

# 2023 Annual Report



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Printed on March 31st, 2024

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

|                         |                          |
|-------------------------|--------------------------|
| Spokeperson name:       | Deputy Spokeperson name: |
| Lee-Cheng Liu           | Chih-Jung Chang          |
| Title:                  | Title:                   |
| Chairman and President  | Senior Vice-President    |
| Tel: +886-2-7708-0123   | Tel: +886-2-7708-0123    |
| E-mail: IR@eirgenix.com | E-mail: IR@eirgenix.com  |

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

|                       | <u>Address</u>  | <u>Telephone</u> |
|-----------------------|---|------------------|
| Headquarters<br>Xizhi | No. 101, Lane 169, Kangning St., Xizhi Dist,<br>New Taipei City 22180 | +886-2-7708-0123 |
| Branches<br>Zhubei    | No.168, Sec. 1, Shengyi Rd., Zhubei<br>City, Hsinchu County 302       | +886-3-620-5088  |

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

KGI Securities, Department of Stock Agency  
Address: 5F, No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100  
Tel: +886-2-2389-2999  
Website URL: <https://www.kgi.com.tw>

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

Name of the CPA: Sheng-Wei Deng, Yu-Fang Yen\  
Firm name: PricewaterhouseCoopers Taiwan  
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110  
Website URL: <http://www.pwc.tw> Tel: +886-2-2729-6666

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

**VI. Company Website URL: <http://www.eirgenix.com>**

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**2023 Independent Financial Statements and Independent Auditors' Report**

## **I. Letter to Shareholders**

**Dear Shareholders,**

### **1. 2023 Business Result**

#### **(1) Business plan implementing results**

EirGenix was established on December 21, 2012 and listed in the market on June 28, 2019. It is a biotechnology and medical company focusing on biosimilars, drug discovery, and biopharmaceutical Contract Development and Manufacturing Organization (CDMO). The revenue was NT\$1,022,653 thousand in 2023 and NT\$1,481,017 thousand in 2022. The difference was mainly due to (1) deferred recognition of the milestone payments as a result of a delay in overseas medicine certificate, (2) facility expansion and equipment re-validation in Zhubei, and (3) the decrease in the market demand in CDMO. EirGenix holds the critical technology of biotechnological drug development and manufacture and is able to provide differentiated services with high value-added. Once production line expansion and upgrade have been completed, the growth momentum of revenues will resume. The consistent and stable operating income can cover part of the development expense for biosimilars. Various drug development projects are being implemented successively as planned. EirGenix's financial and business condition will rise substantially after obtaining the medicine certificate for mass production.

#### **(2) Research and development status**

##### **A. Establish competitive and complete production line development strategies:**

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

EC (European Commission) and TFDA (Taiwan Food and Drug Administration) has been approved.

- (C) Phase III clinical trial of EG1206A (Pertuzumab Biosimilar) is expected to apply in 2024.
- (D) The antibody-drug conjugate (ADC) EG12043 (TSY0110), jointly developed by the Company and Formosa Pharmaceuticals, expected to apply for Phase I clinical trial in 2024.

**B. Outstanding development and manufacture technology of biotechnological drugs:**

- (A) EirGenix's Zhubei plant has passed the review by the FDA and obtained an EIR (Establishment Inspection Report) before the drug launch.
- (B) The CDMO contracts signed in 2023 reached a total value of NT\$1.1 billion (US\$36 million). The CAGR (compound annual growth rate) was 27.3% in 2017-2023.
- (C) In 2023, the mammalian capacity reached 25,500L and the microbial capacity reached 150 L. Building B at the Zhubei plant is expected to be completed in 2026, to increase the microbial capacity to 1,500 L. Meanwhile, a three-stage expansion of the mammalian plant which has 150,000 L capacity, is under planning at Ciaotou Science Park, Kaohsiung.
- (D) Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 24, 2022 to October 30, 2027.

**C. Affirmation on business performance:**

- (A) Received the approval letter from TFDA that the API Trastuzumab has obtained the license and the DMF number.
- (B) The Phase I clinical trial of the biosimilar EG1206A has met its primary endpoint and showed Pharmacokinetic biosimilarity.
- (C) TD.
- (D) Won the highest honor of "New Taipei City Family Friendly Work Equality Measures" in 2023.
- (E) The biosimilar drug, "EIRGASUN vial 150 mg", has been approved by National Health Insurance Administration to be enrolled in the reimbursement system.
- (F) Received a positive CHMP opinion for the biosimilar drug EG12014 licensed.



(G) Top 5% among TPEx-listed companies in the 9th Corporate Governance Evaluation.

(H) Received the approval letter from EC for EG12014 licensed.

(I) EIRGASUN vial 150 mg won the Golden award of National Pharmaceutical Technology Research Development Award in 2023.

(3) Financial revenue and expenditure and profitability analysis

The annual operating incomes are NT\$ 1,022,653 thousand dollars, which are mainly contributed by CDMO business and cooperative development revenue. The gross profit is NT\$ 236,741 thousand dollars with a 23% gross margin rate. The major expenditures in 2023 were biosimilars development and research expenses. The reason for that is because the products are still in the development stage and require more investments for research and development funds, such as clinical study expenses, research and development material expenses, and research and development staff salaries. CDMO sales and other revenues are still unable to fully cover the research and development expenditures mentioned previously at this point, which is the main reason that caused EirGenix's loss. The investment of research and development expenditures now is to accumulate the energy for future profit growth after the product launches.

Unit: %

| Item \ Year         |   | 2023     | 2022     |
|---------------------|---|----------|----------|
| Financial Structure | Debt Ratio  | 10.26    | 9.83     |
|                     | Long Term Funds to property, plant, and equipment | 313.25   | 426.10   |
| Solvency            | Current Ratio                                     | 977.92   | 1,133.94 |
|                     | Quick Ratio                                       | 868.41   | 1,015.88 |
| Profitability       | Rate of return on assets                          | (7.88)   | (0.93)   |
|                     | Rate of return on equity                          | (8.84)   | (1.09)   |
|                     | Net Profit Margin                                 | (89.49)  | (7.80)   |
|                     | Earnings per share (NTD)                          | (\$3.00) | (\$0.38) |

(4) Budget implementation status

EirGenix had only set up an internal budget goal for 2023 and did not disclose the financial forecast to the public. The overall budget implementation has met the goal.

## 2. 2024 Business Plan Summary

(1) Business policy

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

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

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

### **3. EirGenix's future development strategy**

(1) The short-term development strategy is "Build up the foundation and move forward step by step." The strategy plans for products in development and CDMO sales & marketing development are as follows:

- A. EG12014 approved by the FDA and other countries in Aisa.
- B. EG12014 (HERWENDA® - Sandoz | EIRGASUN® - EirGenix) market launch
- C. EG1206A submit the application for Phase III trials.
- D. Application for EG12043 (TSY0110) clinical trials (IND).
- E. EG1211X pre-clinical preparation completed.
- F. Expansion of Building B at Zhubei plant to increase the microbial capacity to 1,500 L in 2026.

(2) The medium- and long-term development strategy is "Products are developing and launching one after another to promote stable growth in revenue. The strategy plans for products in development and CDMO sales development are as follows:

- A. New dosage forms or new drug delivery systems of biosimilars: development of Trastuzumab high-concentration subcutaneous doses; planning for the development of EG12014+EG1206A dual-targeting high-concentration subcutaneous doses. The successful development of high-concentration

subcutaneous doses will strengthen the product market share of these products and enable EirGenix as the primary supplier of biosimilar drugs for the treatment of HER2+ breast cancer.

B. Developing the biosimilar for the treatment of blood cancer are currently ongoing. According to the development schedule, one new product will be introduced to the market each one to two years starting in 2027. Hence, a three-stage expansion of the mammalian capacity by 150,000L is under planning at Ciaotou Science Park, Kaohsiung. The new capacity can be used to manufacture in-house developed drugs and accept customers' orders for commercial and scale production.

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

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

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

**EirGenix, Inc.**

**Chairman & President: Lee-Cheng Liu**

**Head of Accounting Department: Hsiu-Chuan Yang**

## **II. Company Profile**

### **1. Date of Incorporation**

December 21st, 2012.

### **2. Company History**

- 2012 - EirGenix Inc. was incorporated as a company limited by shares and registered under the provisions of the Company Act of the Republic of China.
- 2013 - On March 15th, 2013, EirGenix, Inc., Formosa Laboratories, Inc., and Development Center for Biotechnology (DCB) signed a joint venture agreement. EirGenix Inc. (EirGenix) obtained the management rights and completed the transfer of all technologies, R&D, and production personnel in April 2013. Meanwhile EirGenix inherited the existing pilot plant and the R&D core, competencies including cell line development, production process development, protein characterization, quality control, and two Taiwan FDA certified cGMP facilities - one for mammalian cells and one for microbial.
  - Completed capital injection in November, with the capital reaching NT\$ 540 million.
- 2014 - Granted PIC/S GMP certificate by Taiwan FDA.
- 2015 - Completed capital injection with the capital reaching NT\$ 790 million.
  - Received the Gold Prize for "Biomedical and New Agricultural Industry Award" in 2015.
- 2016 - Initiated EG12014 Phase I clinical trial in Europe.
  - Completed capital injection, with the capital reaching NT\$ 1.0097 billion.
  - Completed IPO and publicly listed in TPEx Emerging Stock Board.
  - Initiation construction of the new PIC/S GMP bio-pharmaceutical facility with commercial mass-production scale situated in the Zhubei Biomedical Park at the end of 2016.
- 2017 - Nominated for the Best Process Technology and received Grand Winner of Best Bioprocess Excellence in Taiwan by Biologics Manufacturing Asia (BMA). Received the excellence award for Antibody Drug Conjugate platform. Earned international recognition in bioprocess technology.
  - EG12014 met primary endpoint, bioequivalence, after the completion of Phase I clinical trial in Europe.
  - Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 31st, 2017 to October 30th, 2022. During the effective period the biological products manufactured by EirGenix's

designated facility is allowed can be launched in Japan.

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

- Won the subsequent award of National Innovation Award, Enterprise Innovation Award Continuation Award-Innovation Excellence Award.
  - Completed capital injection, with the capital reaching NT\$ 1.691204 billion
- 2020
- The independently administered Pharmaceuticals and Medical Devices Agency (PMDA), under Japan's Ministry of Health, Labour, and Welfare, carried out an on-site inspection of EirGenix's biopharmaceutical manufacturing facility from September 9th to September 12th, 2019. On February 3rd, 2020, EirGenix received PMDA's official approval in its issued GMP Compliance Inspection Result Notification, proclaiming EirGenix's compliance with relevant Japanese regulations regarding the quality, effectiveness, and safety of pharmaceutical manufacturing, which represented a remarkable milestone for EirGenix as the first GMP biopharmaceutical manufacturing facility in Taiwan to receive the authority's approval; not only the only one in both sides of the Taiwan Straits but also one of the few biopharmaceutical manufacturers in Asia receiving Japan's PMDA approval.
  - 807 patients enrolled in EirGenix's Phase III clinical trial of EG12014.
  - Received 2020 Bioprocessing Excellence Award in Greater China Region.
  - Completed capital injection, with the capital reaching NT\$ 2.048565 billion.
  - Completed neoadjuvant treatment and surgery of the last patient for the Phase III clinical trial of the breast cancer biosimilar EG12014.
  - Won the 17th National Innovation Award.
- 2021
- The Phase III clinical trial of EG12014 showed equivalent efficacy in regards to its clinical response.
  - Completed capital injection, with the capital reaching NT\$ 2.430389 billion.
  - EirGenix's Xizhi site has been certified by Taiwan FDA as the GMP production facility for commercial biopharmaceutical drug substances. Zhubei site has been inspected and approved by Taiwan FDA as the GMP pilot production facility for biopharmaceutical drug substances.
  - Won the Globalizing Award of "2021 Taipei Biotech Awards".
  - Completed capital injection (Private placement), with the capital reaching NT\$ 3.002317 billion.
- 2022
- EMA has officially accepted the review of the MAA submitted by Sandoz AG (exclusive partner of EirGenix) for trastuzumab biosimilar EG12014.
  - EirGenix, Inc., has officially submitted the biosimilar drug EIRGASUN of 150 mg powder for concentrate for solution for infusion presentation NDA

to the TFDA.

- EirGenix has officially submitted for the Phase I PK biosimilarity clinical study of developmental product EG1206A (proposed Pertuzumab biosimilar) in Europe.
- Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from October 24, 2022, to October 30, 2027.
- Best Bioprocessing Awards in Taiwan and the Greater China issued by Biologics Manufacturing Asia (BMA).
- National Innovation and Advancement Award (EG12014 and CRM197).
- Top 5% among TPEx-listed companies in the 8th Corporate Governance Evaluation.

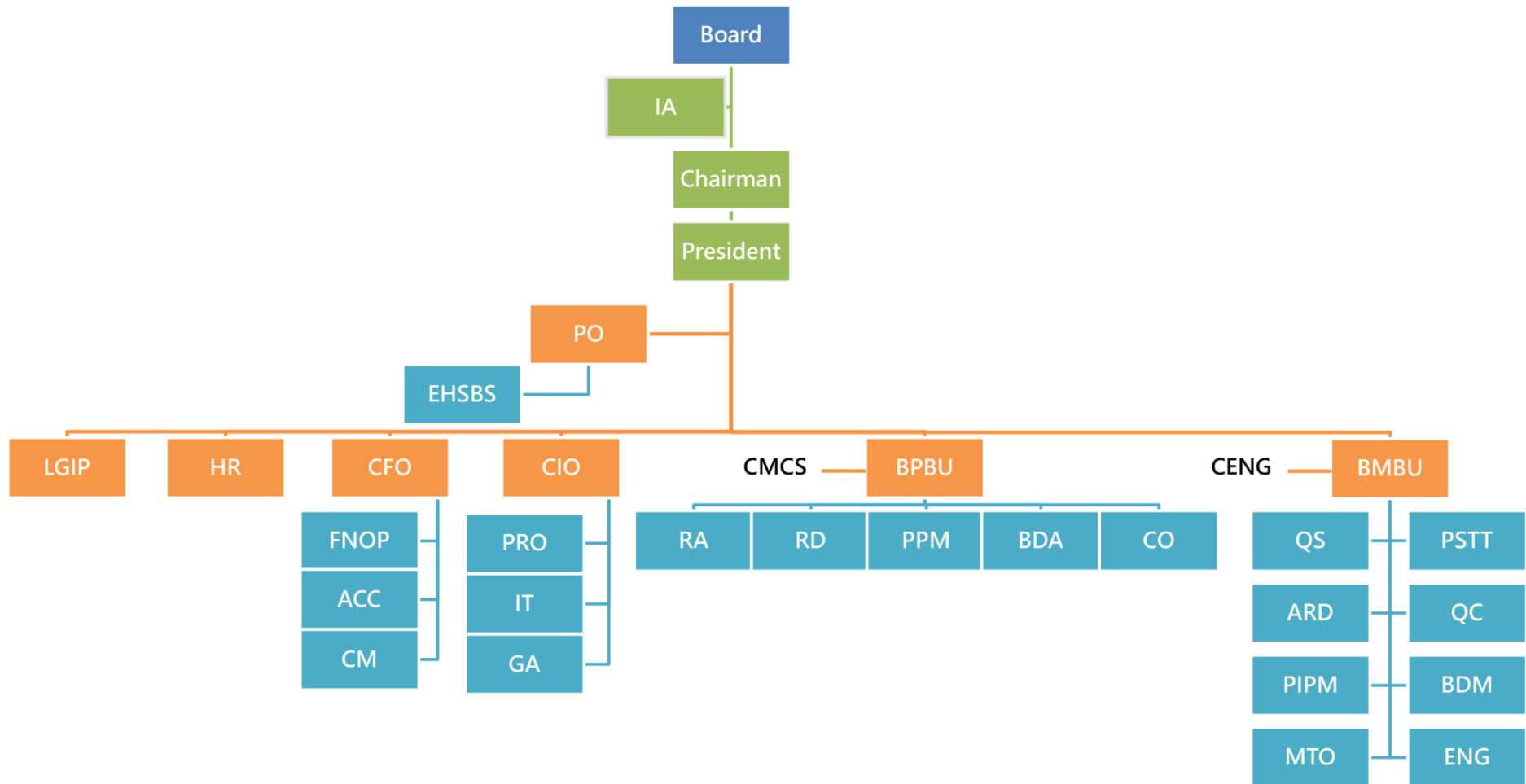
2023

- EirGenix's Zhubei plant has passed the review by the FDA and obtained an EIR before the drug launch.
- The DMF registration for the API of EG74032 carrier protein was obtained from the FDA.
- Top 5% among TPEx-listed companies in the 9th Corporate Governance Evaluation.
- Received the approval letter from TFDA that the API Trastuzumab has obtained the license and the DMF number.
- The Phase I clinical trial of the biosimilar EG1206A has met its primary endpoint and showed Pharmacokinetic biosimilarity.
- Received the approval letter from Ministry of Health and Welfare for the biosimilar drug EIRGASUN 150 mg powder for concentrate for infusion.
- Won the highest honor of "New Taipei City Family Friendly Work Equality Measures" in 2023.
- The biosimilar drug, "EIRGASUN vial 150 mg", has been approved by National Health Insurance Administration to be enrolled in the reimbursement system.
- Received a positive CHMP opinion for the biosimilar drug EG12014 licensed.
- Received the approval letter from EC for EG12014 licensed.
- EIRGASUN vial 150 mg won the Golden award of National Pharmaceutical Technology Research Development Award in 2023.

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organization Chart





## (2) Major Corporate Functions

| Department                                  | Functions  |
|---|--|
| President                                   | Formulate the corporate business philosophy, policies, strategies, and major investment plans.   |
| President Office                            | Internal and external administrative communication and necessary contact.  |
| Internal Auditing                           | Inspection and review of the Company's internal control system with adequacy in design and effectiveness in operation.<br>Audit the integrity of financial information and establish internal risk assessment and management mechanisms.   |
| Environmental safety and Health & Biosafety | Responsible for labor safety and health, industrial waste disposal, fire precautions, and factory area management.   |
| Legal & Intellectual Property               | Responsible for managing intellectual property rights, treatment of legal affairs, and compliance with domestic and foreign laws and regulations.  |
| Human Resources                             | Responsible for providing a suitable working environment for colleagues through various activities of recruitment, hiring, training, and retaining via HR.   |
| Finance Operations                          | Responsible for annual budget preparation, long-term and short-term financial forecast, financial analysis, fundraising, investing, M&A, stock affairs, public announcement, investor relations, public relations, and convening the Board of Directors/Shareholders' Meeting.   |
| Cash Management                             | Responsible for banking matters, cash operation, working capital management, capital dispatch, and bank financing.   |
| Accounting                                  | Responsible for accounting affairs related businesses, financial statement preparation, tax planning, supplementary explanation for competent authorities, the administrative remedy of tax, and other related businesses.   |
| Procurement                                 | Outsource raw materials, equipment, and project and purchase the general materials/packing materials.<br>Develop suppliers and collect goods data.<br>Draw up, coordinate, formulate and manage the domestic and foreign sales contracts.<br>Process the import and export operations.<br>Analyze and plan the strategic purchasing. |
| Information Technology                      | Establish and maintain the office information infrastructure.<br>Plan and maintain the information hardware and troubleshooting.<br>Plan and manage the application software and troubleshooting.  |
| General Affairs                             | Be responsible for internal and external administrative communication, necessary contact, and treatment of general affairs in the office.  |

| Department                      | Functions   |
|---------------------------------|---|
| CMC Strategy                    | <p>Provide regulatory CMC strategy, planning and lead the cross- functional sub-teams for the assigned projects/products.</p> <p>Ensures effective communication of CMC regulatory strategy, risks, and overall plans to leadership and teams.</p> <p>Leads cross-functional teams responsible for the preparation of CMC regulatory submissions and responses for assigned projects/products.</p> <p>Coach and review persuasive briefing documents, submission sections, and responses.</p>   |
| Regulatory Affairs              | <p>Provide product lifecycle strategy and perform activities related to regulatory maintenance.</p> <p>Ensure alignment and compliance with local and regional registration requirements.</p> <p>Ensure the timely submissions including CONS, IND, BLA, MAA, etc.</p> <p>Provide regular updates regarding the FDA/EMA/TFDA guidance and regulation.</p> <p>Provide the regulatory filing strategy for post-approval CMC changes.</p> <p>Provide regulatory support for other departments.</p>   |
| Product Portfolio Management    | <p>Discuss and formulate a self-owned product development strategy and plan a product development schedule and budget with relevant departments.</p> <p>Supervise the overall progress of project development and coordinate cross-departmental technical discussion and work communication.</p> <p>Manage and control project risk and coordinate various departments to prepare relevant contingency measures.</p> <p>Manage the stakeholders of product projects and ensure good communication with internal teams, strategic partners, external consultants, and outsourcing manufacturers.</p> <p>Assist in business development related to self-owned products.</p> <p>Assist in administrative affairs related to self-owned products.</p> |
| Research & Development          | <p>According to the evaluation of the key quality attributes for internal products, establish the optimal cell line and develop the upstream cell culture and downstream purification process.</p> <p>Compile the upstream and downstream process parameters as well as quality analysis results of internal products and transfer the technology to the corresponding unit for GMP production.</p> <p>Write and integrate research reports and documents generated from internal product development as the basis for applying the drug certificate.</p>   |
| Business Development & Alliance | <p>Responsible for ex-Taiwan out-licensing of proprietary biosimilars and biologics</p> <p>Responsible for the business discussions with potential co-development and alliance partners</p>   |

