

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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

November 9, 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
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets			September 30, 2023		December 31, 2022		September 30, 2022				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	2,864,966	26	\$	6,126,885	52	\$	7,809,230	65
1136	Current financial assets at amortised cost	6(3)		3,200,000	28		1,000,000	9		-	-
1140	Current contract assets	6(18) and 7		206,855	2		234,399	2		229,755	2
1170	Accounts receivable, net	6(4)		35,878	-		32,782	-		70,953	-
1180	Accounts receivable, net- related parties	7		1,802	-		-	-		988	-
1200	Other receivables			15,054	-		24,944	-		15,112	-
1220	Current income tax assets			13,923	-		5,963	-		3,712	-
130X	Inventories	6(5)		895,480	8		739,463	6		674,635	6
1410	Prepayments	6(6)		136,157	1		123,442	1		122,649	1
1479	Other current assets			-	-		-	-		85	-
11XX	Total current assets			7,370,115	65		8,287,878	70		8,927,119	74
Non-current assets											
1510	Non-current financial assets at fair value through profit or loss	6(2) and 7		83,663	1		61,420	1		63,500	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)		292,635	3		279,325	2		197,105	2
1535	Non-current financial assets at amortised cost	6(3) and 8		40,734	-		41,123	-		8,588	-
1600	Property, plant and equipment, net	6(8), 7 and 8		3,048,981	27		2,608,848	22		2,207,332	18
1755	Right-of-use assets	6(9)		337,028	3		325,330	3		330,568	3
1780	Intangible assets	6(10)		27,009	-		28,067	-		27,084	-
1990	Other non-current assets	6(8) and 8		81,202	1		215,165	2		284,104	2
15XX	Total non-current assets			3,911,252	35		3,559,278	30		3,118,281	26
1XXX	Total assets		\$	11,281,367	100	\$	11,847,156	100	\$	12,045,400	100

(Continued)

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(18) and 7	\$ 43,595	-	\$ 150,475	1	\$ 399,040	3
2170	Accounts payable		63,154	1	134,607	1	123,941	1
2200	Other payables	6(11)	398,408	4	407,387	4	354,257	3
2220	Other payables - related parties	7	2,405	-	7,732	-	2,866	-
2230	Current tax liabilities		1,139	-	761	-	1,303	-
2280	Current lease liabilities		28,851	-	26,826	-	25,903	-
2399	Other current liabilities		3,014	-	3,104	-	6,514	-
21XX	Total current liabilities		<u>540,566</u>	<u>5</u>	<u>730,892</u>	<u>6</u>	<u>913,824</u>	<u>7</u>
Non-current liabilities								
2540	Long-term borrowings	6(12) and 8	120,460	1	120,460	1	120,460	1
2570	Deferred tax liabilities		1,249	-	874	-	868	-
2580	Non-current lease liabilities		323,250	3	311,758	3	316,550	3
2600	Other non-current liabilities		-	-	294	-	294	-
25XX	Total non-current liabilities		<u>444,959</u>	<u>4</u>	<u>433,386</u>	<u>4</u>	<u>438,172</u>	<u>4</u>
2XXX	Total liabilities		<u>985,525</u>	<u>9</u>	<u>1,164,278</u>	<u>10</u>	<u>1,351,996</u>	<u>11</u>
Equity								
Capital		6(15)						
3110	Common stock		3,048,997	27	3,043,358	26	3,040,684	25
Capital reserve		6(16)						
3200	Capital surplus		7,700,097	68	7,734,141	65	7,695,007	64
Accumulated deficit		6(17)						
3350	Accumulated deficit		(509,265)	(5)	(115,540)	(1)	(7,295)	-
Other equity interest								
3400	Other equity interest		56,013	1	20,919	-	(34,992)	-
3XXX	Total Equity		<u>10,295,842</u>	<u>91</u>	<u>10,682,878</u>	<u>90</u>	<u>10,693,404</u>	<u>89</u>
Significant contingent liabilities		9						
and unrecognised contract commitments								
Significant events after the balance sheet date		11						
3X2X	Total liabilities and equity		<u>\$ 11,281,367</u>	<u>100</u>	<u>\$ 11,847,156</u>	<u>100</u>	<u>\$ 12,045,400</u>	<u>100</u>

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(18) and 7	\$ 211,451	100	\$ 361,567	100	\$ 566,086	100	\$ 1,059,705	100
5000 Operating Costs	6(5)(10)(23) and 7	(155,926)	(74)	(208,700)	(58)	(489,782)	(86)	(514,735)	(49)
5900 Gross Profit		<u>55,525</u>	<u>26</u>	<u>152,867</u>	<u>42</u>	<u>76,304</u>	<u>14</u>	<u>544,970</u>	<u>51</u>
Operating Expenses	6(10)(23) and 7								
6100 Sales and marketing expenses		(16,761)	(8)	(14,001)	(4)	(46,097)	(8)	(35,783)	(3)
6200 General and administrative expenses		(57,750)	(27)	(55,067)	(15)	(175,658)	(31)	(178,740)	(17)
6300 Research and development expenses		(180,394)	(85)	(225,551)	(62)	(530,315)	(94)	(593,233)	(56)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	-	-	-	-	-	-	392	-
6000 Total operating expenses		(254,905)	(120)	(294,619)	(81)	(752,070)	(133)	(807,364)	(76)
6900 Operating loss		(199,380)	(94)	(141,752)	(39)	(675,766)	(119)	(262,394)	(25)
Non-operating Income and Expenses									
7100 Interest income	6(3)(19)	34,675	16	19,249	5	98,745	17	35,312	3
7010 Other income	6(20)	112	-	54	-	270	-	37,386	4
7020 Other gains and losses	6(2)(9)(21)	55,927	26	97,821	27	76,418	13	190,610	18
7050 Finance costs	6(9)(22) and 7	(2,642)	(1)	(2,530)	(1)	(7,805)	(1)	(7,097)	(1)
7000 Total non-operating income and expenses		<u>88,072</u>	<u>41</u>	<u>114,594</u>	<u>31</u>	<u>167,628</u>	<u>29</u>	<u>256,211</u>	<u>24</u>
7900 Loss before Income Tax		(111,308)	(53)	(27,158)	(8)	(508,138)	(90)	(6,183)	(1)
7950 Income tax	6(24)	(413)	-	(407)	-	(1,127)	-	(1,112)	-
8200 Net Loss		<u>(\$ 111,721)</u>	<u>(53)</u>	<u>(\$ 27,565)</u>	<u>(8)</u>	<u>(\$ 509,265)</u>	<u>(90)</u>	<u>(\$ 7,295)</u>	<u>(1)</u>
Other Comprehensive Income Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)	\$ 7,110	4	(\$ 10,482)	(3)	\$ 12,687	2	\$ 17,498	2
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>7,110</u>	<u>4</u>	<u>(10,482)</u>	<u>(3)</u>	<u>12,687</u>	<u>2</u>	<u>17,498</u>	<u>2</u>
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation		11	-	40	-	209	-	(1)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)	(2)	-	-	-	(38)	-	-	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		<u>9</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>171</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
8300 Other Comprehensive Income (Loss)		<u>\$ 7,119</u>	<u>4</u>	<u>(\$ 10,442)</u>	<u>(3)</u>	<u>\$ 12,858</u>	<u>2</u>	<u>\$ 17,497</u>	<u>2</u>
8500 Total Comprehensive Income (Loss)		<u>(\$ 104,602)</u>	<u>(49)</u>	<u>(\$ 38,007)</u>	<u>(11)</u>	<u>(\$ 496,407)</u>	<u>(88)</u>	<u>\$ 10,202</u>	<u>1</u>
Basic loss per share (in dollars)	6(25)								
9750 Basic loss per share		(\$ 0.37)		(\$ 0.09)		(\$ 1.67)		(\$ 0.02)	
9850 Diluted loss per share		<u>(\$ 0.37)</u>		<u>(\$ 0.09)</u>		<u>(\$ 1.67)</u>		<u>(\$ 0.02)</u>	

