - | - | 13,966 | (13,966) |
| | Lack of marketability | ±5% | - | - | 13,966 | (13,966) |
| | | | <u>\$ 3,071</u> | <u>(\$ 3,071)</u> | <u>\$ 27,932</u> | <u>(\$ 27,932)</u> |

| | | | March 31, 2022 | | | |
|---|------------------------|--------|------------------------------|---------------------|--|---------------------|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Call options and put options of convertible bonds | Stock price volatility | ±5% | \$ 110 | (\$ 50) | \$ - | \$ - |
| Unlisted shares | Price-Book Ratio | ±5% | - | - | 11,047 | (11,047) |
| | Lack of marketability | ±5% | - | - | 11,047 | (11,047) |
| | | | <u>\$ 110</u> | <u>(\$ 50)</u> | <u>\$ 22,094</u> | <u>(\$ 22,094)</u> |

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): 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: Refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: 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 of the Group's 2022 consolidated financial statements. The Group's segment profit (loss) is measured with the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3) Information about segment profit or loss, 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 for the year ended December 31, 2022.

(4) Reconciliation for segment income (loss)

The amounts provided to the Chief Operating Decision-maker with respect to segment assets, liabilities and profit (loss) before tax from continuing operations are measured in a manner consistent with that in the financial statements. Thus, no reconciliation is needed.

EirGenix Inc. and its subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of March 31, 2023 | | | | Footnote |
|--------------------|--|--|--|----------------------|------------|-----------|------------|----------|
| | | | | Number of shares | Book value | Ownership | Fair value | |
| EirGenix Inc. | Oncomatrix Biopharma S.L. common stock | None | Non-current financial assets at fair value through other comprehensive | 30,665 | \$ 6,289 | 0.37% | \$ 6,289 | |
| " | TFBS Bioscience, Inc. common stock | " | " | 4,752,361 | 238,948 | 14.35% | 238,948 | |
| " | Forward BioT Venture Capital equity | " | Non-current financial assets at fair value through profit or loss | - | 19,535 | 11.71% | 19,535 | |
| " | 93 Central Government Bonds A VI government bonds | " | Non-current financial assets at amortised cost | - | 32,324 | - | 32,324 | |

EirGenix Inc. and its subsidiaries
Significant inter-company transactions during the reporting period
Three months ended March 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship | General ledger account | Transaction | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---------------|----------------------|--------------|------------------------|-------------|-------------------|---|
| | | | | | Amount | Transaction terms | |
| 0 | EirGenix Inc. | EirGenix Europe GmbH | (1) | Operating expenses | \$ 13,731 | Note 4 | 6.35% |

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 transaction 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. and its subsidiaries
Information on investees
Three months ended March 31, 2023

Table 3

| | | | | | | | | | | | Expressed in thousands of NTD (Except as otherwise indicated) | |
|---------------|----------------------|----------|--|------------------------------|---------------------------------|----------------------------------|---------------|------------|---|--|--|----------|
| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at March 31, 2023 | | | Net profit (loss) of the investee for the three months ended March 31, 2023 | Investment income (loss) recognised by the Company for the three months ended March 31, 2023 | | Footnote |
| | | | | Balance as at March 31, 2023 | Balance as at December 31, 2022 | Number of shares | Ownership (%) | Book value | | | | |
| EirGenix Inc. | EirGenix Europe GmbH | Germany | Biopharmaceutical research and development as well as business development | \$ 845 | \$ 845 | - | 100.00 | \$ 5,716 | \$ 441 | \$ 441 | | None |

EirGenix Inc. and its subsidiaries

Major shareholders information

March 31, 2023

Table 4

| Name of major shareholders | Shares | |
|---|-----------------------|---------------|
| | Number of shares held | Ownership (%) |
| Foxconn Technology Co., Ltd. | 27,500,000 | 9.02 |
| Yonglin Capital Holding Co., Ltd. | 26,500,000 | 8.69 |
| Formosa Laboratories, Inc. | 18,572,818 | 6.09 |
| National Development Fund, Executive Yuan | 15,288,860 | 5.01 |