| Department                                  | Functions  |
|---|--|
|   | <p>Responsible for the coordination and evaluation of potential merger &amp; acquisition and corporate investment projects</p> <p>Responsible for collecting market intelligence and market evaluation.</p> <p>To attend related conferences/events and have meeting with potential partners</p>   |
| Commercial Operation                        | <p>Plan and implement drug marketing in Taiwan.</p> <p>Be responsible for the selection and follow-up implementation of new products in Taiwan and assistance in global connection and coordination.</p>   |
| CENG  | <p>Strategy planning for production capacity</p> <p>Guiding and directing the construction project</p>   |
| Quality System                              | <p>Review and verify the effective plan, product, process, equipment changes, or other changes to determine whether effective changes need to be re-implemented.</p> <p>Establish an appropriate quality management system and internal GMP audit and training plan.</p> <p>Labor safety and health, industrial waste disposal, fire control measures, and factory management.</p>   |
| Process Sciences & Technology Transfer      | <p>Upstream and downstream process development, optimization and scale-up production testing of monoclonal antibodies and recombinant protein drugs</p> <p>Development of final protein drug fill finish and drug product (DP) technology</p> <p>Development and establishment of microbial expression platform and development of production process</p> <p>Transfer of upstream and downstream process technology of protein drugs to assist the smooth progress of cGMP manufacturing</p> |
| Analytical Research and Development         | <p>Analytical support in process development, stability study, protein structure characterization, method development of physicochemical analysis, biochemical and cell-based assays during product lifecycle</p>  |
| Quality Control                             | <p>Conduct method validation, perform GMP sample testing, including raw materials, in-process samples, DS, and DP. Conduct equipment qualification, and environmental monitoring.</p>  |
| Principal Investigator & Project Management | <p>Be responsible for internal and external coordination, communication, and management of the implementation contents and administrative affairs of each stage of the project.</p> <p>Establish a project management process and supervision and management mechanism.</p> <p>Be responsible for contract fulfillment and assist the finance department in confirming the revenue based on the percentage of completion method.</p>   |

| Department                          | Functions  |
|-------------------------------------|--|
| Business Development & Marketing    | <p>Be responsible for the expansion of the corporate business and the establishment and development of relationships with new and existing clients.</p> <p>Be responsible for writing the quotation.</p> <p>Be responsible for external and internal technical discussions and client demand confirmation before signing the contract.</p> <p>Plan and implement domestic and foreign publicity and exhibition work, and regularly update the Company's website.</p> <p>Be responsible for receiving and visiting domestic and foreign clients and related businesses.</p> <p>Be responsible for regular discussions and business support with overseas business colleagues.</p> |
| Manufacturing & Technical Operation | <p>GMP production.</p> <p>Manage the in-and-out storage and ship-out of raw materials, cell bank, and products.</p> <p>Scale up the process and transfer the technology.</p>   |
| Process& Facility Engineering       | <p>Be responsible for GMP plant system monitoring, quality maintenance, cleaning, and equipment maintenance.</p> <p>Plant construction project and equipment planning of production line.</p>  |



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

**(1) Directors**

**A. Information of Directors**

As of 03/31/2024

| Title    | Name   | Age/Gender | Nationality/<br>Place of<br>Incorporation | Date First<br>Elected | Date<br>Elected | Term<br>(Year) | Shareholding<br>when Elected |      | Current<br>Shareholding |      | Spouse & Minor<br>Shareholding |      | Shareholding by<br>Nominee |      | Experience ( Education )  | Other Position   | Executives, Directors<br>or Supervisors Who are<br>Spouses or within Two<br>Degrees of Kinship |      |          |
|----------|--|------------|---|-----------------------|-----------------|----------------|------------------------------|------|-------------------------|------|--------------------------------|------|----------------------------|------|---|--|--|------|----------|
|          |  |            |   |                       |                 |                | Shares                       | %    | Shares                  | %    | Shares                         | %    | Shares                     | %    |   |  | Title  | Name | Relation |
| Chairman | Lee-Cheng Liu                                      | M<br>71~75 | R.O.C                                     | 2012/12/20            | 2022/6/10       | 3              | 2,286,884                    | 0.75 | 2,440,984               | 0.80 | 203,608                        | 0.07 | 581,600<br>(Note)          | 0.19 | - Columbia University Ph D,<br>Chemical Engineering &<br>Applied Chemistry<br>- President and COO of AnGes<br>Inc.<br>- Process Development<br>Department Manager, Novartis<br>Inc. | - President & CEO,<br>EirGenix, Inc.<br>- Executive Director,<br>Taiwan Bio Industry<br>Organization<br>- Industry Consultant,<br>Forward BioT Venture<br>Capital.   | None   | None | None     |
| Director | National<br>Development<br>Fund, Executive<br>Yuan | -          | R.O.C                                     | 2013/6/14             | 2022/6/10       | 3              | 15,288,860                   | 5.03 | 15,288,860              | 4.99 | 0                              | 0    | 0                          | 0    |   | - Director, Genovate<br>Biotechnology Co.,<br>Ltd.<br>- Director, Taiwan<br>Biotech Co., Ltd.<br>- Director, ScinoPharm<br>Taiwan., Ltd.<br>- Director, Taiwan<br>Flower Biotechnology<br>Co., Ltd.<br>- Director, United<br>Biomedical, Inc., Asia.<br>- Director, Adimmune<br>Corporation.<br>- Director, TaiGen<br>Biotechnology<br>Holdings, Ltd.<br>- Director,<br>PharmaEssentia<br>Corporation.<br>- Director,<br>PharmaEngine, Inc.<br>- Director, TaiAn<br>Technologies Corp.<br>- Director, Intech<br>Biopharm<br>Corporation.<br>- Director, Point<br>Robotics Holding<br>Limited | None   | None | None     |

As of 03/31/2024

| Title    | Name                              | Age/Gender | Nationality/<br>Place of<br>Incorporation | Date First<br>Elected | Date<br>Elected | Term<br>(Year) | Shareholding<br>when Elected |      | Current<br>Shareholding |      | Spouse & Minor<br>Shareholding |   | Shareholding by<br>Nominee |   | Experience ( Education )   | Other Position  | Executives, Directors<br>or Supervisors Who are<br>Spouses or within Two<br>Degrees of Kinship |      |          |
|----------|-----------------------------------|------------|---|-----------------------|-----------------|----------------|------------------------------|------|-------------------------|------|--------------------------------|---|----------------------------|---|--|---|--|------|----------|
|          |                                   |            |   |                       |                 |                | Shares                       | %    | Shares                  | %    | Shares                         | % | Shares                     | % |  |   | Title  | Name | Relation |
|          |                                   |            |   |                       |                 |                |                              |      |                         |      |                                |   |                            |   | -  | - Director, Locus Cell Corporation.<br>- Director, MetaTech (AP) Inc.<br>- Director, Wellell Inc.<br>- Director, TaiMed Biologics, Inc.<br>- Director, Taiwan Bio-Manufacturing Corporation   |  |      |          |
|          | Representative:<br>Hsiu-Hui Chen  | F<br>51~60 | R.O.C                                     | 2016/9/13             | 2022/6/10       | 3              | 0                            | 0    | 0                       | 0    | 0                              | 0 | 0                          | 0 | - Ph.D., National Taiwan University Department of Agricultural Chemistry<br>- Researcher, Yi-cheng Biotech Inc.<br>- Postdoctoral Fellow, Institute of Plant and Microbial Biology, Academia Sinica  | - Vice President, Development Center for Biotechnology<br>- Director, Genovate Biotechnology Co., LTD.  | None   | None | None     |
|          | Formosa Laboratories, Inc.        | -          | R.O.C                                     | 2013/6/14             | 2022/6/10       | 3              | 18,845,818                   | 6.21 | 18,552,818              | 6.06 | 0                              | 0 | 0                          | 0 | -  | - Director, Formosa Pharmaceuticals, Inc.<br>- Director, A.R.Z Taiwan Ltd.<br>- Director, Epione Investment Cayman Ltd.<br>- Director, Epione Pharmaceuticals, Inc.   | None   | None | None     |
| Director | Representative:<br>Cheng-Yu Cheng | M<br>71~75 | R.O.C                                     | 2013/6/14             | 2022/6/10       | 3              | 0                            | 0    | 0                       | 0    | 0                              | 0 | 0                          | 0 | - Ph.D., University of California, San Francisco<br>- Postdoctoral Fellow, Massachusetts Institute of Technology<br>- Research, DuPont de Nemours, Inc.<br>- Professor, National Taiwan University Department of Pharmacy<br>- Chairman, L. C. United Chemical Co., Ltd. | - Chairman & President, Formosa Laboratories, Inc.<br>- Chairman, Formosa Pharmaceuticals, Inc.<br>- Director, Epione Investment Cayman Ltd.<br>- Director, Epione Investment HK Ltd.<br>- Chairman& President, Epione Pharmaceuticals, Inc.<br>- Chairman, Activus Pharma Co., Ltd.<br>- Director, A.R.Z Taiwan Ltd.<br>- Director, Rayoung Chemtech Inc.<br>- Consultant, Forward BioT Venture Capital. | None   | None | None     |



As of 03/31/2024

| Title    | Name   | Age/Gender | Nationality/<br>Place of<br>Incorporation | Date First<br>Elected | Date<br>Elected | Term<br>(Year) | Shareholding<br>when Elected |      | Current<br>Shareholding |      | Spouse & Minor<br>Shareholding |   | Shareholding by<br>Nominee |   | Experience ( Education )   | Other Position   | Executives, Directors<br>or Supervisors Who are<br>Spouses or within Two<br>Degrees of Kinship |      |          |
|----------|--|------------|---|-----------------------|-----------------|----------------|------------------------------|------|-------------------------|------|--------------------------------|---|----------------------------|---|--|--|--|------|----------|
|          |  |            |   |                       |                 |                | Shares                       | %    | Shares                  | %    | Shares                         | % | Shares                     | % |  |  | Title  | Name | Relation |
| Director | Yao-Hwa Glass<br>Co., Ltd,<br>Management<br>Commission | -          | R.O.C                                     | 2019/6/12             | 2022/6/10       | 3              | 13,078,082                   | 4.31 | 13,078,082              | 4.27 | 0                              | 0 | 0                          | 0 | - Director, TaiGen Biotechnology<br>Holdings, Ltd.   | - Director, Adimmune<br>Corporation<br>- Director, Locus Cell<br>Corporation<br>- Director, Taiwan Bio-<br>Manufacturing<br>Corporation<br>- Director, ZHI KANG<br>Venture Capital<br>Investment Company,<br>Ltd.      | None   | None | None     |
|          | Representative:<br>Ku-Sung Weng                        | M<br>51~60 | R.O.C                                     | 2022/6/10             | 2022/6/10       | 3              | 0                            | 0    | 0                       | 0    | 0                              | 0 | 0                          | 0 | - M.S., Chemical Engineering,<br>National Tsing Hua University<br>- Director, Printing Technology<br>Research Institute<br>- Director, SAR Technology Inc. | - Deputy Director,<br>Consumer Goods and<br>Chemical Industries<br>Division, Industrial<br>Development<br>Administration,<br>Ministry of Economic<br>Affairs<br>- Director, Stone &<br>Resource Industry<br>R&D Center | None   | None | None     |
| Director | Foxconn<br>Technology Co.,<br>Ltd.                     | -          | R.O.C                                     | 2022/6/10             | 2022/6/10       | 3              | 27,500,000                   | 9.05 | 27,500,000              | 8.98 | 0                              | 0 | 0                          | 0 | -  | - Director and<br>Supervisor of Hua-<br>Zhun Investment Co.,<br>Ltd.   | None   | None | None     |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |   |      |      |      |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---|---|------|------|------|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | <ul style="list-style-type: none"> <li>- Master of EMBA program, Chinese University of Hong Kong</li> <li>- Master of EMBA program, National Sun Yat-sen University</li> <li>- CFO and spokesperson of Foxsemicon Integrated Technology Inc.</li> </ul> | <ul style="list-style-type: none"> <li>- Chairman, Foxconn Technology Co. Ltd.</li> <li>- Director, Hon Fujin Precision Industry (Taiyuan) Co., Ltd.</li> <li>- Director, Hon Fujin Precision Industry (Jincheng) Co., Ltd.</li> <li>- Director, Q-Run Holdings Limited</li> <li>- Director, Sotera Wireless, Inc.</li> <li>- Director, FTC Japan Co., Ltd.</li> <li>- Director, Zap Medical System Ltd.</li> <li>- Chairman, Precision Healthcare Co., Ltd.</li> <li>- Chairman, Hua-Zhun Investment Co., Ltd</li> <li>- Chairman, Ultimate Aluminum Magnesium Technology Co., Ltd.</li> <li>- Legal representative and President, FTC Technology Vietnam Company Limited</li> <li>- Director, Foxconn Technology Pte. Ltd.</li> <li>- Director, Atkinson Holdings Limited</li> <li>- Director, Double Wealth Profits Limited</li> <li>- Director, Eastern Star Limited</li> <li>- Director, Foxconn Precision Components Holding Company Limited</li> <li>- Director, Gold Glory International Limited</li> <li>- Director, High Tempo International Limited</li> <li>- Director, Kenny International Limited</li> <li>- Director, Precious Star International Limited</li> <li>- Director, Q-Run Far East Corporation</li> <li>- Director, Topfry Industrial Limited</li> <li>- Director, World Trade Trading Limited</li> <li>- Chairman, Refront IoMT Corp.</li> </ul> | None | None | None |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---|---|------|------|------|





As of 03/31/2024

| Title                | Name                            | Age/Gender | Nationality/<br>Place of<br>Incorporation | Date First<br>Elected | Date<br>Elected | Term<br>(Year) | Shareholding<br>when Elected |   | Current<br>Shareholding |   | Spouse & Minor<br>Shareholding |   | Shareholding by<br>Nominee |   | Experience ( Education )   | Other Position  | Executives, Directors<br>or Supervisors Who are<br>Spouses or within Two<br>Degrees of Kinship |      |          |
|----------------------|---------------------------------|------------|---|-----------------------|-----------------|----------------|------------------------------|---|-------------------------|---|--------------------------------|---|----------------------------|---|--|---|--|------|----------|
|                      |                                 |            |   |                       |                 |                | Shares                       | % | Shares                  | % | Shares                         | % | Shares                     | % |  |   | Title  | Name | Relation |
|                      | Representative:<br>Yu-Ting Chen | F<br>31~40 | R.O.C                                     | 2022/9/7              | 2022/9/7        | (Note)         | 0                            | 0 | 0                       | 0 | 0                              | 0 | 0                          | 0 | - MBA in Finance, National Taiwan University<br>- Special Assistant to CIO, Hon Hai Precision Industry Co., Ltd.   | - Senior Investment Manager, GTM Management Co., Ltd.<br>- Director, Retain Biotech Corp.<br>- Director, YongLin Healthcare Foundation<br>- Director, YL Capital Ltd. | None   | None | None     |
| Independent Director | Ming-Thaur Chang                | M<br>71~75 | R.O.C                                     | 2016/9/13             | 2022/6/10       | 3              | 0                            | 0 | 0                       | 0 | 0                              | 0 | 0                          | 0 | - Rutgers University, NJ, USA MBA<br>- GM, CTBC Bank Tokyo Branch<br>- Chief Rep. (Taipei) United Commercial Bank<br>- EVP, Cosmos/KGI Commercial Bank<br>- Independent Director, Kaison Green Energy Technology Co., Ltd. | - Independent Director, DBS Bank (Taiwan) Ltd.  | None   | None | None     |
| Independent Director | Po-Chih Chen                    | M<br>71~75 | R.O.C                                     | 2022/6/10             | 2022/6/10       | 3              | 0                            | 0 | 0                       | 0 | 0                              | 0 | 0                          | 0 | - Ph.D. in Economics, National Taiwan University<br>- Chairman, Taiwan Thinktank<br>- National Policy Advisor to the President<br>- Economic Advisor to the President<br>- Director, Central Bank of the Republic of China | - Senior Advisors to the President<br>- Honorary Chairman, Taiwan Thinktank<br>- Emeritus Professor, National Taiwan University                                       | None   | None | None     |

As of 03/31/2024

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

Note:

- The stock shares delivered to the trust account, and the vested conditions in the restricted stock issuance method will be reversed according to the vested ratio.
- Director Yu-Ting Chen and Director Chun- Fu Lu, the representatives of Foxconn Technology Co., Ltd., was on board on 2022/09/07 and 2023/01/10.
- Where the chairman of the Board of Directors and the general manager or person of an equivalent position (the highest level manager) of the company are the same person, spouses, or relatives within the first degree of kinship, an explanation, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there should be more than half of the directors not serving as employees or managers, etc.) shall be given.  
The Shareholders Meeting elected the 5th term of the Board on 2022/6/10. The Board nominated Director Lee-Cheng Liu as the Chairman of the Board at the unanimous consent of the Directors on the same day.  
It is necessary to establish four seats for Independent Directors for the Chairman acting also in the capacity as the President. The Company has complied with applicable law in this regard. The number of Independent Directors and representatives of shareholders from the public sector occupied more than half of the seats of the 5th Board that the monitoring capacity is sound.  
On the basis of the current stage of the operation and management of the Company, and in consideration of the development in the future, the 5th Board nominated Director and President Lee-Cheng Liu as the Chairman of the Company for the full-range operation of the Company.  
For the proper pursuit of corporate governance and strengthening the independence of the Board, the 5th Board also requested the Company to select the right candidate to act as the President of the Company at the right time.
- If a director's experience is related to their current position, such as having worked at the accounting firm or its affiliate during the disclosure period, the title and position shall be specified: None.