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

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
Loss for the period	-	-	-	-	-	-	-	(7,295)	-	-	-	(7,295)
Other comprehensive income (loss) for the period	6(7)	-	-	-	-	-	-	-	(1)	17,498	-	17,497
Total comprehensive income (loss)		-	-	-	-	-	-	(7,295)	(1)	17,498	-	10,202
Capital surplus used to offset accumulated deficit	6(17)	-	(2,971,464)	(2,036)	-	-	-	2,973,500	-	-	-	-
Compensation costs of employee stock options	6(15)	-	-	-	42,712	-	-	-	-	-	-	42,712
Employee stock options exercised	6(14)(15)	9,800	24,759	-	(7,691)	-	-	-	-	-	-	26,868
Issuance of employee restricted stocks	6(14)(15)	4,367	-	-	-	29,073	-	-	-	-	(33,440)	-
Redemption of employee restricted stocks	6(14)(15)	(2,260)	-	-	-	2,260	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	-	58,497	58,497
Restricted stocks vested		-	37,940	-	-	(37,940)	-	-	-	-	-	-
Conversion of convertible bonds	6(15)	24,932	104,904	-	-	(3,462)	-	-	-	-	-	126,374
Redemption of convertible bonds		-	-	-	(5)	-	5	-	-	-	-	-
Balance at September 30, 2022	\$ 3,040,684	\$ 7,509,702	\$ -	\$ 76,979	\$ -	\$ 108,321	\$ 5	(\$ 7,295)	(\$ 238)	\$ 23,329	(\$ 58,083)	\$ 10,693,404
<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		-	-	-	-	-	-	(509,265)	-	-	-	(509,265)
Other comprehensive income for the period	6(7)	-	-	-	-	-	-	-	171	12,687	-	12,858
Total comprehensive income (loss)		-	-	-	-	-	-	(509,265)	171	12,687	-	(496,407)
Capital surplus used to offset accumulated deficit	6(17)	-	(114,664)	-	-	-	(876)	115,540	-	-	-	-
Compensation costs of employee stock options	6(15)	-	-	-	66,651	-	-	-	-	-	-	66,651
Employee stock options exercised	6(14)(15)	6,370	22,741	-	(9,288)	-	-	-	-	-	-	19,823
Issuance of employee restricted stocks	6(14)(15)	59	-	-	-	602	-	-	-	-	(661)	-
Redemption of employee restricted stocks	6(14)(15)	(790)	-	-	-	790	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	-	22,897	22,897
Restricted stocks vested		-	15,027	-	-	(15,027)	-	-	-	-	-	-
Balance at September 30, 2023	\$ 3,048,997	\$ 7,455,932	\$ -	\$ 152,652	\$ -	\$ 91,513	\$ -	(\$ 509,265)	\$ 154	\$ 77,609	(\$ 21,750)	\$ 10,295,842

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

EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 508,138)	(\$ 6,183)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	163,753	138,744
Amortization	6(10)(23)	9,357	11,659
Net gain on financial assets or liabilities at fair value	6(2)(21)	(2,243)	(4,943)
Interest expense	6(22)	7,805	7,097
Interest income	6(19)	(98,745)	(35,312)
Share-based payments	6(14)(23)	89,548	101,209
Loss on redemption of convertible bonds	6(21)	-	3
Loss on lease modification	6(9)(21)	383	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		27,544	(59,158)
Notes receivable, net		-	1,139
Accounts receivable, net		(3,096)	7,521
Accounts receivable, net-related parties		(1,802)	(442)
Other receivables		14,093	(2,931)
Inventory		(156,017)	(259,197)
Prepayments		(12,715)	(16,601)
Other current assets		-	1,470
Changes in operating liabilities			
Contract liabilities		(106,880)	155,014
Accounts payable		(71,453)	37,485
Other payables		(15,943)	38,555
Other payables - related parties		(5,327)	(2,829)
Other current liabilities		(96)	1,592
Cash (outflow) inflow generated from operations		(669,972)	113,892
Interest received		94,931	29,949
Interest paid		(7,801)	(6,791)
Income tax received		1,128	-
Income tax paid		(9,543)	(2,584)
Net cash flows (used in) from operating activities		(591,257)	134,466

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EIRGENIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(2)	\$ -	(\$ 58,390)
Acquisition of financial assets at fair value through other comprehensive income	6(7)	(623)	(168,000)
Acquisition of financial assets at amortised cost		(2,200,000)	-
Proceeds from disposal of financial assets at amortised cost		-	1,636,640
Acquisition of property, plant and equipment	6(8)(26)	(456,090)	(232,030)
Acquisition of intangible assets	6(10)(26)	(11,553)	(2,844)
Increase in other non-current financial assets		-	27,334
Decrease (increase) in refundable deposits (shown as other non-current assets)		56,450	(30,758)
Increase in other non-current assets		(56,887)	(251,562)
Net cash flows (used in) from investing activities		(2,668,703)	920,390
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of bonds		-	(200)
Proceeds from long-term borrowings		-	120,460
Increase in guarantee deposits received (shown as other non-current liabilities)	6(27)	(288)	294
Repayments of lease principal	6(27)	(21,717)	(17,806)
Employee stock options exercised		19,823	26,866
Net cash flows (used in) from financing activities		(2,182)	129,614
Effect of exchange rate		223	(624)
Net (decrease) increase in cash and cash equivalents		(3,261,919)	1,183,846
Cash and cash equivalents at beginning of period		6,126,885	6,625,384
Cash and cash equivalents at end of period		\$ 2,864,966	\$ 7,809,230

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

EIRGENIX INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

1. History and Organization

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

(2) The shares of the Company have been listed on the Taipei Exchange since June 28, 2019.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on November 9, 2023.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 Material 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 (%)		
			September 30, 2023	December 31, 2022	September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 61	\$ 61	\$ 61
Demand deposits	249,865	756,773	3,450,294
Time deposits	2,615,040	5,370,051	4,358,875
	<u>\$ 2,864,966</u>	<u>\$ 6,126,885</u>	<u>\$ 7,809,230</u>

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.

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

Items	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
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	\$ 58,390
Limited partnership			
venture capital	20,000	-	-
	<u>78,390</u>	<u>58,390</u>	<u>58,390</u>
Valuation adjustment	5,273	3,030	5,110
	<u>\$ 83,663</u>	<u>\$ 61,420</u>	<u>\$ 63,500</u>

- A. The Group recognised net gains amounting to \$2,061, \$4,060, \$2,243 and \$4,943 on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 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 September 30, 2023, the Group has paid US\$2,000 thousand.

(3) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits (Note)	\$ 3,200,000	\$ 1,000,000	\$ -
Non-current items:			
Government bonds	\$ 32,063	\$ 32,452	\$ -
Pledged time deposits	8,671	8,671	8,588
	<u>\$ 40,734</u>	<u>\$ 41,123</u>	<u>\$ 8,588</u>

Note: The deposit period for time deposits ranged 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 September 30	
	2023	2022
Interest income	<u>\$ 11,042</u>	<u>\$ 17</u>
	Nine months ended September 30	
	2023	2022
Interest income	<u>\$ 19,329</u>	<u>\$ 1,522</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 36,175	\$ 33,079	\$ 71,250
Less: Allowance for uncollectible accounts	(297)	(297)	(297)
	<u>\$ 35,878</u>	<u>\$ 32,782</u>	<u>\$ 70,953</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 26,261	\$ 32,782	\$ 70,923
Up to 30 days past due	5,158	-	-
31 to 90 days past due	4,459	-	30
91 to 180 days past due	-	-	-
Over 180 days past due	297	297	297
	<u>\$ 36,175</u>	<u>\$ 33,079</u>	<u>\$ 71,250</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable (including related parties) were 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 September 30, 2023, December 31, 2022 and September 30, 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 \$37,680, \$32,782 and \$71,941, 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

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 567,189	(\$ 49,766)	\$ 517,423
Work in progress	143,412	-	143,412
Finished goods	234,334	-	234,334
Merchandise inventory	311	-	311
	<u>\$ 945,246</u>	<u>(\$ 49,766)</u>	<u>\$ 895,480</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>

September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 419,868	(\$ 17,963)	\$ 401,905
Work in progress	194,097	-	194,097
Finished goods	78,134	-	78,134
Merchandise inventory	499	-	499
	<u>\$ 692,598</u>	<u>(\$ 17,963)</u>	<u>\$ 674,635</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30	
	2023	2022
Cost of goods used	\$ 37,482	\$ 7,558
Cost of goods sold	807	82,991
Loss on (gain on reversal of) decline in market value (Note)	10,425	(1,806)
	<u>\$ 48,714</u>	<u>\$ 88,743</u>

	Nine months ended September 30	
	2023	2022
Cost of goods used	\$ 76,969	\$ 81,916
Cost of goods sold	46,346	88,328
Loss on decline in market value	31,439	648
	<u>\$ 154,754</u>	<u>\$ 170,892</u>

Note: The Group reversed a previous inventory write-down because it sold the inventories that were previously provided with valuation and obsolescence losses in the third quarter of 2022.

(6) Prepayments

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Office supplies	\$ 7,565	\$ 9,009	\$ 9,669
Prepayments for contracted research expense	28,977	11,310	11,818
Excess business tax paid (or Net Input VAT)	31,292	6,267	17,792
Prepayments to suppliers	36,221	50,100	49,425
Prepayment for guarantee deposits and handling fee	683	433	414
Other prepaid expenses	31,419	46,323	33,531
	<u>\$ 136,157</u>	<u>\$ 123,442</u>	<u>\$ 122,649</u>

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 215,026	\$ 214,403	\$ 173,776
Valuation adjustment	77,609	64,922	23,329
	<u>\$ 292,635</u>	<u>\$ 279,325</u>	<u>\$ 197,105</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 \$292,635, \$279,325 and \$197,105 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- B. 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:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u>		
<u>through other comprehensive</u>		
<u>income</u>		
Fair value change recognised		
in other comprehensive		
income (loss)	<u>\$ 7,110</u>	<u>(\$ 10,482)</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u>		
<u>through other comprehensive</u>		
<u>income</u>		
Fair value change recognised		
in other comprehensive		
income	<u>\$ 12,687</u>	<u>\$ 17,498</u>

(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	58,166	3,285	14,615	1,665	4,837	380,482	463,050	56,965
Reclassifications	51,969	-	8,472	-	-	(60,441)	-	-
Transfers from other non-current assets	23,911	-	-	59	1,294	92,390	117,654	(117,654)
Depreciation charge	(71,783)	(6,938)	(54,470)	(3,577)	(3,832)	-	(140,600)	-
Net exchange differences	-	29	-	-	-	-	29	-
Closing net book amount as at September 30	<u>\$ 724,044</u>	<u>\$ 41,571</u>	<u>\$ 1,174,034</u>	<u>\$ 31,601</u>	<u>\$ 22,436</u>	<u>\$ 1,055,295</u>	<u>\$ 3,048,981</u>	<u>\$ 37,584</u>
At September 30								
Cost	\$ 1,107,597	\$ 77,656	\$ 1,457,566	\$ 47,320	\$ 36,211	\$ 1,055,295	\$ 3,781,645	\$ 37,584
Accumulated depreciation	(383,553)	(36,085)	(283,532)	(15,719)	(13,775)	-	(732,664)	-
	<u>\$ 724,044</u>	<u>\$ 41,571</u>	<u>\$ 1,174,034</u>	<u>\$ 31,601</u>	<u>\$ 22,436</u>	<u>\$ 1,055,295</u>	<u>\$ 3,048,981</u>	<u>\$ 37,584</u>

2022

	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	48,355	5,531	63,077	12,802	4,860	178,041	312,666	250,846
Reclassifications	7,701	-	58,809	-	-	(66,510)	-	-
Transfers from other non-current assets	39,430	-	-	-	405	88,600	128,435	(128,435)
Depreciation charge	(59,546)	(6,331)	(47,691)	(2,131)	(3,164)	-	(118,863)	-
Reclassified to inventories	(1,726)	-	-	-	-	-	(1,726)	-
Net exchange differences	-	(4)	-	-	-	-	(4)	-
Closing net book amount as at September 30	<u>\$ 608,898</u>	<u>\$ 43,204</u>	<u>\$ 1,205,887</u>	<u>\$ 26,192</u>	<u>\$ 19,755</u>	<u>\$ 303,396</u>	<u>\$ 2,207,332</u>	<u>\$ 187,867</u>
At September 30								
Cost	\$ 905,653	\$ 72,955	\$ 1,417,797	\$ 37,298	\$ 31,452	\$ 303,396	\$ 2,768,551	\$ 187,867
Accumulated depreciation	(296,755)	(29,751)	(211,910)	(11,106)	(11,697)	-	(561,219)	-
	<u>\$ 608,898</u>	<u>\$ 43,204</u>	<u>\$ 1,205,887</u>	<u>\$ 26,192</u>	<u>\$ 19,755</u>	<u>\$ 303,396</u>	<u>\$ 2,207,332</u>	<u>\$ 187,867</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 191,429	\$ 202,394	\$ 206,050
Buildings	76,328	84,031	85,442
Machinery and equipment	67,259	35,305	35,635
Transportation equipment (Business vehicles)	1,371	2,584	2,988
Office equipment (Multifunction printers)	641	1,016	453
	<u>\$ 337,028</u>	<u>\$ 325,330</u>	<u>\$ 330,568</u>

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 3,655	\$ 3,655
Buildings	2,567	2,423
Machinery and equipment	1,160	574
Transportation equipment (Business vehicles)	404	404
Office equipment (Multifunction printers)	125	91
	<u>\$ 7,911</u>	<u>\$ 7,147</u>

	Nine months ended September 30	
	2023	2022
	Depreciation expense	Depreciation expense
Land	\$ 10,965	\$ 10,888
Buildings	7,703	5,762
Machinery and equipment	2,898	1,724
Transportation equipment (Business vehicles)	1,212	1,235
Office equipment (Multifunction printers)	375	272
	<u>\$ 23,153</u>	<u>\$ 19,881</u>

D. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$34,851 and \$52,714, respectively.