## B. Major shareholders of the institutional shareholder

| Name of Institutional Shareholders            | Major Shareholders  | %    |
|---|---|------|
| National Development Fund, Executive Yuan     | Government Agencies   |      |
| Formosa Laboratories, Inc.                    | Cheng-Yu Cheng  | 6.44 |
|   | Japan Securities Finance Co., Ltd.  | 3.02 |
|   | Li Hsiu-Hui   | 2.55 |
|   | Moraga Inc.   | 2.22 |
|   | J.P. MORGAN SECURITIES PLC  | 2.10 |
|   | Cathay Life Insurance Company, Ltd.   | 2.07 |
|   | Ding Li Development Limited   | 2.02 |
|   | MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.- EQUITY TRADING  | 2.00 |
|   | Standard Chartered Bank - administrator JPMorgan  | 1.95 |
|   | UBS Europe SE   | 1.93 |
| Yao-Hwa Glass Co., Ltd, Management Commission | The Yao-Hwa Co., Ltd. Management Commission is a management commission managed by the Ministry of Economic Affairs. |      |
| Foxconn Technology Co., Ltd.                  | Hon Hai Precision Industry Co., Ltd.  | 9.88 |
|   | BaoXin International Investment Co., Ltd.   | 8.92 |
|   | Hyield Venture Capital Co., Ltd.  | 6.01 |
|   | XinSheng Investment Co., Ltd.   | 4.70 |
|   | HongYuan International Investment Co. Ltd.  | 2.41 |
|   | HongQi International Investment Co., Ltd.   | 2.25 |
|   | Standard Chartered Bank as custodian of LGT   | 2.11 |
|   | Citibank Custody Investment Account of the Norwegian Central Bank   | 1.11 |

| Name of Institutional Shareholders | Major Shareholders   | %    |
|------------------------------------|--|------|
|                                    | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds      | 1.09 |
|                                    | JPMorgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.04 |

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

March 31, 2024

| Name of Institutional                     | Major Shareholders  | %     |
|---|---|-------|
| Moraga Inc.                               | Xiu-Hui Li  | 64.28 |
|   | Wen-Jing Lin  | 7.14  |
| Cathay Life Insurance                     | Cathay Financial Holding Co., Ltd.  | 100   |
| Ding Li Development Ltd                   | Ding-Wu Hu  | 100   |
| Hon Hai Precision Industry Co., Ltd.      | Gou, Tai-Ming   | 12.56 |
|   | Citibank Hosting Government of Singapore Investment Account                       | 2.78  |
|   | New Labor Pension Fund  | 1.64  |
|   | LGT Bank AG   | 1.20  |
|   | JPMorgan Chase Hosting Vanguard Developing Markets Index Fund                     | 1.19  |
|   | JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund            | 1.14  |
|   | Citibank Hosting Norges Bank Investment Account                                   | 1.06  |
|   | Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account | 1.06  |
|   | Yuanta Taiwan Excellence 50 in custody with CTBC Bank                             | 0.89  |
|   | Standard Chartered Bank's I Shares Emerging Markets ETF Investment Account        | 0.82  |
| BaoXin International Investment Co., Ltd. | Hon Hai Precision Industry Co., Ltd.  | 100   |

| Name of Institutional                      | Major Shareholders                        | %     |
|--|---|-------|
| Hyield Venture Capital Co., Ltd.           | Hon Hai Precision Industry Co., Ltd.      | 97.95 |
|  | BaoXin International Investment Co., Ltd. | 2.05  |
| XinSheng Investment Co., Ltd.              | Hopetown Properties Ltd.                  | 100   |
| HongYuan International Investment Co. Ltd. | Hon Hai Precision Industry Co., Ltd.      | 100   |
| HongQi International Investment Co., Ltd.  | Hon Hai Precision Industry Co., Ltd.      | 100   |

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

| Qualification<br>Name |   | Professional qualifications and experience  | Independent status   | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|-----------------------|---|---|--|---|
| Chairman              | Lee-Cheng Liu   | <ul style="list-style-type: none"> <li>- Columbia University Ph D, Chemical Engineering &amp; Applied Chemistry</li> <li>- President and COO of AnGes Inc.</li> <li>- Process Development Department Manager, Novartis Inc.</li> <li>- President and CEO of EirGenix, Inc.</li> <li>- Executive Director, Taiwan Bio Industry Organization</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act.  | N/A  | 0   |
| Director              | National Development Fund, Executive Yuan<br>Representative: Hsiu-Hui Chen    | <ul style="list-style-type: none"> <li>- Ph.D., National Taiwan University Department of Agricultural Chemistry</li> <li>- Postdoctoral Fellow, Institute of Plant and Microbial Biology, Academia Sinica.</li> <li>- Vice President, Development Center for Biotechnology</li> <li>- Director, Genovate Biotechnology Co., LTD.</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act.  | N/A  | 0   |
| Director              | Formosa Laboratories, Inc.<br>Representative: Cheng-Yu Cheng                  | <ul style="list-style-type: none"> <li>- Ph.D., University of California, San Francisco.</li> <li>- Research, DuPont de Nemours, Inc.</li> <li>- Professor, National Taiwan University Department of Pharmacy.</li> <li>- Chairman, L. C. United Chemical Corporation.</li> <li>- Chairman &amp; President, Formosa Laboratories, Inc.</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act.  | N/A  | 0   |
| Director              | Yao-Hwa Glass Co., Ltd, Management Commission<br>Representative: Ku-Sung Weng | <ul style="list-style-type: none"> <li>- M.S., Chemical Engineering, National Tsing Hua University</li> <li>- Director, Printing Technology Research Institute</li> <li>- Director, SAR Technology Inc.</li> <li>- Deputy Director, Consumer Goods and Chemical Industries Division, Industrial Development Administration, Ministry of Economic Affairs.</li> <li>- Director, Stone &amp; Resource Industry R&amp;D Center</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act. | N/A  | 0   |
| Director              | Foxconn Technology Co., Ltd.<br>Representative: Chun-Fu Lu                    | <ul style="list-style-type: none"> <li>- Master of EMBA program, Chinese University of Hong Kong</li> <li>- CFO and spokesperson, Foxsemicon Integrated Technology Inc.</li> <li>- Chairman, Foxconn Technology Co. Ltd.</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act.  | N/A  | 0   |
| Director              | Foxconn Technology Co., Ltd.<br>Representative: Yu-Ting Chen                  | <ul style="list-style-type: none"> <li>- MBA in Finance, National Taiwan University</li> <li>- Special Assistant to CIO, Hon Hai Precision Industry Co., Ltd.</li> <li>- Senior Investment Manager, GTM Management Co., Ltd.</li> </ul> None of the circumstances in the subparagraphs of Article 30 of the Company Act.  | N/A  | 0   |
| Independent Director  | Ming-Thaur Chang  | <ul style="list-style-type: none"> <li>- Rutgers University, NJ, USA MBA</li> <li>- GM, CTBC Bank Tokyo Branch (2001-2003)</li> <li>- Chief Rep. (Taipei) United Commercial Bank (2004-2010)</li> <li>- EVP, Cosmos/KGI Commercial Bank (2010-2014)</li> <li>- Independent Director, DBS Bank (Taiwan) Ltd. (2020-Now)</li> </ul>   | Independent Directors are qualified for independence and competency. | 1   |

| Qualification<br>Name |                | Professional qualifications and experience   | Independent status | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|-----------------------|----------------|--|--------------------|---|
|                       |                | Member of Audit Committee.<br>Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.<br>None of the circumstances in the subparagraphs of Article 30 of the Company Act.   |                    |   |
| Independent Director  | Po-Chih Chen   | - Ph.D. in Economics, National Taiwan University<br>- National Policy Advisor to the President (2003-2006)<br>- Economic Advisor to the President (2003-2006)<br>- Senior Advisors to the President (2016-Now)<br>- Honorary Chairman, Taiwan Thinktank (2012-Now)<br>- Emeritus Professor, National Taiwan University<br>Member of Audit Committee.<br>Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.<br>None of the circumstances in the subparagraphs of Article 30 of the Company Act.   |                    | 0   |
| Independent Director  | Fu-Shiow Yin   | - Ph.D., Rutgers, the State University of New Jersey, USA<br>- Master of Agriculture Chemistry, National Taiwan University<br>- Independent Director, PharmaEngine, Inc. (2011-2019)<br>- Independent Director, Pac-Link BioVentures<br>- Member of Independent Investment Committee, Boston Life Science Venture Co., IBT Management Corp. (2009-2014)<br>- Consultant, Department of Economic Development, Taipei City Government. (2011-2014)<br>- Independent Director, Foresee Pharmaceuticals Co., Ltd. (2016-Now)<br>Member of Audit Committee.<br>Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.<br>None of the circumstances in the subparagraphs of Article 30 of the Company Act. |                    | 1   |
| Independent Director  | Ming-Shen Chen | - Ph.D., Michigan State University, Finance.<br>- Professor of Finance at National Taiwan University. (2005-Now)<br>Member of Audit Committee.<br>Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.<br>None of the circumstances in the subparagraphs of Article 30 of the Company Act.   |                    | 0   |

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

- An employee of the company or any of its affiliates.
- A director or supervisor of the company or any of its affiliates.
- A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.



- A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- The amounts of the pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Unit: NT\$ thousands

| Independent Director | Remuneration      | 2022 | 2023 | 01/01/2024~03/31/2024 |
|----------------------|-------------------|------|------|-----------------------|
| Ming-Thaur Chang     | Base Compensation | 854  | 960  | 240                   |
|                      | Allowances        | 50   | 30   | 10                    |
| Po-Chih Chen         | Base Compensation | 536  | 960  | 240                   |
|                      | Allowances        | 30   | 25   | 10                    |
| Fu-Shiow Yin         | Base Compensation | 854  | 960  | 240                   |
|                      | Allowances        | 50   | 30   | 10                    |
| Ming-Shen Chen       | Base Compensation | 854  | 960  | 240                   |
|                      | Allowances        | 50   | 30   | 10                    |

#### E. Diversity and independence of the Board of Directors

##### (1) Diversity of the Board of Directors:

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

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

The Company has adopted a candidate nomination system for all directors as per the Articles of Incorporation and the Rules of Election of Directors to evaluate candidates based on their education and experience, and the shareholders' meeting elects and appoints candidates from the list of candidates. Relevant regulations are disclosed on the Company's website and Market Observation Post System (MOPS). The Company has formulated a board diversity policy according to the operating model and development needs, including basic qualifications, professional backgrounds, and industry experience, to ensure directors' suitability, independence, and professionalism. There should not be over one-third of directors who serve as managers concurrently on the Board, and directors should be equipped with the qualities in two aspects below:

(A) Basic criteria and values: Gender, age, nationality, and culture.

(B) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finances, marketing, or technology) as well as professional skills and industry experience needed for performing duties.

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

(A) Operational judgment.



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

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

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

- There is only one director who also serves as an employee at the Company, accounting for 10%.
- There are four independent directors, accounting for 40% of the total, and the term of office of independent directors should not exceed nine years.
- There are three female directors, accounting for 30%, and seven male ones, accounting for 70%. To implement the gender equality, the goal is the proportion of female director over 30% in the future.
- There are six directors who are over 60 years old, accounting for 60%, three who are 51–60 years old, accounting for 30%, and one who are 31–40 years old, accounting for 10%.
- There are four directors from the professional biotechnology background, accounting for 40%.
- There are three with professional teaching qualifications and professional certifications, accounting for 30%.
- There are nine with overall planning, management, and leadership capabilities, accounting for 90%.
- All directors are Taiwanese citizens, and many directors possess knowledge of and experience in international business.

## (2) Independence of the Board of Directors:

The Board of Directors of the Company consists of ten directors, of which four are independent directors, accounting for 40%. None of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. No spousal relationship or familial relationship within the second degree of kinship exist between any directors. The Board of Directors of the Company is independent (Please refer to this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors).

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

March 31, 2023; Unit: Shares; %

| Title  | Name            | Gender | Nationality | Date Effective (Note) | Shareholding |      | Spouse & Minor Shareholding |      | Shareholding by Nominee Arrangement |      | Experience (Education)  | Other Position   | Managers who are Spouses or Within Two Degrees of Kinship |      |          |
|--|-----------------|--------|-------------|-----------------------|--------------|------|-----------------------------|------|-------------------------------------|------|---|--|---|------|----------|
|  |                 |        |             |                       | Shares       | %    | Shares                      | %    | Shares                              | %    |   |  | Title   | Name | Relation |
| - President<br>- CEO of BioPharma Business Unit                    | Lee-Cheng Liu   | M      | R.O.C       | 2013/04/01            | 2,440,984    | 0.80 | 203,608                     | 0.07 | 581,600                             | 0.19 | - Ph.D., Chemical Engineering & Applied Chemistry, Columbia University<br>- President and COO of AnGes Inc.<br>- Process Development Department Manager, Novartis Inc.  | - Executive Director, Taiwan Bio Industry Organization<br>- Industry Consultant, Forward BioT Venture Capital. | None  | None | None     |
| - CEO of BioManufacturing Business Unit<br>- Senior Vice President | Chih-Jung Chang | M      | R.O.C       | 2013/04/01            | 1,029,384    | 0.34 | 100,000                     | 0.03 | 66,564                              | 0.02 | - Ph.D., Chemistry, National Taiwan University.<br>- Ex-Director of PM for Oncology, TTY Biopharm   | - Director, TFBS Bioscience Inc.   | None  | None | None     |
| - CFO<br>- Manager of Corporate Governance<br>- Vice President     | Hsiu-Chuan Yang | F      | R.O.C       | 2016/05/03            | 456,294      | 0.15 | 0                           | 0    | 64,703                              | 0.02 | - Master of Accounting, University of New Haven<br>- General Manager, JIATE Excelsior Co., Ltd.<br>- V.P., Arich Enterprise Co., Ltd.   | None   | None  | None | None     |
| - CENG<br>- Executive Director                                     | Shang-Chung Ju  | M      | R.O.C       | 2013/04/01            | 459,338      | 0.15 | 0                           | 0    | 32,171                              | 0.01 | - Ph.D., Chemical Engineering, National Taiwan University<br>- Ex-Head of Production at DCB BPPF  | None   | None  | None | None     |
| - CMC Strategy Lead<br>- Executive Director                        | Ae-Ning Lin     | F      | R.O.C       | 2013/04/01            | 496,707      | 0.16 | 0                           | 0    | 29,771                              | 0.01 | - Ph.D., Chemistry and Biochemistry, University of Maryland College Park.<br>- Ex-head of Purification and Protein Characterizations at DCB BPPF  | None   | None  | None | None     |
| - Executive Director   | Ching-Ying Chen | F      | R.O.C       | 2021/06/07            | 49,275       | 0.02 | 0                           | 0    | 42,371                              | 0.01 | - Master of Chemical Engineering, National Taiwan University of Science and Technology<br>- V.P., MYCENAX Biotech Inc.<br>- Manager, R&D Department, Taiwan Advance Bio-Pharmaceutical Inc.<br>- Manager, DCB | None   | None  | None | None     |

| Title               | Name           | Gender | Nationality    | Date Effective (Note) | Shareholding |      | Spouse & Minor Shareholding |   | Shareholding by Nominee Arrangement |      | Experience (Education)   | Other Position | Managers who are Spouses or Within Two Degrees of Kinship |      |          |
|---------------------|----------------|--------|----------------|-----------------------|--------------|------|-----------------------------|---|-------------------------------------|------|--|----------------|---|------|----------|
|                     |                |        |                |                       | Shares       | %    | Shares                      | % | Shares                              | %    |  |                | Title   | Name | Relation |
| -Executive Director | Ren-Yo Forng   | M      | R.O.C<br>U.S.A | 2021/07/05            | 28,124       | 0.01 | 0                           | 0 | 39,371                              | 0.01 | - Ph.D., Laboratory of Microbial and Biochemical Sciences, Georgia State University<br>- Scientific Director, Amgen Inc.<br>- Head of QC Micro, Site Microbiologist, AstraZeneca biologics                                 | None           | None  | None | None     |
| -Executive Director | Ywan-Feng Li   | F      | R.O.C          | 2022/04/18            | 13,036       | 0    | 0                           | 0 | 36,248                              | 0.01 | - Ph.D., Biology, University of North Carolina at Chapel Hill, USA<br>- Vice President, Medical, Clinical & Regulatory Center, United Biopharma<br>- Division of pharmaceutical science, Center for drug evaluation-Taiwan | None           | None  | None | None     |
| -Senior Director    | Tsan-Hui Wu    | M      | R.O.C          | 2017/05/01            | 226,346      | 0.07 | 0                           | 0 | 16,249                              | 0.01 | - Ph.D., Biochemistry, National Taiwan University<br>- Manager, R&D, PharmaEssentia<br>- Director, R&D, Adimmune Corporation<br>- Director, R&D, TPG biologics   | None           | None  | None | None     |
| -Senior Director    | Hwei-Rung Wang | F      | R.O.C<br>U.S.A | 2022/09/26            | 10,313       | 0.00 | 0                           | 0 | 845                                 | 0.00 | - Ph.D., Material Science and Engineering, Univ. of Michigan<br>- Director, Drug Delivery and Device Development, Alexion<br>- Principal Engineer and Senior Engineer, Biogen Idec<br>- Principal Engineer, Amgen          | None           | None  | None | None     |
| -Director           | Chung-Huan Lin | M      | R.O.C          | 2019/01/02            | 80,198       | 0.03 | 0                           | 0 | 23,348                              | 0.01 | - MBA, Case Western Reserve University<br>- Sr. BD Manager, ScinoPharm Taiwan<br>- BD Manager, TWi Pharma  | None           | None  | None | None     |
| -Director           | Yu-Wen Liu     | F      | R.O.C          | 2019/05/20            | 110,103      | 0.04 | 0                           | 0 | 14,598                              | 0.00 | - MBA, Business, St. U. of New York, New Paltz<br>- Manager, China Productivity Center   | None           | None  | None | None     |

| Title     | Name            | Gender | Nationality | Date Effective (Note) | Shareholding |      | Spouse & Minor Shareholding |      | Shareholding by Nominee Arrangement |      | Experience (Education)  | Other Position | Managers who are Spouses or Within Two Degrees of Kinship |      |          |
|-----------|-----------------|--------|-------------|-----------------------|--------------|------|-----------------------------|------|-------------------------------------|------|---|----------------|---|------|----------|
|           |                 |        |             |                       | Shares       | %    | Shares                      | %    | Shares                              | %    |   |                | Title   | Name | Relation |
| -Director | Tsung-Chih Wang | M      | R.O.C       | 2020/08/03            | 30,448       | 0.01 | 578                         | 0.00 | 14,598                              | 0.00 | - MS, Taipei Medical University<br>- Marketing Manager, Marketing, Novartis Sandoz<br>- Pricing Strategy Manager, Pfizer  | None           | None  | None | None     |
| -Director | Ming-Tao Pai    | M      | R.O.C       | 2020/12/01            | 53,198       | 0.02 | 0                           | 0    | 20,848                              | 0.01 | - Ph.D., National Tsing Hua University<br>- Director, Bio Manufacturing, WuXi Biologics<br>- Manager, MD, Taiwan Liposome Company   | None           | None  | None | None     |
| -Director | Chih-Yuan Ma    | M      | R.O.C       | 2022/12/16            | 24           | 0.00 | 0                           | 0    | 302                                 | 0.00 | - Ph.D., Institute of Basic Medical Sciences, National Cheng Kung University<br>- Associate Director, PMO<br>- Assistant Director, PM Department, WuXi Biologics<br>- Assistant Supervisor, Pipeline Management, MYCENAX Biotech Inc. | None           | None  | None | None     |
| -Director | Sz-Wei Wu       | M      | R.O.C       | 2023/07/03            | 4,078        | 0.00 | 0                           | 0    | 408                                 | 0.00 | - Ph.D., National Taiwan University<br>- Sr. Director, Adagene Inc.<br>- Director, WuXi Biologics<br>- Manager, CHO Pharma<br>- Sr. Application specialist, ThermoFisher Scientific<br>- Postdoctoral Fellow, Academia Sinica         | None           | None  | None | None     |

Note:

- Date effective is the date which be appointed as the position, not the actual date of on duty.
- The stock shares delivered to the trust account, and the vested conditions in the restricted stock issuance method will be reversed according to the vested ratio.
- If a manager's experience is related to their current position, such as having worked at the accounting firm or its affiliate during the disclosure period, the title and position shall be specified: None.

(3) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

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

It is necessary to establish four seats for Independent Directors for the Chairman acting also in the capacity as the President. The Company has complied with applicable law in this regard. The number

of Independent Directors and representatives of shareholders from the public sector occupied more than half of the seats of the 5th Board that the monitoring capacity is sound.