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

	Three months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,042	\$ 2,075
Expense on short-term lease contracts	7,256	2,446
Expense on leases of low-value assets	75	129
	Nine months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,086	\$ 6,210
Expense on short-term lease contracts	21,934	6,221
Expense on leases of low-value assets	226	289
Loss on lease modification	383	-

F. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$49,963 and \$30,519, 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	141	8,158	8,299
Amortisation charge	(5,430)	(3,927)	(9,357)
Closing net book amount as at September 30	<u>\$ 18,884</u>	<u>\$ 8,125</u>	<u>\$ 27,009</u>
At September 30			
Cost	\$ 45,992	\$ 116,111	\$ 162,103
Accumulated amortisation	(27,108)	(107,986)	(135,094)
	<u>\$ 18,884</u>	<u>\$ 8,125</u>	<u>\$ 27,009</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	3,113	-	3,113
Transfers from other non-current assets	16,077	-	16,077
Amortisation charge	(3,427)	(8,232)	(11,659)
Closing net book amount as at September 30	<u>\$ 20,478</u>	<u>\$ 6,606</u>	<u>\$ 27,084</u>
At September 30			
Cost	\$ 40,343	\$ 107,953	\$ 148,296
Accumulated amortisation	(19,865)	(101,347)	(121,212)
	<u>\$ 20,478</u>	<u>\$ 6,606</u>	<u>\$ 27,084</u>

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

	Three months ended September 30	
	2023	2022
Operating costs	\$ 695	\$ 2,371
Administrative expenses	298	311
Research and development expenses	849	1,549
Selling expenses	26	-
	<u>\$ 1,868</u>	<u>\$ 4,231</u>

	Nine months ended September 30	
	2023	2022
Operating costs	\$ 4,787	\$ 7,371
Administrative expenses	896	652
Research and development expenses	3,594	3,636
Selling expenses	80	-
	<u>\$ 9,357</u>	<u>\$ 11,659</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.
- (d) In September 2023, the Group obtained an authorisation from American Type Culture Collection for the detection of cancer cell lines with a total price of \$8,159, which can be applied on the commercial implementation of the marketing and manufacturing of subsequent cancer drug products.

(11) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payable on equipment and intangible assets	\$ 165,188	\$ 158,228	\$ 100,413
Salary and bonus payable	116,327	95,239	95,123
Service expense payable	25,957	52,083	61,774
Payable on consumables	22,439	25,012	23,947
Payable on repairs and maintenance expense	24,016	19,732	19,419
Others	44,481	57,093	53,581
	<u>\$ 398,408</u>	<u>\$ 407,387</u>	<u>\$ 354,257</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 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.	1.7250%~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.	1.7250%~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	September 30, 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%~1.7000%	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%~1.7000%	"	
				<u>80,900</u>
				<u>\$ 120,460</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.

(13) 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 and nine months ended September 30, 2023 and 2022 were \$5,225, \$4,913, \$15,838 and \$13,309, respectively.

(14) Share based payment

A. For the nine months ended September 30, 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	"	"
"	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	"	"
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	"	"

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
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	"	"
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	"	"
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	1,105	"	"
"	2023. 05. 10	255	"	"
"	2023. 08. 08	225	"	"

- (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	1,585	101.5~120	1,580	71.6~118.5
Options forfeited	(693)	25.2~146.4	(724)	28.7~146.4
Options exercised	(637)	15~51.2	(980)	15~51.2
Options outstanding at September 30	<u>5,921</u>	15~146.4	<u>5,158</u>	15~146.4
Options exercisable at September 30	<u>1,074</u>		<u>957</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	436
Stocks vested	(440)	(482)
Stocks retired	(79)	(226)
Stocks outstanding at September 30	<u>2,058</u>	<u>2,597</u>

C. The weighted-average stock prices of stock options at exercise dates for the nine months ended September 30, 2023 and 2022 were NT\$111.6 (in dollars) and NT\$98.5 (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	September 30, 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	50	\$ 15	140	\$ 15
"	2015. 07. 01	2025. 06. 30	5	20	20	20
"	2015. 07. 06	2025. 07. 05	15	20	25	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
Employee stock options - F	2019. 01. 25	2029. 01. 24	57	28.7	103	28.7
"	2019. 05. 13	2029. 05. 12	129	34.3	141	34.3
Employee stock options - G	2019. 11. 12	2029. 11. 11	235	25.2	325	25.2
"	2020. 04. 15	2030. 04. 14	95	28.8	175	28.8
"	2020. 08. 12	2030. 08. 11	90	51.2	140	51.2
Employee stock options - H	2020. 12. 23	2030. 12. 22	349	42.1	515	42.1
"	2021. 05. 12	2031. 05. 11	215	146.4	235	146.4
"	2021. 08. 12	2031. 08. 11	260	128.4	305	128.4
"	2021. 10. 01	2031. 09. 30	885	117.5	990	117.5

Type of arrangement	Issue date approved	Expiry date	September 30, 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 - I	2022. 03. 22	2032. 03. 21	80	\$ 93.5	145	\$ 93.5
"	2022. 05. 12	2032. 05. 11	195	71.6	225	71.6
"	2022. 08. 11	2032. 08. 10	465	85.9	645	85.9
"	2022. 09. 08	2032. 09. 07	390	118.5	510	118.5
Employee stock options - J	2022. 11. 08	2032. 11. 07	545	103.5	615	103.5
"	2023. 03. 10	2033. 03. 09	1,050	111.5	-	-
"	2023. 05. 10	2033. 05. 09	255	120.0	-	-
"	2023. 08. 08	2023. 08. 07	225	101.5	-	-

September 30, 2022

Type of arrangement	Issue date approved	Expiry date	September 30, 2022	
			No. of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options - B	2015. 07. 01	2025. 06. 30	159	\$ 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	10	29.2
Employee stock options - D	2016. 10. 12	2026. 10. 11	180	29.2
"	2016. 12. 29	2026. 12. 28	15	37.5
Employee stock options - E	2017. 08. 08	2027. 08. 07	23	29.2
"	2017. 12. 27	2027. 12. 26	112	25
"	2018. 03. 23	2028. 03. 22	52	23.5

September 30, 2022

Type of arrangement	Issue date approved	Expiry date	No. of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options - F	2019. 01. 25	2029. 01. 24	103	\$ 28.7
"	2019. 05. 13	2029. 05. 12	157	34.3
Employee stock options - G	2019. 11. 12	2029. 11. 11	337	25.2
"	2020. 04. 15	2030. 04. 14	195	28.8
"	2020. 08. 12	2030. 08. 11	140	51.2
Employee stock options - H	2020. 12. 23	2030. 12. 22	515	42.1
"	2021. 05. 12	2031. 05. 11	235	146.4
"	2021. 08. 12	2031. 08. 11	335	128.4
"	2021. 10. 01	2031. 09. 30	990	117.5
Employee stock options - I	2022. 03. 22	2032. 03. 21	145	93.5
"	2022. 05. 12	2032. 05. 11	225	71.6
"	2022. 08. 11	2032. 08. 10	645	85.9
"	2022. 09. 08	2032. 09. 07	510	118.5

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~ 4.60
"	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

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 - 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	20.40	37.5	39.39~39.48%	6 ~ 7 years	1.16~1.20%	3.49~4.18
Employee stock options - E	2017. 08. 08	395	18.75	29.2	38.13~38.22%	6 ~ 7 years	0.82~0.88%	3.64~4.23
"	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	33.10	28.8	50.33%	6 ~ 7 years	0.47~0.49%	15.56 ~ 16.65
"	2020. 08. 12	205	57.80	51.2	64.08%	6 ~ 7 years	0.36~0.38%	33.07 ~ 35.18
Restricted stocks to employees - B	2020. 05. 13	455	46.85	-	-	-	-	46.85
"	2020.12. 10	144	48.6	-	-	-	-	48.6
Restricted stocks to employees - D	2020. 08. 14	905	55.7	-	-	-	-	55.7
"	2020. 12. 10	94	48.6	-	-	-	-	48.6

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
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	117.5	65.78%	6 ~ 7 years	0.34~0.38%	72.39~76.99
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
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	60.00%	6~7 years	1.63~1.70%	57.97~61.88
"	2023. 03. 10	1,150	111.5	111.5	59.15%	6~7 years	1.12~1.14%	60.98~65.04
"	2023. 05. 10	255	120.0	120.0	58.70%	6~7 years	1.07~1.09%	65.15~69.50
"	2023. 08. 08	225	101.5	101.5	57.40%	6~7 years	1.10~1.12%	54.18~57.84

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

	Three months ended September 30	
	2023	2022
Employee stock options	\$ 20,350	\$ 15,251
Restricted stocks to employees	7,402	13,388
	<u>\$ 27,752</u>	<u>\$ 28,639</u>

	Nine months ended September 30	
	2023	2022
Employee stock options	\$ 66,651	\$ 42,712
Restricted stocks to employees	22,897	58,497
	<u>\$ 89,548</u>	<u>\$ 101,209</u>

(15) Share capital

A. As of September 30, 2023, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12,000 thousand shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,048,997 with a par value of \$10 (in dollars) per share, consisting of 304,900 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	637	980
Issuance of employee restricted stock	6	436
Employee restricted stock-redeemed	(79)	(226)
Conversion of convertible bonds	-	2,493
At September 30	<u>304,900</u>	<u>304,068</u>

B. For the nine months ended September 30, 2023 and 2022, the Company issued 637 thousand and 980 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 \$6,370 and \$9,800, respectively.

- C. For the nine months ended September 30, 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 226 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 stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement. On October 1, 2021, the Board of Directors of the Company resolved the issuance price of \$91.5 (in dollars) per share and totalling \$5,032,500. The effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- F. 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. On November 9, 2023, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 325 thousand shares in 2022, with the effective date set on November 9, 2023.

- G. 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.
- H. The shareholders during their meeting on May 31, 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. The issuance conditions of the restricted stocks to employees were regulated in accordance with the terms. On November 9, 2023, the Board of Directors of the Company resolved to issue the 2nd restricted stocks to employees amounting to 826 thousand shares in 2023, with the effective date set on November 9, 2023.
- I. The shareholders during their meeting on May 31, 2023 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.

(16) 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.

(17) 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 May 31, 2023, the shareholders resolved 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 September 30, 2023, there was no earnings to be distributed.

(18) Operating revenue

	Three months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 211,451	\$ 361,567
	Nine months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 566,086	\$ 1,059,705

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 September 30, 2023				
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 1,151	\$ 1,151
Over time	<u>164,236</u>	<u>7,480</u>	<u>38,584</u>	<u>210,300</u>
	<u>\$ 164,236</u>	<u>\$ 7,480</u>	<u>\$ 39,735</u>	<u>\$ 211,451</u>
Three months ended September 30, 2022				
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 146,676	\$ 146,676
Over time	<u>175,624</u>	<u>30,185</u>	<u>9,082</u>	<u>214,891</u>
	<u>\$ 175,624</u>	<u>\$ 30,185</u>	<u>\$ 155,758</u>	<u>\$ 361,567</u>
Nine months ended September 30, 2023				
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 121,766	\$ 121,766
Over time	<u>371,868</u>	<u>30,657</u>	<u>41,795</u>	<u>444,320</u>
	<u>\$ 371,868</u>	<u>\$ 30,657</u>	<u>\$ 163,561</u>	<u>\$ 566,086</u>

Nine months ended September 30, 2022				
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 168,474	\$ 168,474
Over time	<u>604,309</u>	<u>255,057</u>	<u>31,865</u>	<u>891,231</u>
	<u>\$ 604,309</u>	<u>\$ 255,057</u>	<u>\$ 200,339</u>	<u>\$ 1,059,705</u>

B. Contract assets and liabilities

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

	September 30, 2023	December 31, 2022
Contract assets:		
Services	<u>\$ 206,855</u>	<u>\$ 234,399</u>
Current contract liabilities		
Services	\$ 28,161	\$ 104,384
Authorisation and cooperative	<u>15,434</u>	<u>46,091</u>
	<u>\$ 43,595</u>	<u>\$ 150,475</u>
	September 30, 2022	January 1, 2022
Current contract assets:		
Services	<u>\$ 229,755</u>	<u>\$ 170,597</u>
Current contract liabilities:		
Services	\$ 346,131	\$ 102,289
Authorisation and cooperative	52,909	121,678
Non-current contract liabilities:		
Authorisation and cooperative	<u>-</u>	<u>20,059</u>
	<u>\$ 399,040</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 September 30	
		2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Services	\$	23,394	\$ 25,365
Authorisation and cooperative development		7,480	22,654
	\$	<u>30,874</u>	<u>\$ 48,019</u>
		Nine months ended September 30	
		2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Services	\$	100,066	\$ 91,440
Authorisation and cooperative development		30,657	95,410
	\$	<u>130,723</u>	<u>\$ 186,850</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 September 30, 2023 amounted to \$2,202,515. 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 September 30, 2023, 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 nine months ended September 30, 2023 and 2022, the Group recognised the revenue from authorisation and cooperative development contract amounting to \$30,657 and \$255,057, 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. In September 2023, the Company received the approval by the National Health Insurance Administration with respect to its enrollment in the reimbursement system which became effective from October 1, 2023.
- E. Sandoz received a positive CHMP (Committee for Medicinal Products for Human Use) opinion for recommending marketing authorization for their biosimilar, developed by EirGenix. Inc.