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

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

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

#### (1) Remuneration of Directors

##### A. Remuneration of Directors (including Independent Directors) in 2023

Unit: NT\$ thousands; %

| Title  | Name | Remuneration          |  |                   |  |                           |  |                |  | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) |  | Relevant Remuneration Received by Directors Who are Also Employees |  |                   |  |                           |       |  |       | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) |  | Remuneration from ventures other than subsidiaries or from the parent company |
|--|------|-----------------------|--|-------------------|--|---------------------------|--|----------------|--|---|--|--|--|-------------------|--|---------------------------|-------|--|-------|---|--|---|
|  |      | Base Compensation (A) |  | Severance Pay (B) |  | Directors Compensation(C) |  | Allowances (D) |  |   |  | Salary, Bonuses, and Allowances (E)                                |  | Severance Pay (F) |  | Employee Compensation (G) |       |  |       |   |  |   |
|  |      | The company           | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company               | All companies in the consolidated financial statements | The company    | All companies in the consolidated financial statements | The company   | All companies in the consolidated financial statements | The company  | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company               |       | Companies in the consolidated financial statements |       | The company   | Companies in the consolidated financial statements |   |
|  |      |                       |  |                   |  |                           |  |                |  |   |  |  |  |                   |  | Cash                      | Stock | Cash   | Stock |   |  |   |
| Chairman Lee-Cheng Liu                                 |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 30             | 30   | 30 (0.003)  | 30 (0.003)   | 37,408 (Note)  | 37,408 (Note)  | 0                 | 0  | 0                         | 0     | 0  | 0     | 37,438 (4.09)   | 37,438 (4.09)                                      | 0   |
| Director National Development Fund, Executive Yuan     |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 0              | 0  | 0   | 0  | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 0   | 0  | 0   |
| Director Representative Hsiu-Hui Chen                  |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 30             | 30   | 30 (0.003)  | 30 (0.003)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 30 (0.003)  | 30 (0.003)   | 0   |
| Director Formosa Laboratories, Inc.                    |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 0              | 0  | 0   | 0  | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 0   | 0  | 0   |
| Director Representative Cheng-Yu Cheng                 |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 25             | 25   | 25 (0.003)  | 25 (0.003)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 25 (0.003)  | 25 (0.003)   | 0   |
| Director Yao-Hwa Glass Co., Ltd, Management Commission |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 0              | 0  | 0   | 0  | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 0   | 0  | 0   |
| Director Representative Ku-Sung Weng                   |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 25             | 25   | 25 (0.003)  | 25 (0.003)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 25 (0.003)  | 25 (0.003)   | 0   |
| Director Foxconn Technology Co., Ltd.                  |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 0              | 0  | 0   | 0  | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 0   | 0  | 0   |

Unit: NT\$ thousands; %

| Title   | Name | Remuneration          |  |                   |  |                           |  |                |  | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) |  | Relevant Remuneration Received by Directors Who are Also Employees |  |                   |  |                           |       |  |       | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) |  | Remuneration from ventures other than subsidiaries or from the parent company |
|---|------|-----------------------|--|-------------------|--|---------------------------|--|----------------|--|---|--|--|--|-------------------|--|---------------------------|-------|--|-------|---|--|---|
|   |      | Base Compensation (A) |  | Severance Pay (B) |  | Directors Compensation(C) |  | Allowances (D) |  |   |  | Salary, Bonuses, and Allowances (E)                                |  | Severance Pay (F) |  | Employee Compensation (G) |       |  |       |   |  |   |
|   |      | The company           | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company               | All companies in the consolidated financial statements | The company    | All companies in the consolidated financial statements | The company   | All companies in the consolidated financial statements | The company  | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company               |       | Companies in the consolidated financial statements |       | The company   | Companies in the consolidated financial statements |   |
|   |      |                       |  |                   |  |                           |  |                |  |   |  |  |  |                   |  | Cash                      | Stock | Cash   | Stock |   |  |   |
| Director Representative Yu-Ting Chen  |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 25             | 25   | 25 (0.003)  | 25 (0.003)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 25 (0.003)  | 25 (0.003)   | 0   |
| Director Representative Chun-Fu Lu  |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 25             | 25   | 25 (0.003)  | 25 (0.003)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 25 (0.003)  | 25 (0.003)   | 0   |
| Former Director Representative Jih-Luh Tang   |      | 0                     | 0  | 0                 | 0  | 0                         | 0  | 5              | 5  | 5 (0.0005)  | 5 (0.0005)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 5 (0.0005)  | 5 (0.0005)   | 0   |
| Independent Director Ming-Thaur Chang   |      | 960                   | 960  | 0                 | 0  | 0                         | 0  | 30             | 30   | 990 (0.11)  | 990 (0.11)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 990 (0.11)  | 990 (0.11)   | 0   |
| Independent Director Po-Chih Chen   |      | 960                   | 960  | 0                 | 0  | 0                         | 0  | 25             | 25   | 985 (0.11)  | 985 (0.11)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 985 (0.11)  | 985 (0.11)   | 0   |
| Independent Director Fu-Shiow Yin   |      | 960                   | 960  | 0                 | 0  | 0                         | 0  | 30             | 30   | 990 (0.11)  | 990 (0.11)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 990 (0.11)  | 990 (0.11)   | 0   |
| Independent Director Ming-Shen Chen   |      | 960                   | 960  | 0                 | 0  | 0                         | 0  | 30             | 30   | 990 (0.11)  | 990 (0.11)   | 0  | 0  | 0                 | 0  | 0                         | 0     | 0  | 0     | 990 (0.11)  | 990 (0.11)   | 0   |
| <p>a. Salary, Bonuses, and Allowances (E) including the share-based payment.</p> <p>b. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:</p> <p>If the Company has net profit in this fiscal year, the Company shall set aside 3% (inclusive) or less of its profits as bonus to Directors. The distribution of director remuneration shall be heard by over two-thirds of the Board of Directors, be voted in favor for implementation by over one-half of the directors present and represented, and also be reported at the shareholders’ meeting.</p> <p>The Company did not pay any director remuneration during the previous two years. Directors only received traffic allowances for conducting businesses. Independent directors receive fixed emoluments for performing businesses. The aforesaid traffic allowances and emoluments for conducting businesses have been reviewed by Remuneration Committee and approved by the Board of Directors.</p> <p>c. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.</p> |      |                       |  |                   |  |                           |  |                |  |   |  |  |  |                   |  |                           |       |  |       |   |  |   |



# B. Range of Remuneration for Directors (including Independent Directors)

| Range of Remuneration                                      | Name of Directors  |  |  |  |
|--|--|--|--|--|
|  | Total of (A+B+C+D)   |  | Total of (A+B+C+D+E+F+G)   |  |
|  | The company  | Companies in the consolidated financial statements (H) | The company  | Companies in the consolidated financial statements (I) |
| Less than NT\$ 1,000,000                                   | Chairman<br>- Lee-Cheng Liu  |  | Directors<br>- National Development Fund, Executive Yuan<br>Representative: Hsiu-Hui Chen<br>- Formosa Laboratories, Inc.<br>Representative: Cheng-Yu Cheng<br>- Yao-Hwa Glass Co., Ltd, Management Commission<br>Representative: Ku-Sung Weng<br>- Foxconn Technology Co., Ltd.<br>Representative: Yu-Ting Chen<br>Representative: Chun-Fu Lu<br>Former Director Representative: Jih-Luh Tang |  |
|  | Directors<br>- National Development Fund, Executive Yuan<br>Representative: Hsiu-Hui Chen<br>- Formosa Laboratories, Inc.<br>Representative: Cheng-Yu Cheng<br>- Yao-Hwa Glass Co., Ltd, Management Commission<br>Representative: Ku-Sung Weng<br>- Foxconn Technology Co., Ltd.<br>Representative: Yu-Ting Chen<br>Representative: Chun-Fu Lu<br>Former Director Representative: Jih-Luh Tang |  |  |  |
|  | Independent Directors<br>- Ming-Thaur Chang<br>- Po-Chih Chen<br>- Fu-Shiow Yin<br>- Ming-Shen Chen  |  |  |  |
|  |  |  |  |  |
| NT\$1,000,000 (Included) ~ NT\$2,000,000 (Not included)    | -  | -  | -  | -  |
| NT\$2,000,000 (Included) ~ NT\$3,500,000 (Not included)    | -  | -  | -  | -  |
| NT\$3,500,000 (Included) ~ NT\$5,000,000 (Not included)    | -  | -  | -  | -  |
| NT\$5,000,000 (Included) ~ NT\$10,000,000 (Not included)   | -  | -  | -  | -  |
| NT\$10,000,000 (Included) ~ NT\$15,000,000 (Not included)  | -  | -  | -  | -  |
| NT\$15,000,000 (Included)~ NT\$30,000,000 (Not included)   | -  | -  | -  | -  |
| NT\$30,000,000 (Included) ~ NT\$50,000,000 (Not included)  | -  | -  | Chairman<br>- Lee-Cheng Liu  |  |
| NT\$50,000,000 (Included) ~ NT\$100,000,000 (Not included) | -  | -  | -  | -  |
| Greater than or equal to NT\$100,000,000                   | -  | -  | -  | -  |
| Total  | 11   |  |  |  |

## (2) Remuneration of Supervisors

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

## (3) Remuneration of the President and Vice President

### A. Remuneration of the President and Vice Presidents in 2023

Unit: NT\$ thousands

| Title                 | Name            | Salary(A)   |  | Severance Pay (B) |  | Bonuses and Allowances (C) |  | Employee Compensation (D) |       |  |       | Ratio of total compensation (A+B+C+D) to net income (%) |  | Remuneration from ventures other than subsidiaries or from the parent company |
|-----------------------|-----------------|-------------|--|-------------------|--|----------------------------|--|---------------------------|-------|--|-------|---|--|---|
|                       |                 | The company | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company                | All companies in the consolidated financial statements | The company               |       | All companies in the consolidated financial statements |       | The company   | All companies in the consolidated financial statements |   |
|                       |                 |             |  |                   |  |                            |  | Cash                      | Stock | Cash   | Stock |   |  |   |
| President             | Lee-Cheng Liu   | 17,058      | 17,058   | 216               | 216  | 32,986                     | 32,986   | 0                         | 0     | 0  | 0     | 50,260 (5.49)   | 50,260 (5.49)  | 0   |
| Senior Vice President | Chih-Jung Chang |             |  |                   |  |                            |  |                           |       |  |       |   |  |   |
| Vice President        | Hsiu-Chuan Yang |             |  |                   |  |                            |  |                           |       |  |       |   |  |   |

Note:

a. Remuneration of the President and Vice Presidents in 2023 includes the expenses of share-based payment.

### B. Range of Remuneration for President and Vice President

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

### C. Managerial officers with the top five highest remuneration amounts

Unit: NT\$ thousands

| Title                 | Name            | Salary(A)   |  | Severance Pay (B) |  | Bonuses and Allowances (C) |  | Employee Compensation (D) |       |  |       | Ratio of total compensation (A+B+C+D) to net income (%) |  | Remuneration from ventures other than subsidiaries or from the parent company |
|-----------------------|-----------------|-------------|--|-------------------|--|----------------------------|--|---------------------------|-------|--|-------|---|--|---|
|                       |                 | The company | All companies in the consolidated financial statements | The company       | All companies in the consolidated financial statements | The company                | All companies in the consolidated financial statements | The company               |       | All companies in the consolidated financial statements |       | The company   | All companies in the consolidated financial statements |   |
|                       |                 |             |  |                   |  |                            |  | Cash                      | Stock | Cash   | Stock |   |  |   |
| President             | Lee-Cheng Liu   | 9,235       | 9,235  | -                 | -  | 28,173                     | 28,173   | 0                         | 0     | 0  | 0     | 37,408 (4.09)   | 37,408 (4.09)  | 0   |
| Senior Vice President | Chih-Jung Chang | 4,240       | 4,240  | 108               | 108  | 2,384                      | 2,384  | 0                         | 0     | 0  | 0     | 6,732 (0.74)  | 6,732 (0.74)   | 0   |
| Vice President        | Hsiu-Chuan Yang | 3,583       | 3,583  | 108               | 108  | 2,429                      | 2,429  | 0                         | 0     | 0  | 0     | 6,120 (0.67)  | 6,120 (0.67)   | 0   |
| Executive Director    | Ren-Yo Forng    | 3,576       | 3,576  | 108               | 108  | 4,990                      | 4,990  | 0                         | 0     | 0  | 0     | 8,674 (0.95)  | 8,674 (0.95)   | 0   |
| Executive Director    | Shang-Chung Ju  | 3,179       | 3,179  | 108               | 108  | 1,690                      | 1,690  | 0                         | 0     | 0  | 0     | 4,977 (0.54)  | 4,977 (0.54)   | 0   |

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



(4) Employee Profit Sharing Granted to Management Team: None.

(5) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice President

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president, and vice presidents of the Company, to the net income.

| Item<br><br>Title            | Ratio of total remuneration paid to directors, supervisors, president, and vice presidents to net income (%) |  |                    |  |
|------------------------------|--|--|--------------------|--|
|                              | 2022   |  | 2023               |  |
|                              | Total remuneration   | Companies in the consolidated financial statements | Total remuneration | Companies in the consolidated financial statements |
| Directors                    | 3,948  | (3.42)   | 4,120              | (0.45)   |
| President and Vice President | 51,395   | (44.48)  | 50,260             | (5.49)   |

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(A) Remuneration for Directors, President and Vice Presidents

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

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

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

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

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

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

#### 4. Implementation of Corporate Governance

##### (1) Operations of the Board of Directors:

A total of 6 (A) meetings of the Board of Directors was held in 2023. The attendance of directors was as follows:

| Title                | Name  | Actual Attendance (B) | By Proxy | Attendance Rate (%) (B/A) | Remarks |
|----------------------|---|-----------------------|----------|---------------------------|---------|
| Chairman             | Lee-Cheng Liu   | 6                     | 0        | 100                       |         |
| Director             | National Development Fund, Executive Yuan<br>Representative: Hsiu-Hui Chen    | 6                     | 0        | 100                       |         |
| Director             | Formosa Laboratories, Inc.<br>Representative: Cheng-Yu Cheng                  | 6                     | 0        | 100                       |         |
| Director             | Yao-Hwa Glass Co., Ltd, Management Commission<br>Representative: Ku-Sung Weng | 5                     | 1        | 83.33                     |         |
| Director             | Foxconn Technology Co., Ltd.<br>Representative: Chun-Fu Lu                    | 6                     | 0        | 100                       |         |
| Director             | Foxconn Technology Co., Ltd.<br>Representative: Yu-Ting Chen                  | 5                     | 1        | 83.33                     |         |
| Independent Director | Ming-Thaur Chang  | 6                     | 0        | 100                       |         |
| Independent Director | Po-Chih Chen  | 5                     | 1        | 83.33                     |         |
| Independent Director | Fu-Shiow Yin  | 6                     | 0        | 100                       |         |
| Independent Director | Ming-Shen Chen  | 6                     | 0        | 100                       |         |

A total of 2 (A) meetings of the Board of Directors was held by the end of March 2024. The attendance of directors was as follows:

| Title                | Name  | Actual Attendance (B) | By Proxy | Attendance Rate (%) (B/A) | Remarks |
|----------------------|---|-----------------------|----------|---------------------------|---------|
| Chairman             | Lee-Cheng Liu   | 2                     | 0        | 100                       | -       |
| Director             | National Development Fund, Executive Yuan<br>Representative: Hsiu-Hui Chen    | 2                     | 0        | 100                       | -       |
| Director             | Formosa Laboratories, Inc.<br>Representative: Cheng-Yu Cheng                  | 2                     | 0        | 100                       | -       |
| Director             | Yao-Hwa Glass Co., Ltd, Management Commission<br>Representative: Ku-Sung Weng | 2                     | 0        | 100                       | -       |
| Director             | Foxconn Technology Co., Ltd.<br>Representative: Chun-Fu Lu                    | 1                     | 1        | 50                        |         |
| Director             | Foxconn Technology Co., Ltd.<br>Representative: Yu-Ting Chen                  | 2                     | 0        | 100                       | -       |
| Independent Director | Ming-Thaur Chang  | 2                     | 0        | 100                       | -       |
| Independent Director | Po-Chih Chen  | 2                     | 0        | 100                       | -       |
| Independent Director | Fu-Shiow Yin  | 2                     | 0        | 100                       | -       |
| Independent Director | Ming-Shen Chen  | 2                     | 0        | 100                       | -       |

Other mentionable items:

A. In any of the following circumstances, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response to independent directors' opinion should be specified:

(A). The circumstances referred to in Article 14-3 of the Securities and Exchange Act:

| Date of Meeting/ Term of Board of Directors     | Contents of Motion   | Independent Director's Opinion | The Company's Response to Independent Director's Opinion |
|---|--|--------------------------------|--|
| 2023/03/10<br>The 8th meeting of the 5th board  | <ul style="list-style-type: none"> <li>a. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.</li> <li>b. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.</li> <li>c. Approved the certified public accounts previously approved as the Independent Auditors, the CPA office and affiliates to render non-assurance services to the Company and the subsidiaries.</li> <li>d. Adoption of the 2023 Employee Restricted Stock Awards.</li> <li>e. Approved the Company will raise capital through private placements of common shares.</li> <li>f. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> <li>g. Adoption of the Issuance of 2022 Employee Stock Options.</li> </ul>                                  | None                           | Not applicable   |
| 2023/05/10<br>The 9th meeting of the 5th board  | <ul style="list-style-type: none"> <li>a. Adoption of the Issuance of 2022 Employee Stock Options.</li> </ul>  |                                |  |
| 2023/08/08<br>The 10th meeting of the 5th board | <ul style="list-style-type: none"> <li>a. Adoption of the Issuance of 2022 Employee Stock Options.</li> <li>b. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> </ul>  |                                |  |
| 2023/11/09<br>The 11th meeting of the 5th board | <ul style="list-style-type: none"> <li>a. Approved the establishment of a subsidiary in the United States based on the operational development needs.</li> <li>b. Approved the amendment of "IA-18 Implementation of authorization" and "deputy systems and Approval Authority Form".</li> <li>c. Approved the Production Line Expansion and Production Equipment at Zhubei Facility. (Budget Increase)</li> <li>d. Approved to update the 2023 1st and 2nd Employee Restricted Stock Awards to employees.</li> <li>e. Approved to grant 2022 1st Employee Restricted Stock Awards to employees.</li> <li>f. Approved to grant 2023 2nd Employee Restricted Stock Awards to employees.</li> <li>g. Approved to sign the Amended and Restated License Agreement for the biosimilar EG12014 with Sandoz AG.</li> <li>h. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> </ul> |                                |  |
| 2023/12/22                                      | <ul style="list-style-type: none"> <li>a. Approved to formulate "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and amend</li> </ul>  |                                |  |

| Date of Meeting/ Term of Board of Directors     | Contents of Motion   | Independent Director's Opinion | The Company's Response to Independent Director's Opinion |
|---|--|--------------------------------|--|
| The 12th meeting of the 5th board               | <p>“Management of Affiliated Enterprises Transaction”.</p> <p>b. Approved the amendment of “written accounting systems”.</p> <p>c. Approved the amendment of Implementation Report for the Sound Business Plan and estimation of Income Statement.</p> <p>d. Approved the subscription of the AmMax Bio, Inc. cash capital increase. based on potential business collaboration opportunities and financial investment considerations.</p> <p>e. Approved to grant 2022 Employee Stock Options to employees.</p> <p>f. Approved to grant 2023 1st Employee Restricted Stock Awards to employees</p>   |                                |  |
| 2024/03/08<br>The 13th meeting of the 5th board | <p>a. Approved the CPAs replacement due to PricewaterhouseCoopers Taiwan internal organization adjustment.</p> <p>b. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.</p> <p>c. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.</p> <p>d. Adoption of the 2024 1st Employee Restricted Stock Awards.</p> <p>e. Approved the Company will raise capital through private placements of common shares.</p> <p>f. Approved to sign the contract with clinical CRO and the relevant companies for Phase III clinical trial of the EG1206A.</p> |                                |  |

(B). In addition to said circumstances, any other matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing: None.

B. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance, and voting should be specified:

| Date of Meeting | Name                       | Meeting Agenda  | Causes for avoidance  | Result of Voting |
|-----------------|----------------------------|---|---|------------------|
| 2023/01/16      | Lee-Cheng Liu              | a. Approved the motion of distribution of year-end bonuses for the managers.  | Excused from the discussion and resolution of this agenda item pursuant to paragraph 3 of Article 206 of the Company Act. |                  |
| 2023/03/10      | Lee-Cheng Liu              | a. Adoption of the 2023 1 <sup>st</sup> and 2 <sup>nd</sup> Employee Restricted Stock Awards.                       |   |                  |
|                 | Chun Fu Lu<br>Yu-Ting Chen | a. Release the prohibition on directors or representatives of directors from participation in competitive business. |   |                  |
| 2023/08/08      | Hsiu-Hui Chen              | a. Release the prohibition on directors or representatives of directors from participation in competitive business. |   |                  |
| 2023/11/09      | Lee-Cheng Liu              | a. Adoption of the 2023 2 <sup>nd</sup> Employee Restricted Stock Awards.   |   |                  |
|                 | Chun Fu Lu                 | a. Release the prohibition on directors or representatives of directors from participation in competitive business. |   |                  |

C. Conducting Evaluations of Board Performance

| Evaluation cycle            | Evaluation period                      | Evaluation scope  | Evaluation method  | Evaluation content  |
|-----------------------------|--|---|--|---|
| Conducting once a year      | January 1st—December 31st, 2023        | Board of Directors, individual board member, and functional committees (including Remuneration Committee and Audit Committee) | Internal self-evaluation of the board of directors and self-evaluation of directors        | <p>a. Performance evaluation of the board of directors: Include the degree of participation in the company's operations, the decision-making quality of the board of directors, the composition and structure of the board of directors, the selection and continuous education of directors, internal control, etc.</p> <p>b. Performance evaluation of individual directors: Include grasping the company's objectives and tasks, recognition of directors' responsibilities, level of participation in the company's operations, internal relationship management and communication, expertise and continuous education of directors, internal control, etc.</p> <p>c. Performance evaluation of functional committees: the degree of participation in the company's operations, the recognition of functional committee's responsibilities, the decision-making quality of functional committees, the composition of functional committees and the selection of members, internal control, etc.</p> <p>d. The Board, Boardmembers, and functional committees (including Remuneration Committee and Audit Committee) received a self-assessment score over 90.</p> |
| Conducting once three years | October 1st, 2021—September 30th, 2022 | Conducting Evaluations of Board Performance   | Appointment of the external professional institutions: Taiwan Investor Relations Institute | <p>a. The organization and professional development of the Board.</p> <p>b. Quality of decision-making of the Board.</p> <p>c. The performance result of the Board.</p> <p>d. Internal control and risk management.</p> <p>e. Level of participation in corporate social responsibility by the Board.</p>   |

D. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., the establishment of the Audit Committee, improvement of information disclosure transparency) and measures taken toward achievement:

- (A) The board of directors is composed of ten directors (including four independent directors) with rich academic and industry experience. The board of directors follows the "Standards of the Board of Directors' Procedures" and the "Management Measures for the Operation of the Board of Directors' Procedures", and regularly reviews and discusses various business development plans.
- (B) The PwC accountants attended the board meeting, provided taxation and legal information and suggestions, and reported the quarterly financial report inspection results to the directors.
- (C) EirGenix establishes Audit Committee and to strengthen the effectiveness of internal control. In addition to helping independent directors fully understand the financial report review, they can also conduct substantive supervision through the

disclosure and exchange of financial information and build an appropriate and comprehensive risk management supervision mechanism.