(19) Interest income

	Three months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 23,633	\$ 19,232
Interest income from financial assets measured at amortised cost	11,042	17
	<u>\$ 34,675</u>	<u>\$ 19,249</u>

	Nine months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 79,416	\$ 33,790
Interest income from financial assets measured at amortised cost	19,329	1,522
	<u>\$ 98,745</u>	<u>\$ 35,312</u>

(20) Other income

	Three months ended September 30	
	2023	2022
Government grant revenues	\$ 50	\$ -
Other income, others	62	54
	<u>\$ 112</u>	<u>\$ 54</u>

	Nine months ended September 30	
	2023	2022
Government grant revenues	\$ 70	\$ 37,214
Other income, others	200	172
	<u>\$ 270</u>	<u>\$ 37,386</u>

The company received a grant on "A Phase III clinical trial program of a Trastuzumab biosimilar EG12014 targeting Her2 breast cancer" from the Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to \$80,000. For the three months and nine months ended September 30, 2023 and 2022, the Company recognised government grants revenue of \$0, \$0, \$0 and \$37,214, respectively.

(21) Other gains and losses

		Three months ended September 30	
		2023	2022
Foreign exchange gains	\$	53,866	\$ 93,761
Gains on financial assets at fair value through profit or loss		2,061	4,060
	\$	<u>55,927</u>	<u>\$ 97,821</u>
		Nine months ended September 30	
		2023	2022
Foreign exchange gains	\$	74,558	\$ 185,694
Gains on financial assets at fair value through profit or loss		2,243	4,943
Losses on lease contract modification	(383)	-
Miscellaneous disbursements		-	(24)
Losses on redemption of convertible bonds		-	(3)
	\$	<u>76,418</u>	<u>\$ 190,610</u>

(22) Finance costs

		Three months ended September 30	
		2023	2022
Interest expense on bank borrowings	\$	600	\$ 455
Interest expense on lease liabilities		2,042	2,075
	\$	<u>2,642</u>	<u>\$ 2,530</u>
		Nine months ended September 30	
		2023	2022
Interest expense on bank borrowings	\$	1,719	\$ 661
Interest expense on lease liabilities		6,086	6,210
Other interest expense		-	226
	\$	<u>7,805</u>	<u>\$ 7,097</u>

(23) Employee benefits, depreciation and amortisation expenses

Function Nature	Three months ended September 30, 2023			Three months ended September 30, 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	\$ 29,791	\$ 79,087	\$ 108,878	\$ 44,659	\$ 65,246	\$ 109,905
Share-based payment	12,259	15,493	27,752	7,523	21,116	28,639
Labour and health insurance fees	3,413	5,906	9,319	3,072	5,466	8,538
Pension costs	2,295	2,930	5,225	1,642	3,271	4,913
Directors' remuneration	-	1,010	1,010	-	1,060	1,060
Other personnel expenses	1,344	4,221	5,565	1,240	3,603	4,843
Depreciation expense	26,324	29,744	56,068	19,286	28,873	48,159
Amortisation expense	695	1,173	1,868	2,371	1,860	4,231

Function Nature	Nine months ended September 30, 2023			Nine months ended September 30, 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	\$ 101,718	\$ 225,943	\$ 327,661	\$ 120,220	\$ 170,022	\$ 290,242
Share-based payment	36,961	52,587	89,548	31,861	69,348	101,209
Labour and health insurance fees	10,249	18,550	28,799	9,696	14,443	24,139
Pension costs	6,282	9,556	15,838	5,230	8,079	13,309
Directors' remuneration	-	3,070	3,070	-	2,843	2,843
Other personnel expenses	4,337	11,535	15,872	3,778	8,653	12,431
Depreciation expense	77,381	86,372	163,753	71,907	66,837	138,744
Amortisation expense	4,787	4,570	9,357	7,371	4,288	11,659

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. For the three months and nine months ended September 30, 2023 and 2022, the Company has generated accumulated deficit, and thus did not accrue employees' compensation and directors' remuneration.
- 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.

(24) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 290	\$ 287
Total current tax	290	287
Deferred tax:		
Origination and reversal of temporary differences	123	120
Income tax expense	<u>\$ 413</u>	<u>\$ 407</u>

	Nine months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 791	\$ 781
Total current tax	791	781
Deferred tax:		
Origination and reversal of temporary differences	336	331
Income tax expense	<u>\$ 1,127</u>	<u>\$ 1,112</u>

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

	Three months ended September 30	
	2023	2022
Currency translation differences	<u>\$ 2</u>	<u>\$ -</u>

	Nine months ended September 30	
	2023	2022
Currency translation differences	\$ <u>38</u>	\$ <u>-</u>

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

(25) Loss per share

Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the period	(\$ <u>111,721</u>)	<u>304,849</u>	(\$ <u>0.37</u>)

Three months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the period	(\$ <u>27,565</u>)	<u>303,767</u>	(\$ <u>0.09</u>)

Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the period	(\$ <u>509,265</u>)	<u>304,674</u>	(\$ <u>1.67</u>)

Nine months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss for the period	(\$ <u>7,295</u>)	<u>302,932</u>	(\$ <u>0.02</u>)

Diluted loss per share was not be calculated as the Company had incurred a loss for the three months and nine months ended September 30, 2023 and 2022.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30	
	2023	2022
Purchase of property, plant and equipment	\$ 463,050	\$ 312,666
Add: Opening balance of other payables	158,228	19,508
Less: Ending balance of other payables	(<u>165,188</u>)	(<u>100,144</u>)
Cash paid during the period	<u>\$ 456,090</u>	<u>\$ 232,030</u>
	Nine months ended September 30	
	2023	2022
Purchase of intangible assets	\$ 8,299	\$ 3,113
Add: Ending balance of prepayment for intangible assets (Note)	4,819	-
Less: Ending balance of other payables	- (269)
Opening balance of prepayment for intangible assets (Note)	(<u>1,565</u>)	-
Cash paid during the period	<u>\$ 11,553</u>	<u>\$ 2,844</u>

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

B. Financing activities with no cash flow effects:

	Nine months ended September 30	
	2023	2022
Conversion of convertible bonds	\$ -	\$ 126,375

(27) 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	-	(21,717)	(288)	(22,005)	
Changes in right-of-use assets	-	34,851	-	34,851	
Changes in other non-cash items	-	383	-	383	
At September 30	<u>\$ 120,460</u>	<u>\$ 352,101</u>	<u>\$ 6</u>	<u>\$ 472,567</u>	
	2022				
	Long-term borrowings	Lease liability	Bonds payable (including current portion)	Guarantee deposit received	Liabilities from financing activities-gross
At January 1	\$ -	\$ 307,542	\$ 127,070	\$ -	\$ 434,612
Changes in cash flow from financing activities	120,460	(17,806)	(200)	294	102,748
Changes in right-of-use assets	-	52,714	-	-	52,714
Impact of changes in foreign exchange rate	-	3	-	-	3
Changes in other non-cash items	-	-	(126,870)	-	(126,870)
At September 30	<u>\$ 120,460</u>	<u>\$ 342,453</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ 463,207</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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
FORMOSA LABORATORIES, INC.	Other related party
Development Center for Biotechnology (DCB) (Note 1)	"
FORMOSA PHARMACEUTICALS, INC.	"
TFBS Bioscience Inc. (Note 2)	"

Note 1: DCB's term as a director expired after re-election of directors at the Company's shareholders' meeting on June 10, 2022. (The transaction amounts for the period from January 1, 2022 to June 10, 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 nine months ended September 30, 2023 and period from June 8, 2022 to September 30, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

<u>Three months ended September 30</u>			
	<u>2023</u>		<u>2022</u>
Sales of goods:			
Other related parties	\$ 972	\$	392
Sales of services:			
Other related parties	2,649		1,527
	<u>\$ 3,621</u>	<u>\$</u>	<u>1,919</u>
 <u>Nine months ended September 30</u>			
	<u>2023</u>		<u>2022</u>
Sales of goods:			
Other related parties	\$ 972	\$	7,270
Sales of services:			
Other related parties	6,122		4,392
	<u>\$ 7,094</u>	<u>\$</u>	<u>11,662</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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group has recognised the revenue-related contract assets amounting to \$1,545, \$744 and \$0, and contract liabilities amounting to \$528, \$620 and \$206, respectively.

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

	Three months ended September 30	
	2023	2022
Other related parties	\$ 2,258	\$ 2,887
	Nine months ended September 30	
	2023	2022
Other related parties	\$ 6,975	\$ 14,339

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 September 30	
	2023	2022
Other related parties	\$ 3,610	\$ 4,089
	Nine months ended September 30	
	2023	2022
Other related parties	\$ 7,656	\$ 12,537

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

	Three months ended September 30	
	2023	2022
Other related parties	\$ -	\$ -
	Nine months ended September 30	
	2023	2022
Other related parties	\$ -	\$ 2,463

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. 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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable:			
Other related parties	\$ <u>1,802</u>	\$ <u>-</u>	\$ <u>988</u>

F. Payables to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other payables:			
Other related parties	\$ <u>2,405</u>	\$ <u>7,732</u>	\$ <u>2,866</u>

G. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>645</u>	\$ <u>-</u>

(b) Acquisition of other assets

		<u>Nine months ended September 30</u>	
	<u>Accounts</u>	<u>Consideration</u>	<u>Consideration</u>
	financial assets		
	at fair value		
Other related	through profit		
parties	or loss	\$ <u>-</u>	\$ <u>58,390</u>

Details of assets acquired by the Company from related parties are provided in Note 6(2) B.

H. 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

As of September 30, 2023, December 31, 2022, and September 30, 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 September 30, 2022
	<u>Depreciation expense</u>
Land	\$ -
Buildings	-
Machinery and equipment	-
	<u>\$ -</u>
	Nine months ended September 30, 2022
	<u>Depreciation expense</u>
Land	\$ 3,061
Buildings	2,279
Machinery and equipment	1,022
	<u>\$ 6,362</u>

(c) Lease liabilities

i. Outstanding balance

As of September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2022
Other related party - DCB	<u>\$ -</u>
	Nine months ended September 30, 2022
Other related party - DCB	<u>\$ 2,185</u>

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

	Three months ended September 30, 2022
Other related party - DCB	\$ -
	Nine months ended September 30, 2022
Other related party - DCB	\$ 505

(4) Key management compensation

	Three months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 7,970	\$ 7,677
Post-employment benefits	124	142
Share-based payment	36	2,018
	<u>\$ 8,130</u>	<u>\$ 9,837</u>
	Nine months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 23,938	\$ 23,609
Post-employment benefits	367	463
Share-based payment	109	29,886
	<u>\$ 24,414</u>	<u>\$ 53,958</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Pledged time deposits (shown as non-current financial assets at amortised cost)	\$ 8,671	\$ 8,671	\$ 8,588	Note 1
Guarantee deposits paid (shown as other non-current assets)	\$ 8,598	\$ 65,048	\$ 95,028	Note 2
Property, plant and equipment	\$ 1,131,475	\$ 1,158,399	\$ 1,174,264	Note 3
Pledged government bonds (shown as non-current financial assets at amortised cost)	\$ 32,063	\$ -	\$ -	Note 4

Note 1: It refers to guarantee for lease of land.

Note 2: 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 3: 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 4: It refers to guarantee for investment.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. As of September 30, 2023, December 31, 2022 and September 30 2022, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$67,395, \$105,637 and \$150,165, respectively.
- B. As of September 30, 2023, December 31, 2022 and September 30 2022, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$868,154, \$815,285 and \$1,046,787, 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 September 30, 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

- A. On November 9, 2023, the Company's Board of Directors resolved to increase the budget of Zhubei production line by \$868,000. The upper limit of the budget was \$2,468,000 after the amendment.
- B. Refer to Note 6(15) F. and H. for details.

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 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>83,663</u>	\$ <u>61,420</u>	\$ <u>63,500</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ <u>292,635</u>	\$ <u>279,325</u>	\$ <u>197,105</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,864,966	\$ 6,126,885	\$ 7,809,230
Financial assets at amortised cost	3,240,734	1,041,123	8,588
Accounts receivable	35,878	32,782	70,953
Accounts receivable - related parties	1,802	-	988
Other receivables	15,054	24,944	15,112
Guarantee deposits paid (shown as other non-current assets, others)	<u>8,598</u>	<u>65,048</u>	<u>95,028</u>
	<u>\$ 6,167,032</u>	<u>\$ 7,290,782</u>	<u>\$ 7,999,899</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable	\$ 63,154	\$ 134,607	\$ 123,941
Other payables	398,408	407,387	354,257
Other payables-related parties	2,405	7,732	2,866
Long-term borrowings	120,460	120,460	120,460
Guarantee deposits received (shown as other current and non-current liabilities)	<u>6</u>	<u>294</u>	<u>294</u>
	<u>\$ 584,433</u>	<u>\$ 670,480</u>	<u>\$ 601,818</u>
Lease liability	<u>\$ 352,101</u>	<u>\$ 338,584</u>	<u>\$ 342,453</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 and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- (iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023				
	Foreign currency amount			Book value
	(In thousands)		Exchange rate	(NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	47,372	32.27	\$ 1,528,694
EUR:NTD		1,436	33.91	48,695
GBP:NTD		42	39.23	1,648
JPY:NTD		12,973	0.22	2,854
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	312	32.27	\$ 10,068
EUR:NTD		236	33.91	8,003
GBP:NTD		20	39.23	785
JPY:NTD		22,230	0.22	4,891