(D) EirGenix has elected 4 Independent Director and set up a Remuneration Committee, and an Audit Committee. In 2022, set up the Corporate Governance Committee.

(E) EirGenix has set up the spokesman and vice spokesman system and disclosed the financial and business information on the Market Observation Post System and the corporate website according to laws and regulations.

## (2) Operation of Audit Committee

### A. Information of Audit Committee Operation:

A total of 5 (A) meetings of the Audit Committee were held in 2023. The attendance of independent directors was as follows:

| Title                | Name             | Attendance in Person(B) | By Proxy | Attendance rate (%)<br>【B/A】 |
|----------------------|------------------|-------------------------|----------|------------------------------|
| Independent Director | Ming-Thaur Chang | 5                       | 0        | 100                          |
| Independent Director | Po-Chih Chen     | 5                       | 0        | 100                          |
| Independent Director | Fu-Shiow Yin     | 5                       | 0        | 100                          |
| Independent Director | Ming-Shen Chen   | 5                       | 0        | 100                          |

A total of 1 (A) meetings of the Audit Committee was held by the end of March 2024. The attendance of directors was as follows:

| Title                | Name             | Attendance in Person(B) | By Proxy | Attendance rate (%)<br>【B/A】 |
|----------------------|------------------|-------------------------|----------|------------------------------|
| Independent Director | Ming-Thaur Chang | 1                       | 0        | 100                          |
| Independent Director | Po-Chih Chen     | 1                       | 0        | 100                          |
| Independent Director | Fu-Shiow Yin     | 1                       | 0        | 100                          |
| Independent Director | Ming-Shen Chen   | 1                       | 0        | 100                          |

Other mentionable items:

(A) In any of the following circumstances, the dates of the meetings, sessions, contents of motion, audit committee's resolutions, and the company's response to the audit committee's opinion should be specified:

a. The circumstances referred to in Article 14-5 of the Securities and Exchange Act:

| Date and Term of Meeting                      | Contents of Motion   | Audit Committee's Resolutions | The Company's Response to Audit Committee's Opinion |
|---|--|-------------------------------|---|
| 2023/03/10<br>The 7th meeting of the 3rd term | a. Accept 2022 Financial Statements and Business Report.<br>b. Ratification of the 2022 Deficit Offset Proposal.<br>c. Approved the motion of issuance of the 2022 Declaration of Internal Control System of the Company.<br>d. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.<br>e. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.<br>f. Approved the CPAs previously approved as the Independent Auditors, the CPA firms, and affiliates to render non-assurance services to the Company and the subsidiaries.<br>g. Approved the amendment to the Article of the Company.<br>h. Approved the amendment to the Regulations Governing Procedure for Board of Directors Meetings.<br>i. Adoption of the 2023 1 <sup>st</sup> and 2 <sup>nd</sup> Employee Restricted Stock Awards. | Consent                       | Approved as proposed                                |



| Date and Term of Meeting                       | Contents of Motion  | Audit Committee's Resolutions | The Company's Response to Audit Committee's Opinion |
|--|---|-------------------------------|---|
|  | <ul style="list-style-type: none"> <li>j. Approved the Company will raise capital through private placements of common shares.</li> <li>k. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> <li>l. Approved to grant 2022 Employee Stock Options to employees.</li> </ul>   |                               |   |
| 2023/05/10<br>The 8th meeting of the 3rd term  | <ul style="list-style-type: none"> <li>a. Accept 2023 Q1 Financial Statements.</li> <li>b. Approved to grant 2022 Employee Stock Options to employees.</li> </ul>   |                               |   |
| 2023/08/08<br>The 9th meeting of the 3rd term  | <ul style="list-style-type: none"> <li>a. Accept 2023 Q2 Financial Statements.</li> <li>b. Approved to formulate "Operational Procedure for Preparation and Validation of the Sustainability Report".</li> <li>c. Approved to grant 2022 Employee Stock Options to employees.</li> <li>d. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> </ul>  |                               |   |
| 2023/11/09<br>The 10th meeting of the 3rd term | <ul style="list-style-type: none"> <li>a. Accept 2023 Q3 Financial Statements.</li> <li>b. Approved the amendment of "IA-18 Implementation of authorization" and "deputy systems and Approval Authority Form".</li> <li>c. Approved the Production Line Expansion and Production Equipment at Zhubei Facility. (Budget Increase)</li> <li>d. Approved to grant 2022 1st Employee Restricted Stock Awards to employees.</li> <li>e. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</li> </ul>   |                               |   |
| 2023/12/22<br>The 11th meeting of the 3rd term | <ul style="list-style-type: none"> <li>a. Approved to formulate "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and amend "Management of Affiliated Enterprises Transaction".</li> <li>b. Approved the amendment of "Written Accounting Systems".</li> <li>c. Approved the Internal Audit Plan for the fiscal year 2024.</li> <li>d. Approved the operation plan for the fiscal year 2024.</li> <li>e. Approved the amendment of Implementation Report for the Sound Business Plan and estimation of Income Statement.</li> <li>f. Approved to grant 2022 Employee Stock Options to employees.</li> <li>g. Approved to grant 2023 1st Employee Restricted Stock Awards to employees</li> </ul> |                               |   |
| 2024/03/08<br>The 12th meeting of the 3rd term | <ul style="list-style-type: none"> <li>a. Accept 2023 Financial Statements and Business Report.</li> <li>b. Ratification of the 2023 Deficit Offset Proposal.</li> <li>c. Approved the CPAs replacement due to PricewaterhouseCoopers Taiwan internal organization adjustment.</li> <li>d. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.</li> <li>e. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.</li> <li>f. Approved the motion of issuance of the 2023 Declaration of Internal</li> </ul>   |                               |   |

| Date and Term of Meeting | Contents of Motion   | Audit Committee's Resolutions | The Company's Response to Audit Committee's Opinion |
|--------------------------|--|-------------------------------|---|
|                          | Control System of the Company.<br>g. Adoption of the 2024 1 <sup>st</sup> Employee Restricted Stock Awards.<br>h. Approved the Company will raise capital through private placements of common shares. |                               |   |

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

(B) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance, and voting should be specified: None.

(C) Communications between the independent directors, the Company's chief internal auditor, and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.):

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

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

The Company has invited the Independent Auditors to sit in the meetings of the Audit Committee and the Board as observers at least 4 times as year (2023/3/10, 2023/5/10, 2023/8/8, 2023/11/19) for engagement in discussion and review the audit or review result of the quarterly reports and annual financial statements, significant accounting standards and interpretation, applicable legal rules governing securities, and tax law. The internal auditor communicated in the meeting with the independent directors and the CPAs on 2023/11/9, and the topic is the explanation of the risk assessment and key audit issues of the Company in terms of the AQI (Audit Quality Indicators). The conclusion suggested closer attention to key audit issues. In addition to the key point of AQI, independent director suggested the sharing the information through the CPAs to guide the company to attach importance to shareholder's right and ESG.

(D) The powers of the Committee are as follows:

- The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- Annual and semi-annual financial reports.
- Other material matters as may be required by this Corporation or by the competent authority.



B. EirGenix established the Audit Committee to replace supervisors on June 12, 2018

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

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

| Evaluation Item  | Implementation Status |   |  | Deviations from<br>“Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies” and<br>Reasons |
|--|-----------------------|---|--|---|
|  | Y                     | N | Abstract Illustration  |   |
| 3. Composition and Responsibilities of the Board of Director<br><br>(1) Does the Board develop and implement a diversified policy for the composition of its members?  | ✓                     |   | Please refer to this Annual Report – E. Diversity and independence of the Board of Directors.  | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |
| (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?  | ✓                     |   | EirGenix has set up a Remuneration Committee in 2016, an Audit Committee in 2018, and Corporate Governance Committee in 2022. EirGenix will set up other types of functional committees as required by operational development.  | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |
| (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? | ✓                     |   | <p>On November 11, 2020, the Board of Directors formulated the performance evaluation method for the Board of Directors, specifying that external evaluation shall be carried out at least once every three years.</p> <p>EirGenix conducts performance evaluations regularly every year. As recently as March 8, 2024, the Board of Directors submitted a 2023 internal self-assessment of the Board of Directors, assessing 45 items around the degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, the composition, and structure of the Board of Directors, the election of directors and their continuing education, and internal controls with an average score of more than 90 points, good performance and no major matters to be improved.</p> <p>The Company has retained Taiwan Investor Relations Institute to evaluate the Board in performing its function. The evaluation period was 2021/10/1 to 2022/9/30 and the reporting day was 2022/11/11. The summary of the report has been presented to the Boards on 2023/3/10. The overall condition and recommendation are specified as follows:</p> <p>A. Establishment of the functional committees for the “Sustainable Development Committee”:</p> <p>Assist the Board in the ongoing advocacy and intensification of sustainable development and corporate governance pertinent to corporate social responsibility and review the allocation of corporate sources and performance from a higher altitude, and how to systematically connect with and present the ESG Sustainability Report. These will be essential for vitalizing the function of the Board in monitoring and bolstering management mechanisms.</p> <p>B. Early scheduling of the Board meetings and the key issues of the agenda of the year:</p> | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |

| Evaluation Item   | Implementation Status |   |   | Deviations from<br>“Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies” and<br>Reasons |
|---|-----------------------|---|---|---|
|   | Y                     | N | Abstract Illustration   |   |
|   |                       |   | <p>There are far too many motions proposed in the sessions of the Board and these motions always entail professional content. The early planning of the schedule allows the Directors who do not participate in the routine operation of the Company understand the operation strategy, policy and progress of the Company systematically in full-range and helps to enhance the functional performance of the Board.</p> <p>C. In other words, it should be high time to prepare the 2022 consolidated financial statements and the schedule in compliance with applicable laws (presentation of unaudited financial statements to the Board for resolution within 75 days after the conclusion of the fiscal year).</p>   |   |
| (4) Does the company regularly evaluate the independence of CPAs? | ✓                     |   | <p>The Audit Committee of the Company consult the AQIs annually for the assessment of the independence and competence of the certified public accountants (CPAs) retained as Independent Auditors and present the assessment report to the Board. There are 17 AQIs including the following dimensions:</p> <p>A. The CPAs do not have any direct or indirect financial interest with the Company, and do not share any benefit.</p> <p>B. There is no undue related between the CPAs and the Group in terms of conflict of interest, financing, or acceptance of kickback.</p> <p>C. The CPAs do not hold any stock or other securities issued by the Group.</p> <p>D. The CPAs do not hold any concurrent positions of the Group.</p> <p>E. No CPA has ever been retained by the Company for more than 7 years and the audit fee is justifiable.</p> <p>F. Annual declaration of the independence of CPAs.</p> <p>G. The CPAs have not been subject to disciplinary action or administrative penalty.</p> <p>H. The stability of audit and taxation staff, provide quality service, conforming to time limit requirement and update information on applicable laws.</p> <p>I. The communication between CPAs and the Directors and Management is good.</p> <p>J. The CPAs have presented recommendation to the system and internal control of the Group and assess and monitor the inherent and potential risks.</p> <p>K. The Board and the Audit Committee assessed the independence of Sheng-Wei Teng and Yu-Fang Yan,</p> | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |

| Evaluation Item  | Implementation Status   |   |   | Deviations from<br>“Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies” and<br>Reasons |
|--|---|---|---|---|
|  | Y   | N | Abstract Illustration   |   |
|  |   |   | CPAs of PwC Taiwan on 2024/03/08, and confirmed that they are conforming to the aforementioned requirements in independence and competence and are retained as our Independent Auditors for certification.  |   |
| 4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)? | ✓   |   | <p>On May 12, 2021, the Board of Directors approved the appointment of Chief Financial Officer Hsiu-Chuan Yang, who has more than three years of experience in the position of head of finance and stock affairs in public issuing companies, as the head of corporate governance to protect the equities of shareholders, strengthen the functions of the Board of Directors, and be responsible for affairs related to corporate governance jointly with the Finance Department.</p> <p>The head of corporate governance main duties includes the following items:</p> <p>A. Handling matters relating to board meetings and shareholders meetings according to laws.</p> <p>B. Assisting in onboarding and continuous development of directors.</p> <p>C. Furnishing information required for business execution by directors.</p> <p>D. Assisting directors with legal compliance.</p> <p>E. Report to the Board on review result of the Independent Directors at the time of their nomination, election, and eligibility within the term of office.</p> <p>F. Processing the change in Directors.</p> <p>G. Other matters set out in the articles or corporation or contracts.</p> | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |
| Manager of Corporate Governance Directors’ training records  |   |   |   |   |
| Date   | Learning institutions   |   | Course Title  | Hours   |
| 2023/04/13   | Taiwan Academy of Banking and Finance                           |   | Corporate Governance Lectures   | 3   |
| 2023/08/02   | Chinese Association of Business and Intangible Assets Valuation |   | Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis   | 3   |
| 2023/08/09   | Taipei Exchange   |   | Orientation of the Insider Equity for TPEX and Emerging Stock Market Listed Company   | 3   |
| 2023/08/16   | Taiwan Investor Relations Institute                             |   | The Practice of Corporate Mergers and Acquisitions at Home and Abroad   | 3   |
| 5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues  | ✓   |   | EirGenix has set up the spokesman and vice spokesman system and disclosed the financial and business information on the Market Observation Post System and the corporate website according to laws and regulations, designated dedicated personnel responsible for properly responding to important issues regarding corporate social responsibility concerned by stakeholders, and set up a stakeholder's area on  | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |

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



| Evaluation Item  | Implementation Status |   |  | Deviations from<br>“Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies” and<br>Reasons |
|--|-----------------------|---|--|---|
|  | Y                     | N | Abstract Illustration  |   |
|  | ✓                     |   | (3) Supplier relationship:<br>EirGenix has set up a supplier management policy whose cooperation with suppliers complies with laws and regulations, and contracts to safeguard the rights of both parties.   | Compliant with “the<br>Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies”             |
| <p>(4) Directors’ training records in 2023:</p> <p>A. Chairman- Lee-Cheng Liu: Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis, The Practice of Corporate Mergers and Acquisitions at Home and Abroad.</p> <p>B. Director-Hsiu-Hui Chen: Corporate Governance Lectures, The Importance of Protecting Trade Secrets and Compliance with Laws in Corporate Governance.</p> <p>C. Director-Cheng-Yu Cheng: The Duties of Loyalty and Care of Directors, Analysis and Decision-making of Corporate Financial Information and Corporate Governance with Securities Regulations.</p> <p>D. Director- Ku-Sung Weng: The Duties of Loyalty and Care of Directors, Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis</p> <p>E. Director- Chun Fu Lu: Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis, The Practice of Corporate Mergers and Acquisitions at Home and Abroad.</p> <p>F. Director-Yu-Ting Chen: The Practice of Corporate Mergers and Acquisitions at Home and Abroad, Controlled Foreign Corporation (CFC) and Global Anti-Tax Evasion.</p> <p>G. Independent Director-Ming-Thaur Chang: Greenhouse Gas Inventory and Application, the Key to ESG: Corporate Sustainability Rating Analysis.</p> <p>H. Independent Director- Po-Chih Chen: Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis, Orientation of the Insider Equity for TPEX and Emerging Stock Market Listed Company.</p> <p>I. Independent Director-Fu-Shiow Yin: Measuring Sustainable Value, the Key to ESG: Corporate Sustainability Rating Analysis, The Practice of Corporate Mergers and Acquisitions at Home and Abroad.</p> <p>J. Independent Director-Ming-Shen Chen: Corporate Governance Lectures, Orientation of the Sustainable Development Action Plans for TWSE and TPEX Listed Companies</p> |                       |   |  | Compliant with “the<br>Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies”             |
|  | ✓                     |   | (5) Status of implementation of risk management policies and risk measurement standards:<br>EirGenix has set up the risk management policies and procedures and regularly submitted them to the Board of Directors; EirGenix has operated in accordance with laws and regulations, corporate management measures, and various internal control systems, and carried out various risk assessments and controls. Report to the status of risk management at regular intervals of the year: the last report to the Board was presented on 2023/12/22. | Compliant with “the<br>Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies”             |
|  | ✓                     |   | (6) Status of implementation of customer policies:<br>EirGenix has cooperated with the client in accordance with laws and regulations, and contracts to safeguard the equities of both parties and also designated exclusive personnel responsible for client communication and contact matters.   | Compliant with “the<br>Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies”             |

| Evaluation Item   | Implementation Status |   |   | Deviations from<br>“Corporate Governance<br>Best-Practice Principles<br>for TWSE/TPEX Listed<br>Companies” and<br>Reasons |
|---|-----------------------|---|---|---|
|   | Y                     | N | Abstract Illustration   |   |
|   | ✓                     |   | <p>(7) Status of EirGenix purchasing liability insurance for Directors:</p> <p>In the Articles of Incorporation, it has been stated clearly that, within the term of the Directors, EirGenix shall purchase liability insurance for the compensation liabilities of the Directors in accordance with the law in the scope of their business. EirGenix has underwritten the Directors' Liability Insurance of US\$ 5 million to Fubon Insurance Co., Ltd.. In the future, in addition to continuing underwriting the insurance according to regulations, EirGenix will adjust the insured amount in due course according to operation needs to provide appropriate coverage.</p> | Compliant with “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”                         |
| <p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>EirGenix has been ranked among the top 5% of publicly listed companies by the Taipei Exchange Corporate Governance Evaluations.</p> <p>EirGenix will evaluate the feasibility of the strategies in the current year and future through the items that have not passed the evaluation every year in the future, obtain a balance between the policy development of the competent authority and the development of the company, and immediately promote the implementation plan for the items that can be improved at this stage.</p> |                       |   |   |   |

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

##### A. Members of Remuneration Committee

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

##### B. Information of Remuneration Committee Operation

(A) Total members of EirGenix's Remuneration Committee are four people.

(B) The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below and shall submit its recommendations for deliberation by the board of directors.

- Prescribe and periodically review the Remuneration Committee Charter.
- Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
- Periodically evaluate and prescribe the remuneration of directors and managerial officers.

(C) The current term of the Remuneration Committee is from August 11, 2022, until June 9, 2025.

A total of 4 (A) Remuneration Committee meetings were held in 2023. The attendance record of the Remuneration Committee members was as follows:

| Title            | Name             | Attendance in Person(B) | By proxy | Attendance Rate (%) 【B/A】 |
|------------------|------------------|-------------------------|----------|---------------------------|
| Convener         | Ming-Thaur Chang | 4                       | 0        | 100                       |
| Committee Member | Po-Chih Chen     | 3                       | 1        | 75                        |
| Committee Member | Fu-Shiow Yin     | 4                       | 0        | 100                       |
| Committee Member | Ming-Shen Chen   | 4                       | 0        | 100                       |

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

A total of 1 (A) meetings of the Board of Directors was held by the end of March 2024. The attendance of directors was as follows:

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

Other mentionable items:

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



enhance the Company's competitive advantage; 2. it evaluates the values of their work according to their contribution and abilities based on their responsibilities and positions to ensure fairness in the organization; 3. it rewards them for their special performance and links senior managers' remuneration with the Company's business performance to ensure individual fairness and the organization's competitiveness. The objectives of this salary policy are reviewed based on fairness, reasonableness, motivation, finance, and market competitiveness.

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

C. Nominating Committee: None.

(5) Fulfillment of ESG and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and disclosure of Climate-Related Information of the company

A. Fulfillment of ESG and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies"

| Evaluation Item   | Implementation Status |   |   | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|---|---|---|
|   | Y                     | N | Abstract Explanation  |   |
| 1. Does the company assess ESG risks associated with its operations based on the principle of materiality and establish related risk management policies or strategies? | ✓                     |   | The Board of Directors delegates the President to integrate the sustainable development concept into the Company's business strategy and lead the finance, human resources, R&D, production, and other departments to promote the Company's core spirit, namely empathy, integrity, responsibility, and global vision, while implementing corporate governance, employee care, environmental sustainability, and social charity projects, on a long-term and systematic basis. The Department of Finance has been responsible for the integration of relevant sustainable development mechanism since the Company was established and recently reported on the implementation status to the Board of Directors on March 8, 2024. The management team reports on the progress of the financial business and devises and regularly reviews business strategy at each Board meeting. | None.   |

| Evaluation Item      |   | Implementation Status  |   | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons   |
|----------------------|---|--|---|---|
|                      |   | Y  | N |   |
|                      |   |  |   | Former Chairman Chung-Hur Lee was appointed the Chief Corporate Sustainable Development Officer and established the Greenhouse Gas Inspection Committee in 2022; planned to complete greenhouse gas inspection and confirmation in 2023, which is ahead of schedule.  |
| 2.                   | Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | ✓  |   | The Company’s and our subsidiaries’ main operational sites and sustainable development performance are within the boundaries of risk assessment. Our risk management organization evaluates the concern about and impact of corporate sustainability and risks in the aspects of environment, society, and corporate governance as per the GRI Standards, the Company’s business characteristics, and factors of internal and external environments and stakeholders. The management team formulates management policies after discussions to reinforce our business advantages and risk control. Each operating unit completed the planning of implementation of risk countermeasures and reported them to the Board of Directors. |
| Environment          | Environment and Management  | (1) EirGenix’s Zhubei plant has passed the review by the FDA and obtained an EIR before the drug launch.<br>(2) Granted Accreditation Certificate of Foreign Drug Manufacturer by Japan MHLW, with the accreditation category of "biological products" and effective date from 2022/10/24 to 2027/10/30.<br>(3) Obtains ISO14001 (Certificate No. ARES/TW/I2211076E), the effective date from 2022/11/24 to 2025/11/23.<br>(4) EirGenix has made great efforts in energy conservation and sustainable environmental development and has incorporated the concept of green building into the plant in Zhubei. In 2020, EirGenix obtained the Green Building Certificate (Green Building Certificate No.: GB-GF-01-00055). |   |   |
| Social               | Safe Working Environment  | (1) Obtains ISO45001 Occupational Health and Safety (Certificate No. OHS751791), the effective date from 2021/11/09 to 2024/11/08.<br>(2) Arranges the employee health examination and holds public health and safety training, firefighting drill and the education training relevant GMP regularly.  |   |   |
|                      | Products and services comply with relevant laws and international standards   | EirGenix has designated exclusive personnel responsible for client contacts, and the responsible unit has set up the processing standards to regularly supervise the implementation results, implement product improvement and strengthen service processes.   |   |   |
| Corporate Governance | Legal   | We ensure that our personnel duly comply with laws and regulations by establishing a governance organization and implementing the internal control system.   |   |   |
|                      | Strengthen the functions of directors   | (1) Keep updated on the revision of laws and regulations, review various internal norms, and follow laws and regulations to reduce the risk of violations.<br>(2) EirGenix has underwritten the Directors' Liability Insurance of US\$ 5 million to Fubon Insurance Co., Ltd. In the future, in addition to continuing underwriting the insurance according to regulations, EirGenix will adjust the insured amount in due course according to operation needs to provide appropriate coverage.  |   |   |

| Evaluation Item   |                    | Implementation Status |   |   |                          | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |                     |         |
|---|--------------------|-----------------------|---|---|--------------------------|---|---------------------|---------|
|   |                    | Y                     | N | Abstract Explanation  |                          |   |                     |         |
|   | Stakeholder rights |                       |   | (1) We identify the issues various stakeholders are concerned about and include them in the work plan in a timely manner through the positive interaction with them, while providing appropriate responses.<br>(2) EirGenix has established the stakeholders’ communication mailbox IR@EirGenix.com, and designed the spokesperson and vice spokesperson to be the external communication channel.  |                          |   |                     |         |
| 3. Environmental issues   |                    |                       |   |   |                          |   |                     |         |
| (1) Does the company establish proper environmental management systems based on the characteristics of their industries?  | ✓                  |                       |   | As a professional drug R&D and production company, EirGenix has established perfect environmental management systems and implemented them. On February 3, 2020, EirGenix received PMDA's official approval in its issued GMP Compliance Inspection Result Notification, proclaiming EirGenix's compliance with relevant Japanese regulations regarding the quality, effectiveness, and safety of pharmaceutical manufacturing, which represented a remarkable milestone for EirGenix as the GMP biopharmaceutical manufacturing facility to receive the authority's approval. EirGenix’s Zhubei plant has passed the review by the FDA and obtained an EIR before the drug launch. EirGenix passed the review by the TGA in 2023. |                          | None.   |                     |         |
| (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?   | ✓                  |                       |   | EirGenix belongs to the pharmaceutical research and development industry, which basically does not use materials with high impact on environmental load; Moreover, since its establishment, EirGenix has adhered to relevant government environmental protection laws and policies and been committed to improving the efficiency of resource utilization.  |                          | None.   |                     |         |
| (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business and take appropriate action to counter climate change issues?   | ✓                  |                       |   | The President leads all employees to assess climate change and business operations, with a focus on environmental regulations, rising raw material costs, and increased greenhouse gas (GHG) emissions and to devise measures for development green buildings, carbon information disclosure, energy management, and resource reuse, with the aim of minimizing the impact of our operating activities on the environment, and reports regularly to the Board of Directors.   |                          | None.   |                     |         |
| (4) Does the company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management? | ✓                  |                       |   | Unit: tons  |                          | None.   |                     |         |
|   |                    |                       |   | Year  | Water Consumption        |   |                     |         |
|   |                    |                       |   | 2023  | 95,893.97                |   |                     |         |
|   |                    |                       |   | 2022  | 73,953.05                |   |                     |         |
|   |                    |                       |   | Weight of Waste   |                          |   | Unit: mt            |         |
|   |                    |                       |   | Year  | Hazardous waste          |   | Non-hazardous waste | Total   |
|   |                    |                       |   | 2023  | 7.3638                   |   | 49.0784             | 56.4422 |
|   |                    |                       |   | 2022  | 7.9286                   |   | 75.4426             | 83.3712 |
|   |                    |                       |   | Unit: mt  |                          |   |                     |         |
|   |                    |                       |   | Year  | Greenhouse Gas Emissions |   |                     |         |
|   |                    |                       |   | 2023  | 13,837.61                |   |                     |         |
|   |                    |                       |   | 2022  | 11,594.94                |   |                     |         |

| Evaluation Item   | Implementation Status |   |  | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|---|--|---|
|   | Y                     | N | Abstract Explanation   |   |
| Policy on energy conservation and carbon reduction, GHG reduction, water consumption reduction, or other waste management:  |                       |   |  |   |
| (1) The primary source of power consumption for the Company is electricity. The Company will save energy through (1) continued power monitoring and control system, (2) voluntary management of power consumption units, (3) introduction of energy efficient and green equipment, and (4) effective adjustment of production scheduling to enhance the efficient use of power and avoid unnecessary waste.   |                       |   |  |   |
| (2) In responding to global climate change, stabilization of water supply emerged as an issue confronting all countries. The Company seeks to pursue its corporate social responsibility and respond to the issue of global water shortage through (1) the continued water consumption monitoring and control system, (2) recycling and reuse of water emitted from pure water system, (3) effective adjustment of production scheduling to reduce the water productivity intensity (total water consumption volume/production value at US million) with the expectation of tackling the challenge from climate change in joint action with enterprises of the world. |                       |   |  |   |
| (3) Regularly review climate change-related regulations, establish an internal mechanism for greenhouse gas inventory, and integrate carbon emission information.   |                       |   |  |   |
| (4) EirGenix belongs to the pharmaceutical research and development industry, which basically does not use materials with high impact on environmental load; Moreover, since its establishment, EirGenix has adhered to relevant government environmental protection laws and policies and been committed to improving the efficiency of resource utilization. Mitigate the impacts of products on the environment and engage in joint venture with academic units in the development of material for disposable items that could possibly be recycled and reused.  |                       |   |  |   |
| (5) Management of toxic substances: duly observe the rules and regulations governing toxic and chemical items of concern and make all functional units staffed with toxic substances management personnel. In addition, the Company keeps track on the volume of toxic substances in the operation with proper marking of the storage zones and operation areas. All these facilities and areas will be controlled by locking.  |                       |   |  |   |
| 4. Social issues<br>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?   | ✓                     |   | In order to fulfill the corporate social responsibility and implement the protection of human rights, with reference to the principles enshrined in international human rights conventions such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, EirGenix has respected the basic internationally-recognized human rights and formulated human rights policies applicable to EirGenix, to prevent violations of human rights, provide reasonable and safe workplaces and enable the current colleagues to obtain reasonable and dignified treatment. | None.   |
| The Company's human rights policy and specific management program are as follows:   |                       |   |  |   |
| (1) Diversity, inclusion, and equal opportunity:<br>In terms of recruitment, remuneration and benefits, training, performance evaluation, promotion, resignation, or retirement, the Company treats all employees and job applicants equally regardless of their socioeconomic status, age, gender, sexual orientation, marriage, family status, disabilities, race, religion, appearance, nationality, language, political affiliation, or pregnancy. We also provide effective and appropriate grievance mechanisms and diverse communication channels to avoid situations that endanger employees’ rights and interests, thereby achieving equal employment.       |                       |   |  |   |
| (2) Against forced labor and child labor:<br>To ensure compliance with corporate social responsibility and ethical standards, the Company's regulations on normal working hours and extended working hours, leave, paid leave, and other types of leave are in compliance with labor laws. We do not force employees to perform labor services. The Company complies with the local regulations on the minimum working age and does not employ child workers.   |                       |   |  |   |
| (3) Physical and psychological health, work balance, and a safe work environment:<br>The Company attaches great importance to safety and health in the workplace for employees to work in a healthy, safe, and humane environment with a healthy body and mind. The Company encourages employees to participate in health promotion activities and set up their own clubs to bond   |                       |   |  |   |

| Evaluation Item  | Implementation Status |   |  | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|---|--|---|
|  | Y                     | N | Abstract Explanation   |   |
| through club activities. In addition to holding the year-end party, cycling, and basketball games to balance their life and help them bond, the Company has installed fitness equipment for them to use after work.  |                       |   |  |   |
| (4) The Company has established the policies for the prevention of sexual harassment at workplace and the regulations governing reporting on complaints to protect the employees, dispatched personnel and applicants for jobs from sexual harassment and provide them a workplace free of such harassment. The Company also adopts proper measures to prevent, correct, punish and respond any misconduct of this kind and protect the right and privacy of the complainants. |                       |   |  |   |
| (5) The company values the opinions and thoughts of all circles and devotes itself to providing open and transparent channels. The company has complaint telephone, mailbox, quarterly labor management meetings. Employees may reflect various problems regarding organization, system and working environment through different channels to carry out our diversified voice response and valuation.  |                       |   |  |   |
| (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?   | ✓                     |   | EirGenix has formulated and implemented reasonable employee welfare measures, which can be detailed in the explanation of V. Labor Relations of this annual report.<br><br>EirGenix has also appropriately reflected the operating performance and results in the salaries of employees, has set up bonuses associated with the performance target achievement of employees, departments, and company, and has also issued employee stock options associated with in-service seniority, restricted stock awards associated to the corporate objectives at various stages, and cash capital increase to retain employee stock options, so as to share the corporate operation performance with employees. | None.   |
| (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?   | ✓                     |   | EirGenix has attached great importance to providing a healthy and safe working environment, regularly organized public safety and health, GMP-related educational training, arranged physical examination and group insurance for employees to ensure the safety and health of employees, and also provides the COVID-19 rapid test kit for employee to reduce the infection risk. EirGenix obtains ISO45001 Occupational Health and Safety (Certificate No. OHS751791) in 2021.   | None.   |
| No occupational accident took place in 2023 and 2022. Occupational security education and training over the past two years:  |                       |   |  |   |
| Site   | Year                  |   | Number of training sessions  | Number of attendees for the training  |
| Zhubei   | 2023                  |   | 982  | 1,905   |
|  | 2022                  |   | 777  | 1,313   |
| Xizhi  | 2023                  |   | 515  | 1,066   |
|  | 2022                  |   | 383  | 629   |
| (1)Employee safety and health:   |                       |   |  |   |
| A. On the first day when employees enter the Company, they will receive the first-day training; the Company will hold safety education and training for at least 3 hours each time at least twice a year. The training mainly covers fire escape drills, emergency drills for poisoning disasters, basic knowledge of occupational safety, and chemical classification management.   |                       |   |  |   |
| B. We provide adequate personal protective equipment according to the needs in the work environment.   |                       |   |  |   |
| C. Arrange monthly health check-ins by nurses for colleagues, and also quarterly visits by occupational physicians to the workplace for health consultations. These initiatives provide colleagues with advice on health matters and care for their physical and mental well-being. Additionally, regular health seminars are scheduled, along with weekly distribution of health newsletters via email, fostering a healthy and comfortable work environment for colleagues.  |                       |   |  |   |



| Evaluation Item  | Implementation Status |   |  | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|---|--|---|
|  | Y                     | N | Abstract Explanation   |   |
| <p>D. Each employee undergoes a comprehensive health examination every two years, while employees engaged in special operations undergo a special health examination annually in accordance with the Occupational Safety and Health Act.</p> <p>E. Regular occupational safety and GMP (Good Manufacturing Practices) related educational training sessions are held to enhance the safety and health awareness and capabilities of all staff in the factory.</p> <p>(2)Work environment:</p> <p>A. Every six months, regular workplace environment monitoring is conducted for employees and the work environment. Testing items include illumination, carbon dioxide levels, noise, high temperatures, chemical operations, etc., ensuring that colleagues operate in a safe and harmless environment.</p> <p>B. Daily inspections of the entire factory area are conducted, along with scheduled audits and periodic inquiries to staff about areas needing improvement, eliminating hazards and uncertainties, and providing colleagues with a safe environment.</p> <p>C. Reserved parking spaces for female colleagues who are pregnant or within one year postpartum are provided to create a friendly environment. Additionally, lactation rooms are set up within the factory, with allotted time for breastfeeding, ensuring peace of mind and dedicated space for breastfeeding mothers during work hours.</p> <p>To provide an account of the number of fire incidents, casualties, and the ratio of casualties to the total number of employees for the current year, as well as the corresponding improvement measures in response to fires: No related incidents occurred</p> |                       |   |  |   |
| (4) Does the company provide its employees with career development and training sessions?  | ✓                     |   | The employees have been performing to achieve their annual targets based on their personal strength. The supervisors will also provide advice and guidance; EirGenix organized internal education and training regularly and encouraged employees to participate in external educational training or continue their studies to enhance their self-ability. In September 2017, EirGenix established the "EIRGer's Learning Center," planning diversified internal training courses every year. The key learning focus is on professional, technical orientation, supplemented by management and core functions.                     | None.   |
| (5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?  | ✓                     |   | EirGenix will follow the relevant regulations and international standards on the advertisement, labeling of products and services, customer health and safety, and client privacy When the self-owned products come into the market, EirGenix will formulate the customer protection policies and appealing procedures; In addition, for CDMO of bio-pharmaceuticals, EirGenix has designated exclusive personnel responsible for client contacts, and the responsible unit has set up the processing standards to regularly supervise the implementation results, implement product improvement and strengthen service processes. | None.   |
| (6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health, and safety, or labor and human rights?  | ✓                     |   | EirGenix has established the procedures for the assessment and management of suppliers in 2020 and specify in the contracts with the suppliers that all shall duly observe applicable laws governing labor, human right, environmental protection, safety and health, and environment and the society, or provide related declarations for the upgrade of sustainable development of the enterprises as the goal. In addition, the Company also includes environmental, occupational safety and health management, technical skills and supply capacity evaluation as management measures for the screening of contractors.        | None.   |

| Evaluation Item   | Implementation Status |                      |   | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons  |
|---|-----------------------|----------------------|---|--|
|   | Y                     | N                    | Abstract Explanation  |  |
| 5. Does the company reference internationally accepted reporting standards or guidelines and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?   | ✓                     |                      | EirGenix published the Corporate Social Responsibility Report based on the GRI Standard in 2023 and uploaded to MOPS and company website. EirGenix will continue the compilation of the report in 2024 and will appoint a third-party accreditation institution for assurance inspection. | None.  |
| 6. Describe the difference, if any, between actual practice and the corporate social responsibility principles if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:<br>EirGenix has formulated the corporate social responsibility principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and EirGenix has operated in accordance with relevant laws and regulations without significant difference                     |                       |                      |   |  |
| 7. Other useful information for explaining the status of corporate social responsibility practices:<br>With the corporate spirit indicators of Empathy, Integrity, Responsibility, and Global Vision, all employees of EirGenix shall follow this indicator spirit to practice corporate social responsibility.<br><ul style="list-style-type: none"><li>The specific benefits of investing in energy-efficient or green energy-related environmentally sustainable machinery and equipment, as well as investing in country's green energy peripheral industries, are as follows</li></ul> |                       |                      |   |  |
| Investment equipment  |                       | Investment amount    |   | Investment benefits  |
| Chiller Unit  |                       | NT\$ 4,220 thousands |   | In 2023, the Company invested in the construction of a new chiller unit, opting for equipment rated at performance level 1, which compared to previous installations using performance level 2 equipment: <ul style="list-style-type: none"><li>Energy Savings: 175,173 kWh per year</li><li>Reducing energy consumption by 630,622.8 million joules</li><li>Reduction of 86.71 metric tons CO2e</li></ul> |

## B. Climate-Related Information of TWSE/TPEX Listed Company

### (A) Implementation of Climate-Related Information

| Item  | Implementation status   |
|---|---|
| 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. | <p>The board of directors has authorized the general manager to integrate sustainable development into the business strategy, guiding each department with corporate core values such as Empathy, Integrity, Responsibility, and Global Vision. This initiative aims to promote corporate governance, employee well-being, environmental sustainability, and social welfare. Company employees are expected to adhere to these values in order to fulfill their corporate social responsibility.</p> <p>In active cooperation with Taiwan government commitment to achieving net-zero carbon emissions by 2050, EirGenix officially adopted the Task Force on Climate-related Financial Disclosures (TCFD) and established the TCFD Risk Management Task Force starting in 2023. The company follows the four frameworks of TCFD, conducting discussions on climate governance, strategy, risk management, and goal setting. Additionally, climate-related issues are incorporated into the risk management process. The TCFD Risk Management Task Force will hold regular meetings to monitor, assess, and discuss climate risks. It</p> |