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
September 30, 2022				
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	43,525	31.75	\$ 1,381,919
EUR:NTD		1,657	31.26	51,798
GBP:NTD		89	35.53	3,162
JPY:NTD		19,742	0.22	4,343
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	728	31.75	\$ 23,114
EUR:NTD		1,560	31.26	48,766
GBP:NTD		32	35.53	1,137
JPY:NTD		635	0.22	140

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

Nine months ended September 30, 2023				
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%	\$ 15,287	\$	-
EUR:NTD	1%	424		63
GBP:NTD	1%	16		-
JPY:NTD	1%	29		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 101	\$	-
EUR:NTD	1%	80		-
GBP:NTD	1%	8		-
JPY:NTD	1%	49		-
Nine months ended September 30, 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%	\$ 13,819	\$	-
EUR:NTD	1%	466		52
GBP:NTD	1%	32		-
JPY:NTD	1%	43		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 231	\$	-
EUR:NTD	1%	488		-
GBP:NTD	1%	11		-
JPY:NTD	1%	1		-

- (v) The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$53,866, \$93,761, \$74,558 and \$185,694, respectively.

ii. Price risk

- (i.) The Group's equity securities, which are exposed to price risk, are held as 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, post-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$191 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,926 and \$1,971, 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 nine months ended September 30, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the total carrying amount of accounts receivable (including related parties) amounted to \$37,977, \$33,079 and \$72,238, 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 \$297, 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:

	Nine months ended September 30	
	2023	2022
At January 1	\$ 297	\$ 689
Reversal of impairment loss	-	(392)
At September 30	\$ 297	\$ 297

(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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Floating rate:			
Expiring within one year	\$ 1,010,000	\$ 1,020,000	\$ 1,380,000
Expiring beyond one year	<u>593,540</u>	<u>593,540</u>	<u>593,540</u>
	<u>\$ 1,603,540</u>	<u>\$ 1,613,540</u>	<u>\$ 1,973,540</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>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 63,154	\$ -	\$ -	\$ 63,154
Other payables	398,408	-	-	398,408
Other payables-related parties	2,405	-	-	2,405
Lease liability	36,638	120,177	254,642	411,457
Long-term borrowings	2,370	123,894	-	126,264
Guarantee deposit received (shown as other current liabilities)	6	-	-	6

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

September 30, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 123,941	\$ -	\$ -	\$ 123,941
Other payables	354,257	-	-	354,257
Other payables- related parties	2,866	-	-	2,866
Lease liability	33,845	117,316	254,249	405,410
Long-term borrowings	2,018	125,435	-	127,453
Guarantee deposit received (shown as other non-current liabilities)	294	-	-	294

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 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), accounts payable, other payables (including related parties), 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:

September 30, 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	\$ -	\$ -	\$ 64,540	\$ 64,540
Limited partnership venture capital	-	-	19,123	19,123
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	292,635	292,635
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,298</u>	<u>\$ 376,298</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>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	<u>-</u>	<u>-</u>	<u>279,325</u>	<u>279,325</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,745</u>	<u>\$ 340,745</u>
 September 30, 2022	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investment in new drug development	\$ -	\$ -	\$ 63,500	\$ 63,500
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>197,105</u>	<u>197,105</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,605</u>	<u>\$ 260,605</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 nine months ended September 30, 2023 and 2022:

	2023			
	Equity instruments	Profit-sharing investment in new drug development	Limited partnership venture capital	Total
At January 1	\$ 279,326	\$ 61,420	\$ -	\$ 340,746
Additions	622	-	20,000	20,622
Gains or losses recognised in profit or loss				
Gains (losses) on valuation	-	3,120	(877)	2,243
Gains and losses recognised in other comprehensive income				
Gains on valuation	12,687	-	-	12,687
At September 30	<u>\$ 292,635</u>	<u>\$ 64,540</u>	<u>\$ 19,123</u>	<u>\$ 376,298</u>
	2022			
	Derivative instruments	Equity instruments	Profit-sharing investment in new drug development	Total
At January 1	\$ 891	\$ 11,607	\$ -	\$ 12,498
Additions	-	168,000	58,390	226,390
Conversions of convertible bonds	(723)	-	-	(723)
Gains or losses recognised in profit or loss				
(Losses) gains on valuation	(167)	-	5,110	4,943
Gains and losses recognised in other comprehensive income				
Gains on valuation	-	17,498	-	17,498
Settled in the period	(1)	-	-	(1)
At September 30	<u>\$ -</u>	<u>\$ 197,105</u>	<u>\$ 63,500</u>	<u>\$ 260,605</u>

E. For the nine months ended September 30, 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 September 30, 2023	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 7,066	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	285,569	Price-Book Ratio	Price-to-book ratio	1.17~2.53 (1.86)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	10.55% (10.55%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	64,540	Royalty relief method of income approach	Discount rate	25.71%	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	19,123	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 September 30, 2022	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 11,585	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	185,520	Price-Book Ratio	Price-to-book ratio	1.68~1.82 (1.77)	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	21.12% (21.12%)	
Profit-sharing investments in new drug development	63,500	Royalty relief method of income approach	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share	2.3%~3.8%	The higher the market share, 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:

September 30, 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%	\$ 3,227	(\$ 3,227)	\$ -	\$ -
	Market share					
Limited partnership venture capital	N/A	±5%	956	(956)	-	-
Unlisted shares	Price-Book Ratio	±5%	-	-	14,632	(14,632)
	Lack of marketability	±5%	-	-	14,632	(14,632)
			<u>\$ 4,183</u>	<u>(\$ 4,183)</u>	<u>\$ 29,264</u>	<u>(\$ 29,264)</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>

			September 30, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Profit-sharing investments in new drug development	Royalty relife method of income approach	±5%	\$ 3,175	(\$ 3,175)	\$ -	\$ -
Unlisted shares	Price-Book Ratio	±5%	-	-	9,855	(9,855)
	Lack of marketability	±5%	-	-	9,855	(9,855)
			<u>\$ 3,175</u>	<u>(\$ 3,175)</u>	<u>\$ 19,710</u>	<u>(\$ 19,710)</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)
September 30, 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 September 30, 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	31,801	\$ 7,066	0.37%	\$ 7,066	
"	TFBS Bioscience, Inc. common stock	The Company' s other related party	"	4,752,361	285,569	14.20%	285,569	
"	Forward BioT Venture Capital equity	"	Non-current financial assets at fair value through profit or loss	-	19,123	5.69%	19,123	
"	93 Central Government Bonds A VI government bonds	None	Non-current financial assets at amortised cost	-	32,063	-	32,063	

EirGenix Inc. and its subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 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 expesnse	\$ 52,322	Note 4	9.24%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables	5,483	"	0.05%

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 transac 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
Nine months ended September 30, 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 September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023		Footnote
				Balance as at September 30, 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	\$ 7,090	\$ 1,681	\$ 1,681		None

EirGenix Inc. and its subsidiaries

Major shareholders information

September 30, 2023

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn Technology Co., Ltd.	27,500,000	9.01
Yonglin Capital Holding Co., Ltd.	26,500,000	8.69
Formosa Laboratories, Inc.	18,552,818	6.08
National Development Fund, Executive Yuan	15,288,860	5.01