| Item   | Implementation status   |          |                           |         |  |         |  |         |  |
|--|---|----------|---------------------------|---------|--|---------|--|---------|--|
|  | will also provide an annual report to the Board of Directors on the regulation, assessment, and implementation outcomes related to climate risks.   |          |                           |         |  |         |  |         |  |
| 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | EirGenix adheres to the TCFD framework in order to identify risks and opportunities that affect its business, strategy, and financial planning. The relevant departments define and list these risks and opportunities. EirGenix considers the climate scenarios RCP 2.6, RCP 4.5, and RCP 8.5 as defined by the Intergovernmental Panel on Climate Change (IPCC). The Company conducts risk assessments to evaluate transition risks, acute physical risks, and chronic physical risks. These assessments identify and analyze climate risks and opportunities within the company's operational scope, taking into account short, medium, and long-term perspectives.  |          |                           |         |  |         |  |         |  |
| 3. Describe the financial impact of extreme weather events and transformative actions.   | <p>Based on observation data from the weather stations of the Central Weather Administration, the average annual temperature in Taiwan has risen by approximately 1.6°C over the past 110 years (1911-2020). Furthermore, there has been an accelerating trend of warming in the past 50 and 30 years. Based on the scenario which are the temperatures in different regions of Taiwan are expected to continue increasing in the future. Under the worst-case scenario of global warming (SSP5-8.5), the average temperature in the middle and end of the 21st century may rise by more than 1.8°C and 3.4°C, respectively. Under the ideal mitigation scenario (SSP1-2.6), the temperature may increase by 1.3°C and 1.4°C to simulate the potential negative impacts on our company due to extreme weather events in the mid-21st century (2050), and the results are as follows:</p> <table> <tr> <th>Scenario</th><th>Potential Climate Impacts</th></tr> <tr> <td>RCP 2.6</td><td> <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by over 2.2°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment.</li> <li>A rise in rainfall can potentially cause flooding, particularly with a nearly 10% increase in maximum rainfall. Insufficient drainage facilities near the factory area may result in the flooding of factory buildings or damage to raw materials, finished products, and equipment.</li> </ul> </td></tr> <tr> <td>RCP 4.5</td><td> <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by 2.5°C and 2.8°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment. Moreover, with the longer duration of high temperatures in recent summers, it may be necessary to enhance ventilation and air conditioning systems to safeguard employees from heatstroke. However, this will lead to increased electricity expenses and equipment maintenance costs.</li> <li>The increase in average rainfall may lead to an increase in flooding. Currently, the annual average rainfall in the EirGenix factories' areas has increased by approximately 9 to 11.1%. Poor drainage facilities near the factories may result in flooding of the premises or damage to raw materials, finished products, and machinery.</li> </ul> </td></tr> <tr> <td>RCP 8.5</td><td> <ul style="list-style-type: none"> <li>There is a possibility that the average annual temperature increase may exceed 3.2°C, which could result in a continuous temperature rise. It is essential to consistently enhance the air conditioning in the factory buildings. Rising annual average temperatures could potentially reduce the frequency of typhoons and increase the likelihood of droughts.</li> <li>In the event of extreme weather conditions, the country where EirGenix is situated may be prone to flooding. This could result in transportation disruptions, impacting the commute of personnel and potentially causing injuries.</li> </ul> </td></tr> </table> | Scenario | Potential Climate Impacts | RCP 2.6 | <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by over 2.2°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment.</li> <li>A rise in rainfall can potentially cause flooding, particularly with a nearly 10% increase in maximum rainfall. Insufficient drainage facilities near the factory area may result in the flooding of factory buildings or damage to raw materials, finished products, and equipment.</li> </ul> | RCP 4.5 | <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by 2.5°C and 2.8°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment. Moreover, with the longer duration of high temperatures in recent summers, it may be necessary to enhance ventilation and air conditioning systems to safeguard employees from heatstroke. However, this will lead to increased electricity expenses and equipment maintenance costs.</li> <li>The increase in average rainfall may lead to an increase in flooding. Currently, the annual average rainfall in the EirGenix factories' areas has increased by approximately 9 to 11.1%. Poor drainage facilities near the factories may result in flooding of the premises or damage to raw materials, finished products, and machinery.</li> </ul> | RCP 8.5 | <ul style="list-style-type: none"> <li>There is a possibility that the average annual temperature increase may exceed 3.2°C, which could result in a continuous temperature rise. It is essential to consistently enhance the air conditioning in the factory buildings. Rising annual average temperatures could potentially reduce the frequency of typhoons and increase the likelihood of droughts.</li> <li>In the event of extreme weather conditions, the country where EirGenix is situated may be prone to flooding. This could result in transportation disruptions, impacting the commute of personnel and potentially causing injuries.</li> </ul> |
| Scenario   | Potential Climate Impacts   |          |                           |         |  |         |  |         |  |
| RCP 2.6  | <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by over 2.2°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment.</li> <li>A rise in rainfall can potentially cause flooding, particularly with a nearly 10% increase in maximum rainfall. Insufficient drainage facilities near the factory area may result in the flooding of factory buildings or damage to raw materials, finished products, and equipment.</li> </ul>  |          |                           |         |  |         |  |         |  |
| RCP 4.5  | <ul style="list-style-type: none"> <li>The average annual temperature is projected to increase by 2.5°C and 2.8°C, potentially impacting the temperature within the factory and its surrounding environment, thereby affecting production efficiency. Consequently, it is imperative to invest in improvement equipment. Moreover, with the longer duration of high temperatures in recent summers, it may be necessary to enhance ventilation and air conditioning systems to safeguard employees from heatstroke. However, this will lead to increased electricity expenses and equipment maintenance costs.</li> <li>The increase in average rainfall may lead to an increase in flooding. Currently, the annual average rainfall in the EirGenix factories' areas has increased by approximately 9 to 11.1%. Poor drainage facilities near the factories may result in flooding of the premises or damage to raw materials, finished products, and machinery.</li> </ul>  |          |                           |         |  |         |  |         |  |
| RCP 8.5  | <ul style="list-style-type: none"> <li>There is a possibility that the average annual temperature increase may exceed 3.2°C, which could result in a continuous temperature rise. It is essential to consistently enhance the air conditioning in the factory buildings. Rising annual average temperatures could potentially reduce the frequency of typhoons and increase the likelihood of droughts.</li> <li>In the event of extreme weather conditions, the country where EirGenix is situated may be prone to flooding. This could result in transportation disruptions, impacting the commute of personnel and potentially causing injuries.</li> </ul>  |          |                           |         |  |         |  |         |  |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.                  | The Board of Directors at EirGenix formulated the "Risk Management Policy and Procedures" in 2020. This policy serves as the highest guiding principle for our risk management and aims to identify potential risks (including market, liquidity, operational, hazards, and legal risks) that may impact our operations and profitability. It provides a reference for formulating operational strategies. Additionally, we take appropriate preventive measures for risk warnings to enhance our ability to respond to risk events and minimize their impact on our business operations. Every year, the responsible units identify the relevant risk factors and analyze various risks to assess their potential impact on operations. Risk control measures  |          |                           |         |  |         |  |         |  |



| Item   | Implementation status  |
|--|--|
|  | <p>are subsequently developed to ensure that the risks remain within manageable and acceptable limits. A report on the implementation of risk management is then submitted to the board of directors.</p> <p>EirGenix oversees climate-related action plans through the TCFD Risk Management Task Force, which comprises a chairman, convener, multiple departments, and external professional advisory consultants. Under the guidance of the TCFD Risk Management Task Force, department managers and colleagues are evaluating industry characteristics and operational conditions to assess the potential impact of different risks and opportunities on our operations. The board of directors should receive an annual report on the status of risk management operations and execution, which should also include discussions on climate change issues.</p> |
| <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> | <p>According to Sustainable Development Roadmap for TWSE/TPEX Listed Companies, the assessment will be done on 2029 expectedly due to the company's capital is lower than NT\$5 billion.</p>   |
| <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan</p>  | <p>Please refer to the following explanations.</p>   |

(B) Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

i. Greenhouse Gas Inventory Information

Greenhouse Gas Inventory Information for the most recent 2 fiscal years as the following table, and the Scope 1, Scope 2 are the information of EirGenix Inc. and EirGenix Europe GmbH.

| Year | Scope 1                                |   | Scope 2                                |   | Assurance Institutions | Assurance Opinion    |
|------|--|---|--|---|------------------------|----------------------|
|      | Emission Volume (mt CO <sub>2</sub> e) | Intensity (mt CO <sub>2</sub> e/NT\$ million) | Emission Volume (mt CO <sub>2</sub> e) | Intensity (mt CO <sub>2</sub> e/NT\$ million) |                        |                      |
| 2022 | 933.418                                | 0.00063                                       | 8631.333                               | 0.00582                                       | BSI                    | Reasonable Assurance |
| 2023 | 1090.1268                              | 0.00106                                       | 10348.4132                             | 0.01011                                       | NA                     | NA                   |

In the disclosure of total greenhouse gas emissions by the company, 9564.751 metric tons of CO<sub>2</sub>e (accounting for 82.5% of total emissions) have been assured by the assurance institutions in accordance with ISO 14064-3:2019 assurance standards. The assurance opinion is reasonable assurance.

ii. Greenhouse Gas Assurance Information

As of 2023, the greenhouse gas emissions inventory for both 2022 and 2023 has been completed. The inventory for the year 2022 was externally assured by BSI in December 2023, in accordance with the ISO 14064-3:2019 assurance standard. The assurance results provide reasonable assurance. Due to Financial Supervisory Commission requirements, the assurance is scheduled for completion in 2026 based on the company's capital.

(C) Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

EirGenix is a professional pharmaceutical research and production company that has implemented a comprehensive environmental management system. In order to fulfill its corporate social responsibility and strive for environmental sustainability, EirGenix prioritizes “energy conservation and carbon reduction.” The company is currently in an expansion phase, using 2022 as the base year. Once the expansion is completed, EirGenix will gradually reduce energy intensity and minimize resource and energy waste. To achieve this goal, the company has established three key performance indicators for “Electricity usage,” “Water resources,” and “Waste,” and is actively promoting environmental sustainability initiatives. The company introduced greenhouse gas inventory in 2023 to monitor the Company’s greenhouse gas emissions. The company’s carbon neutrality roadmap as follow.

| Carbon Neutrality Roadmap          |   |   |  |
|------------------------------------|---|---|--|
| Time                               | Short-term<br>(~2025)   | Mid-term<br>(2025~2030)   | Long-term<br>(2030~2050)   |
| Reduction Targets                  | Gradually reduce after the expansion is completed.  | Reduce 10% compare with 2022  | To achieve carbon neutrality   |
| Strategy, and Concrete Action Plan | <ol style="list-style-type: none"> <li>1. Obtain ISO 14001:2015 Environmental Management System Certification for Biotechnology Testing and Analysis</li> <li>2. Implementation of ISO 14064-1 greenhouse gas inventory counseling and planning and verification</li> <li>3. By 2025, the proportion of renewable energy will reach 1%.</li> <li>4. Promote low-carbon manufacturing and consistently review the reduction of carbon emission intensity.</li> <li>5. EirGenix’s Zhubei A plant obtained the Green Building Certificate.</li> <li>6. Improve energy efficiency to attain an annual energy-saving performance of 1%.</li> <li>7. Actively engaged in a net-zero green lifestyle.</li> </ol> | <ol style="list-style-type: none"> <li>1. Obtain Certification for ISO 50001 Energy Management System.</li> <li>2. Gradually increase the utilization of renewable energy to reach 6% by the year 2030.</li> <li>3. EirGenix’s Zhubei new B plant obtained the Green Building Certificate.</li> <li>4. Continuously enhance energy management to attain an annual energy-saving efficiency of 1%.</li> <li>5. Implement low carbon supplier management.</li> <li>6. Evaluate waste management policies and eco-friendly packaging materials.</li> </ol> | <ol style="list-style-type: none"> <li>1. Gradually increase the utilization of renewable energy to reach 10% by the year 2050.</li> <li>2. Continued focus on carbon rights, carbon sink, and renewable energy.</li> <li>3. Implement a green supplier management system and measure sustainability indicators.</li> <li>4. Participate in climate advocacy organizations or alliances to collectively promote environmental sustainability.</li> </ol> |

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

| Evaluation Item  | Implementation Status |   |   | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|---|---|--|
|  | Y                     | N | Abstract Illustration   |  |
| <p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>   | ✓                     |   | <p>The Board of Directors of EirGenix has passed the establishment of the Ethical Corporate Management Best Practice Principles as well as Procedures and Guidelines of Conduct for Integrity Management to express the policies of integrity operation.</p> <p>The Board of Directors and the management team have also actively implemented integrity management and clearly expressed the policies and practices of integrity management in the corporate regulations and external business contracts.</p>                                   | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”                 |
| <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>  | ✓                     |   | <p>EirGenix has formulated the Ethical Corporate Management Best Practice Principles, Procedures, and Guidelines of Conduct for Integrity Management, Codes of Ethical Conduct, and Procedures of Administrative Measures for Preventing Insider Trading. The Legal Department and Audit Department have also regularly reported to the Board of Directors on the status of implementation and irregularly checked, analyzed, and evaluated the operating activities within the business scope that have a high risk of dishonest behavior.</p> | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”                 |
| <p>A. When engaging in commercial activities, directors, managers, employees, and mandataries of the company or persons having substantial control over such companies shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.</p> <p>B. The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</p> <p>The company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</p> <p>(A) Offering and acceptance of bribes.</p> |                       |   |   |  |

| Evaluation Item   | Implementation Status |   |   | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|---|---|--|
|   | Y                     | N | Abstract Illustration   |  |
| <p>(B) Illegal political donations.</p> <p>(C) Improper charitable donations or sponsorship.</p> <p>(D) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>(E) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>(F) Engaging in unfair competitive practices.</p> <p>(G) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> |                       |   |   |  |
| (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?  | ✓                     |   | EirGenix has formulated the Ethical Corporate Management Best Practice Principles, Procedures and Guidelines of Conduct for Integrity Management, Employee Working Principles, Codes of Ethical Conduct, and Administrative Measures for Preventing Insider Trading, set up a disciplinary and appealing system for violations, regularly conducted review and correction, and implemented and advocated operating activities to prevent risks of dishonest behavior.   | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”.                 |
| 2. Fulfill operations integrity policy.<br>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?   | ✓                     |   | EirGenix has conducted its business activities in a fair and transparent manner. Before business activities, EirGenix has avoided dealings with trading partners who have dishonest behaviors, with the terms of cooperation stated in the contract.  | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”                 |
| (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors, which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?  | ✓                     |   | EirGenix has set up a dedicated unit under the Board of Directors to promote corporate integrity management as the Legal Department, which is responsible for formulating and supervising the implementation of integrity management policies and prevention plans, handling and reporting the breach of integrity that may be found in the internal control audit in accordance with relevant laws and regulations, and ensuring that the corporate integrity management policies can be implemented and reported to the Board of Directors regularly every year, with the latest reporting date of March 8, 2024. | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”                 |
| (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?  | ✓                     |   | EirGenix has formulated the Ethical Corporate Management Best Practice Principles, Procedures and Guidelines of Conduct for Integrity Management, Employee Working Principles, Codes of Ethical Conduct, and Administrative Measures for Preventing Insider Trading, and set up whistle blower policy with a designated email for employees putting a stop on all unethical immoral or illegal work.  | Compliant with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”                 |

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



| Evaluation Item   | Implementation Status |   |   | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|---|---|--|
|   | Y                     | N | Abstract Illustration   |  |
| company’s website and MOPS?   |                       |   | the Market Observation Post System, annual report, and corporate website. |  |
| <p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management in accordance with the Integrity Management Principles for TWSE/TPEX Listed Companies, with no difference between the actual operation and the principles.</p>   |                       |   |   |  |
| <p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies):</p> <p>(1) EirGenix has formulated the Ethical Corporate Management Best Practice Principles and Guidelines of Conduct for Integrity Management, which will be amended as appropriate according to the operational development.</p> <p>(2) All employees have signed the Declaration of Ethic Code of Conduct and Business Integrity.</p> <p>(3) Education on applicable laws and important notice of insider trade and equity holding of insider for the Directors and the management will be provided every month. The Directors have completed their training of the company operation or related training for 6 hours in 2023.</p> <p>(4) Required training for all employees on laws and prevention of insider trade for one hour on 2023/08/15 and 2023/08/22, respectively.</p> <p>(5) Legal Affairs, Audit Office and Finance Department provide information on applicable laws and case studies to the Directors, managers, and employees from time to time to realize ethical corporate management and the prevention of insider trade. Related rules and regulations have been disclosed at the intranet and external official website of the Company.</p> <p>(6) Legal Affairs and Audit Office conduct audit on respective functional departments at random, and report to the Board of the status, conduct analysis and control of business activities at high risk of unethical practices within the scope of operation of the Company.</p> |                       |   |   |  |

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

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

- (8) Other Important Information Regarding Corporate Governance:

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

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

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

The tenure for the members of the 1st term of the committee started on 2022/12/28 and ends on 2025/06/09. The Committee convened once at the end of March 2024 for discussion on the amendment to the Corporate Governance Best Practice Principles.

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

- (9) Disclosures Required for the Implementation of the Internal Control System:

- Statement of Internal Control System: Please refer to appendix 1.
- If CPA has been hired to carry out a special audit of the Internal Control System, the company shall furnish the CPA audit report: None.

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

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year (2023) or during the current fiscal year up to the date of publication of the annual report:

| Item & Date                        | Major Resolutions of Shareholders' Meeting/ Board of directors   |
|------------------------------------|--|
| Board Meeting<br>2023/01/16        | A. Approved the motion of distribution of year-end bonuses for the managers.   |
| Board Meeting<br>2023/03/10        | <p>A. Accept 2022 Financial Statements and Business Report.</p> <p>B. Ratification of the 2022 Deficit Offset Proposal.</p> <p>C. Approved the motion of issuance of the Declaration of Internal Control System of the Company.</p> <p>D. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.</p> <p>E. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.</p> <p>F. Approved the certified public accounts previously approved as the Independent Auditors, the CPA office and affiliates to render non-assurance services to the Company and the subsidiaries.</p> <p>G. Approved the application to Far Eastern International Bank for the loan.</p> <p>H. Approved the extension to Shanghai Commercial &amp; Savings Bank for the loan.</p> <p>I. Approved the extension to Chang Hwa commercial bank for the loan.</p> <p>J. Approved the extension to Cathay United bank for the loan.</p> <p>K. Approved the amendment to the "Article of the Company".</p> <p>L. Approved the amendment to the "Regulations Governing Procedure for Board of Directors Meetings".</p> <p>M. Approved the amendment to the "Sustainable Development Best Practice Principles".</p> <p>N. Approved the amendment to the "Corporate Governance Best Practice Principles".</p> <p>O. Approved the base date of employee stock option into common stocks capital increase.</p> <p>P. Approved the base date of cancellation of the restricted stock award.</p> <p>Q. Adoption of the 2023 1<sup>st</sup> and 2<sup>nd</sup> Employee Restricted Stock Awards.</p> <p>R. Approved the discontinue the Private Security Offering Approved by the 2022 Shareholders' Meeting.</p> <p>S. Approved the Company will raise capital through private placements of common shares.</p> <p>T. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</p> <p>U. Approved the motion of the agenda and related matters of the Shareholders' Meeting of 2023.</p> <p>V. Approved salary policies, regulations, standards, and structure.</p> <p>W. Approved to grant 2022 Employee Stock Options to employees.</p> <p>X. Approved to grant 2022 1<sup>st</sup> Employee Restricted Stock Awards to employees.</p> <p>Y. Approve the annual adjustment to the salary of the executive.</p> <p>Z. Approved the annual adjustment to the salary and the motion for distribution of year-end bonuses for the managers at a European subsidiary.</p> |
| Board Meeting<br>2023/05/10        | <p>A. Accept 2023 Q1 Financial Statements.</p> <p>B. Approved the application to Yuanta Commercial Bank for the loan.</p> <p>C. Approved the base date of employee stock option into common stocks capital increase.</p> <p>D. Approved to grant 2022 Employee Stock Options to employees.</p>   |
| Shareholders Meeting<br>2023/05/31 | <p>Proposed Resolutions:</p> <p>A. Accept 2022 Financial Statements and Business Report.<br/>Implementation review: Financial Statements have been announced on 2023/03/16 and Business Report has been announced on 2023/04/28.</p> <p>B. Ratification of the 2022 Deficit Offset Proposal.<br/>Implementation review: It has been announced on 2023/05/31 after the shareholders' meeting.</p> <p>C. Adjustment of the Utilization Plan for Capital Injection by Private Placement.</p>  |



| Item & Date                 | Major Resolutions of Shareholders' Meeting/ Board of directors  |
|-----------------------------|---|
|                             | <p>Implementation review: It has been announced by every quarter.</p> <p>Matters for discussion:</p> <p>A. Approved the amendment to the Article of the Company.</p> <p>Implementation review: Approval No. 11230107610 dated July 16, 2023.</p> <p>B. Approved the Issuance of Employee Restricted Stock Awards.</p> <p>Implementation review: Implementation completed in accordance with the resolution of the Shareholders Meeting. Approval No. 1123589721 dated Oct. 27, 2023.</p> <p>C. Approved the Company will raise capital through private placements of common shares.</p> <p>Implementation review: As the termination date is near, in consideration of working capital and market status, the said private placement shall not be renewed and continued.</p> <p>D. Release the Prohibition on Directors or Representatives of Directors from Participation in Competitive Business.</p> <p>Implementation review: Implementation completed in accordance with the resolution of the Shareholders' Meeting.</p>  |
| Board Meeting<br>2023/08/08 | <p>A. Accept 2023 Q2 Financial Statements.</p> <p>B. Approved the extension to The Shanghai Commercial &amp; Savings Bank for the loan.</p> <p>C. Approved the extension to CTBC Bank for the loan.</p> <p>D. Approved the extension to Mega Bank for the loan.</p> <p>E. Approved the extension to Bank of Panshin for the loan.</p> <p>F. Approved to formulate "Operational Procedure for Preparation and Validation of the Sustainability Report".</p> <p>G. Approved the base date of employee stock option into common stocks capital increase.</p> <p>H. Approved to grant 2022 Employee Stock Options to employees.</p> <p>I. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</p>   |
| Board Meeting<br>2023/11/09 | <p>A. Accept 2023 Q3 Financial Statements.</p> <p>B. Approved the extension to Taichung Commercial Bank for the loan.</p> <p>C. Approved the establishment of a subsidiary in the United States based on the operational development needs.</p> <p>D. Approved the amendment of "IA-18 Implementation of authorization" and "deputy systems and Approval Authority Form".</p> <p>E. Approved the Production Line Expansion and Production Equipment at Zhubei Facility. (Budget Increase)</p> <p>F. Approved the base date of employee stock option into common stocks capital increase.</p> <p>G. Approved the base date of cancellation of the restricted stock award.</p> <p>H. Approved the donation of EIRGASUN to NTUH for academic research.</p> <p>I. Approved to update the 2023 1<sup>st</sup> and 2<sup>nd</sup> Employee Restricted Stock Awards to employees.</p> <p>J. Approved to grant 2022 1<sup>st</sup> Employee Restricted Stock Awards to employees.</p> <p>K. Approved to grant 2023 2<sup>nd</sup> Employee Restricted Stock Awards to employees.</p> <p>L. Approved to sign the Amended and Restated License Agreement for the biosimilar EG12014 with Sandoz AG.</p> <p>M. Approved the proposal to the shareholders meeting to lift the restrictions on the non-competition of directors and their representatives.</p> |
| Board Meeting<br>2023/12/22 | <p>A. Approved the application to Cathay United Bank for the loan.</p> <p>B. Approved to formulate "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and amend "Management of Affiliated Enterprises Transaction".</p> <p>C. Approved the amendment of "Written Accounting Systems".</p>   |

| Item & Date                 | Major Resolutions of Shareholders' Meeting/ Board of directors  |
|-----------------------------|---|
|                             | <p>D. Approved the Internal Audit Plan for the fiscal year 2024.</p> <p>E. Approved the operation plan for fiscal year 2024.</p> <p>F. Approved the amendment of Implementation Report for the Sound Business Plan and estimation of Income Statement.</p> <p>G. Approved the subscription of the AmMax Bio, Inc. cash capital increase. based on potential business collaboration opportunities and financial investment considerations.</p> <p>H. Approved the base date of employee stock option into common stocks capital increase.</p> <p>I. Approved to grant 2022 Employee Stock Options to employees.</p> <p>J. Approved to grant 2023 1<sup>st</sup> Employee Restricted Stock Awards to employees.</p>   |
| Board Meeting<br>2024/01/25 | <p>A. Approved the motion of distribution of year-end bonuses for the managers.</p>   |
| Board Meeting<br>2024/03/08 | <p>A. Accept 2023 Financial Statements and Business Report.</p> <p>B. Ratification of the 2023 Deficit Offset Proposal.</p> <p>C. Approved the CPAs replacement due to PricewaterhouseCoopers Taiwan internal organization adjustment.</p> <p>D. Approved the motion of the ratification of the assessment of the independence and competence of the CPAs retained as external Auditors.</p> <p>E. Approved the motion of the ratification of the appointment of CPAs as external auditors and the remuneration to the CPAs.</p> <p>F. Approved the motion of issuance of the 2023 Declaration of Internal Control System of the Company.</p> <p>G. Approved the amendment to the "Rules of Procedure for Shareholders Meetings".</p> <p>H. Approved the amendment to the "Regulations Governing Procedure for Board of Directors Meetings".</p> <p>I. Approved the amendment to the "Audit Committee Charter".</p> <p>J. Approved the base date of employee stock option into common stocks capital increase.</p> <p>K. Adoption of the 2024 1<sup>st</sup> Employee Restricted Stock Awards.</p> <p>L. Approved the discontinue the Private Security Offering Approved by the 2023 Shareholders' Meeting.</p> <p>M. Approved the Company will raise capital through private placements of common shares.</p> <p>N. Approved the extension to The Shanghai Commercial &amp; Savings Bank for the loan.</p> <p>O. Approved the application to Taiwan Business Bank for the 10-year capital expenditure loan and total amount within NT\$1.974 billion due to the financial needs of the expansion of Zhubei facility.</p> <p>P. Approved to sign the contract with clinical CRO and the relevant companies for Phase III clinical trial of the EG1206A.</p> <p>Q. Approved the motion of the agenda and related matters of the Shareholders' Meeting of 2024.</p> |

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

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

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

Unit: NT\$ thousands

| Accounting Firm                   | Name of CPAs   | Period Covered by CPA's Audit                                       | Audit Fee | Non-audit Fee | Total |
|-----------------------------------|----------------|---|-----------|---------------|-------|
| PricewaterhouseCoopers<br>Taiwan. | Sheng-Wei Teng | January 1 <sup>st</sup> ,2023 to<br>December 31 <sup>st</sup> ,2023 | 3,050     | 927           | 3,977 |
|                                   | Yu-Fang Yen    |   |           |               |       |

Details of non-audit services:

- Business Income Tax Audit, NT\$350,000.
- ESG Report Assurance, NT\$340,000
- Others, NT\$237,000.

- (2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons: None.
- (3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor: None.

## 6.Replacement of CPA

- (1) Regarding the former CPA:

|   |   |                                    |       |
|---|---|------------------------------------|-------|
| Replacement Date  | Date of received the notification for replacement: February 20 <sup>th</sup> , 2024<br>Date of approval by Board of Directors: March 8 <sup>th</sup> , 2024 |                                    |       |
| Replacement reasons and explanations  | The CPAs replacement due to PricewaterhouseCoopers Taiwan internal organization adjustment.   |                                    |       |
| Describe whether the Company terminated, or the CPA did not accept the appointment          | Status  | Parties                            | CPA   |
|   | Termination of appointment  |                                    | -     |
|   | No longer accepted (continued) appointment  |                                    | -     |
| Other issues (except for unqualified issues) in the audit reports within the last two years |   |                                    | None. |
| Differences with the company  | Y   | Accounting principles or practices |       |
|   |   | Disclosure of Financial Statements |       |
|   |   | Audit scope or steps               |       |
|   |   | Others                             |       |
|   | N   | ✓                                  |       |
| Remarks/specify details: None   |   |                                    |       |
| Other Revealed Matters  |   |                                    | None. |

- (2) Regarding the successor CPA:

|                     |   |
|---------------------|---|
| Accounting Firm     | PricewaterhouseCoopers Taiwan   |
| Name of CPA         | Shu-Fen Yu and Yu-Fang Yen  |
| Date of appointment | Date of received the notification for replacement: February 20 <sup>th</sup> , 2024<br>Date of approval by Board of Directors: March 8 <sup>th</sup> , 2024 |

|   |       |
|---|-------|
| Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement. | None. |
| Succeeding CPA's written opinion of disagreement toward the former CPA  | None. |

- (3) The company shall mail to the former certified public accountant a copy of the disclosures it is making pursuant to item A and to (c) of the here preceding item and advise the accountant of the need to respond by mail within 10 days should the accountant disagree. The company shall disclose the content of the reply letter from the former certified public accountant: None.

**7. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm:** None.

**8. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

- (1) Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

| Title                | Name  | 2023                       |                              | 2024/01/01~2024/03/31      |                              |
|----------------------|---|----------------------------|------------------------------|----------------------------|------------------------------|
|                      |   | Net Change in Shareholding | Net Change in Shares Pledged | Net Change in Shareholding | Net Change in Shares Pledged |
| Chairman/ President  | Lee-Cheng Liu                                 | 181,600                    | 0                            | (27,500)                   | 0                            |
| Director             | National Development Fund, Executive Yuan     | 0                          | 0                            | 0                          | 0                            |
|                      | Representative: Hsiu-Hui Chen                 | 0                          | 0                            | 0                          | 0                            |
| Director             | Formosa Laboratories, Inc.                    | (30,000)                   | (500,000)                    | 0                          | 0                            |
|                      | Representative: Cheng-Yu Cheng                | 0                          | 0                            | 0                          | 0                            |
| Director             | Yao-Hwa Glass Co., Ltd, Management Commission | 0                          | 0                            | 0                          | 0                            |
|                      | Representative Ku-Sung Weng                   | 0                          | 0                            | 0                          | 0                            |
| Director             | Foxconn Technology Co., Ltd.                  | 0                          | 0                            | 0                          | 0                            |
|                      | Representative: Chun- Fu Lu                   | 0                          | 0                            | 0                          | 0                            |
|                      | Representative Yu-Ting Chen                   | 0                          | 0                            | 0                          | 0                            |
| Independent Director | Ming-Thaur Chang                              | 0                          | 0                            | 0                          | 0                            |
| Independent Director | Po-Chih Chen                                  | 0                          | 0                            | 0                          | 0                            |

Unit: Shares

| Title                | Name                 | 2023                       |                              | 2024/01/01~2024/03/31      |                              |
|----------------------|----------------------|----------------------------|------------------------------|----------------------------|------------------------------|
|                      |                      | Net Change in Shareholding | Net Change in Shares Pledged | Net Change in Shareholding | Net Change in Shares Pledged |
| Independent Director | Fu-Shiow Yin         | 0                          | 0                            | 0                          | 0                            |
| Independent Director | Ming-Shen Chen       | 0                          | 0                            | 0                          | 0                            |
| Manager              | Chih-Jung Chang      | (103,354)                  | 0                            | 0                          | 0                            |
| Manager              | Hsiu-Chuan Yang      | 37,035                     | 0                            | 0                          | 0                            |
| Manager              | Shang-Chung Ju       | 28,511                     | 0                            | 0                          | 0                            |
| Manager              | Ae-Ning Lin          | 33,111                     | 0                            | 0                          | 0                            |
| Manager              | Ching-Ying Chen      | 18,711                     | 0                            | 0                          | 0                            |
| Manager              | Ren-Yo Forng         | 18,711                     | 0                            | 0                          | 0                            |
| Manager              | Ywan-Feng Li         | 34,036                     | 0                            | (21,000)                   | 0                            |
| Manager              | Tsan-Hui Wu          | 14,741                     | 0                            | 5,900                      | 0                            |
| Manager              | Hwei-Rung Wang       | 10,313                     | 0                            | 0                          | 0                            |
| Manager              | Chung-Huan Lin       | (2,509)                    | 0                            | 0                          | 0                            |
| Manager              | Yu-Wen Liu           | 15,991                     | 0                            | 0                          | 0                            |
| Manager              | Tsung-Chih Wang      | 15,741                     | 0                            | 0                          | 0                            |
| Manager              | Ming-Tao Pai         | 8,491                      | 0                            | 0                          | 0                            |
| Manager              | Chih-Yuan Ma         | 24                         | 0                            | 0                          | 0                            |
| Manager              | Sz-Wei Wu (Note 1)   | 4,078                      | 0                            | 0                          | 0                            |
| Manager              | Yi-Yun Ciou (Note 2) | 0                          | 0                            | -                          | -                            |

Note 1: Sz-Wei Wu was on board on July 10, 2023.

Note 2: Yi-Yun Ciou resigned on October 4, 2023.

(2) Information of Stock Trade: The counterparties of equity transfer are not related parties.

(3) Information of Stock Pledge: The counterparties of share pledges are not related parties.

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

April 1, 2024; Unit: Shares; %

| Name                              | Current Shareholding |      | Spouse’s/ minor’s Shareholding |   | Shareholding by Nominee Arrangement |   | Name and Relationship Between the Company’s Top Ten Shareholders, or Spouses or Relatives Within Two Degrees |              |
|-----------------------------------|----------------------|------|--------------------------------|---|-------------------------------------|---|--|--------------|
|                                   | Shares               | %    | Shares                         | % | Shares                              | % | Name   | Relationship |
| Foxconn Technology Co., Ltd.      | 27,500,000           | 8.98 | 0                              | 0 | 0                                   | 0 | Yonglin Capital Holding Co., Ltd.  | Chairman     |
| Representative: Jun-Fu Lu         | 0                    | 0    | 0                              | 0 | 0                                   | 0 | N/A  | N/A          |
| Yonglin Capital Holding Co., Ltd. | 26,500,000           | 8.65 | 0                              | 0 | 0                                   | 0 | Foxconn Technology Co., Ltd.   | Chairman     |
| Representative: Kai-Lin Huang     | 0                    | 0    | 0                              | 0 | 0                                   | 0 | N/A  | N/A          |

| Name  | Current Shareholding |      | Spouse's/<br>minor's<br>Shareholding |   | Shareholding by<br>Nominee<br>Arrangement |   | Name and Relationship Between the<br>Company's Top Ten Shareholders, or<br>Spouses or Relatives Within Two<br>Degrees |              |
|---|----------------------|------|--------------------------------------|---|---|---|---|--------------|
|   | Shares               | %    | Shares                               | % | Shares                                    | % | Name  | Relationship |
| Formosa Laboratories, Inc.  | 18,552,818           | 6.06 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Representative: Cheng-Yu Cheng                                      | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| National Development Fund,<br>Executive Yuan                        | 15,288,860           | 4.99 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Convener: Ming-Hsin Kung, Minister,<br>National Development Council | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Yao-Hwa Glass Co., Ltd, Management<br>Commission                    | 13,078,082           | 4.27 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Representative: Chuan-Neng Lin                                      | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Wen-Ming Pan  | 11,001,123           | 3.59 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Taiwania Capital Buffalo II<br>Bioventures, LP                      | 6,970,286            | 2.28 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Representative: Taiwania Capital<br>Biotechnology Corporation       | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Development Center for<br>Biotechnology                             | 4,506,484            | 1.47 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Representative: Shiing-Jer Twu                                      | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| CTBC Venture Capital Co., Ltd.                                      | 3,781,414            | 1.23 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Representative: Zhi-Gang Wang                                       | 0                    | 0    | 0                                    | 0 | 0   | 0 | N/A   | N/A          |
| Lee-Cheng Liu   | 2,440,984            | 0.80 | 0                                    | 0 | 0   | 0 | N/A   | N/A          |

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

Unit: Shares; %

| Affiliated Enterprises | Ownership by the Company |      | Direct or Indirect Ownership by<br>Directors/Supervisors/Managers |   | Total Ownership |      |
|------------------------|--------------------------|------|---|---|-----------------|------|
|                        | Shares                   | %    | Shares  | % | Shares          | %    |
| EirGenix Europe GmbH   | (Note)                   | 100% | 0   | 0 | (Note)          | 100% |

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



## IV. Capital Overview

### 1. Source of Capital

#### (1) Source of Capital

| Month/<br>Year | Par Value( NT\$) | Authorized Capital |                        | Paid-in Capital |                        | Remark   |   |   |
|----------------|------------------|--------------------|------------------------|-----------------|------------------------|--|---|---|
|                |                  | Shares             | Amount<br>(Unit: NT\$) | Shares          | Amount<br>(Unit: NT\$) | Sources of Capital   | Capital Increased by<br>Assets Other than<br>Cash | Other   |
| Apr.<br>2023   | 10               | 400,000,000        | 4,000,000              | 304,491,454     | 3,044,915              | Exercising employee stock option<br>274,250 shares<br>Issuing Restricted Stock Awards<br>59,290 shares<br>Deregistering Restricted Stock<br>Awards 79,004 shares   | None  | Approval No.<br>11230051460<br>dated Apr. 10,<br>2023 |
| May<br>2023    | 10               | 400,000,000        | 4,000,000              | 304,667,204     | 3,046,672              | Exercising employee stock option<br>175,750 shares   | None  | Approval No.<br>11230091640<br>dated May 31,<br>2023  |
| Sept.<br>2023  | 10               | 400,000,000        | 4,000,000              | 304,838,454     | 3,048,385              | Exercising employee stock option<br>171,250 shares   | None  | Approval No.<br>11230166720<br>dated Sept. 4,<br>2023 |
| Dec.<br>2023   | 10               | 400,000,000        | 4,000,000              | 305,946,124     | 3,059,461              | Exercising employee stock option<br>71,250 shares<br>Issuing Restricted Stock Awards<br>324,820 shares<br>Issuing Restricted Stock Awards<br>825,562 shares<br>Deregistering Restricted Stock<br>Awards 113,962 shares | None  | Approval No.<br>11230226640<br>dated Dec. 6,<br>2023  |
| Jan.<br>2024   | 10               | 400,000,000        | 4,000,000              | 306,032,124     | 3,606,321              | Exercising employee stock option<br>60,500 shares<br>Issuing Restricted Stock Awards<br>25,500 shares  | None  | Approval No.<br>11330003230<br>dated Jan. 16,<br>2024 |

#### (2) Type of Stock

April 1, 2024; Unit: Shares

| Share Type      | Authorized Capital |                  |                  | Remarks  |
|-----------------|--------------------|------------------|------------------|--|
|                 | Issued Shares      | Un-issued Shares | Un-issued Shares |  |
| Common<br>Share | 306,231,649        | 93,768,351       | 400,000,000      | TPEX Listed Stock<br>Private Placement 55,000,000 shares |

#### (3) Information for Shelf Registration: None.

### 2. Structure of Shareholders

As of April 1, 2023; Unit: Person; Shares; %

| Shareholders'<br>Structure<br>Numbers | Government<br>Agencies | Financial<br>Institutions | Other Juridical<br>Persons | Domestic Natural<br>Persons | Foreign Institutions<br>& Natural Persons | Total       |
|---------------------------------------|------------------------|---------------------------|----------------------------|-----------------------------|---|-------------|
| Number of<br>Shareholders             | 2                      | 1                         | 107                        | 30,802                      | 130                                       | 31,042      |
| Shareholding (shares)                 | 16,939,860             | 1,160,000                 | 118,433,583                | 155,409,802                 | 14,288,404                                | 306,231,649 |
| Percentage                            | 5.53                   | 0.38                      | 38.67                      | 50.75                       | 4.67                                      | 100         |



### 3. Shareholding Distribution Status

#### (1) Shareholding Distribution Status

As of April 1, 2024; Unit: Person; Shares; %

| Class of Shareholding | Number of Shareholders | Shareholding | Percentage |
|-----------------------|------------------------|--------------|------------|
| 1~999                 | 6,399                  | 1,280,067    | 0.42       |
| 1,000~5,000           | 20,037                 | 37,913,637   | 12.38      |
| 5,001~10,000          | 2,269                  | 17,408,241   | 5.68       |
| 10,001~15,000         | 737                    | 9,353,666    | 3.05       |
| 15,001~20,000         | 430                    | 7,832,441    | 2.56       |
| 20,001~30,000         | 430                    | 10,794,845   | 3.53       |
| 30,001~40,000         | 214                    | 7,549,628    | 2.47       |
| 40,001~50,000         | 119                    | 5,442,974    | 1.78       |
| 50,001~100,000        | 216                    | 15,350,738   | 5.01       |
| 100,001~200,000       | 90                     | 12,305,533   | 4.02       |
| 200,001~400,000       | 46                     | 12,265,755   | 4.01       |
| 400,001~600,000       | 19                     | 9,296,271    | 3.04       |
| 600,001~800,000       | 6                      | 4,097,581    | 1.34       |
| 800,001~1,000,000     | 8                      | 7,085,639    | 2.31       |
| 1,000,001 or over     | 22                     | 148,254,633  | 48.40      |
| Total                 | 31,042                 | 306,231,649  | 100        |

(2) Preferred Shares: None.

### 4. List of Major Shareholders

As of April 1, 2024; Unit: Shares; %

| Shareholder's Name                            | Shares     | Percentage |
|---|------------|------------|
| Foxconn Technology Co., Ltd.                  | 27,500,000 | 8.98       |
| Yonglin Capital Holding Co., Ltd.             | 26,500,000 | 8.65       |
| Formosa Laboratories, Inc.                    | 18,552,818 | 6.06       |
| National Development Fund, Executive Yuan     | 15,288,860 | 4.99       |
| Yao-Hwa Glass Co., Ltd, Management Commission | 13,078,082 | 4.27       |
| Wen-Ming Pan                                  | 11,001,123 | 3.59       |
| Taiwania Capital Buffalo II Bioventures, LP   | 6,970,286  | 2.28       |
| Development Center for Biotechnology          | 4,506,484  | 1.47       |
| CTBC Venture Capital Co., Ltd.                | 3,781,414  | 1.23       |
| Lee-Cheng Liu                                 | 2,440,984  | 0.80       |

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

Unit: NT\$; Thousands of Shares

| Item                   |                                     | Year                             | 2022    | 2023    | 2024<br>Until Mar. 31 <sup>st</sup> |
|------------------------|-------------------------------------|----------------------------------|---------|---------|-------------------------------------|
| Market Price per Share | Highest Market Price                |                                  | 158.5   | 134.5   | 103                                 |
|                        | Lowest Market Price                 |                                  | 71.6    | 90.5    | 85.2                                |
|                        | Average Market Price                |                                  | 120.54  | 114.43  | 92.78                               |
| Net Worth per Share    | Before Distribution                 |                                  | 35.10   | 32.73   | -                                   |
|                        | After Distribution                  |                                  | 35.10   | 32.73   | -                                   |
| Earnings per Share     | Weighted Average Shares             |                                  | 303,258 | 304,888 | -                                   |
|                        | Diluted Earnings Per Share          |                                  | (0.38)  | (3.00)  | -                                   |
| Dividends per Share    | Cash Dividends                      |                                  | 0       | 0       | -                                   |
|                        | Stock Dividend Distribution         | Dividends from Retained Earnings | 0       | 0       | -                                   |
|                        |                                     | Dividends from Capital Surplus   | 0       | 0       | -                                   |
|                        | Accumulated Undistributed Dividends |                                  | -       | -       | -                                   |
| Return on Investment   | Price / Earnings Ratio (Note)       |                                  | N/A     | N/A     | -                                   |
|                        | Price / Dividend Ratio              |                                  | N/A     | N/A     | -                                   |
|                        | Cash Dividend Yield Rate            |                                  | N/A     | N/A     | -                                   |

## 6. Dividend Policy and Implementation Status

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

In accordance with Article 25 and Article 25-1 of EirGenix's Articles of Incorporation.

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

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

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

The proposal for distribution was passed at the Meeting of the Board of Directors. In this proposal, due to net losses of 2023, none of the cash dividend and none of the stock dividend will be discussed at the annual shareholders' meeting.

(3) If a material change in dividend policy is expected, provide an explanation: None.

**7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:** None.

**8. Compensation of employees, directors, and supervisors**

(1) The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation.

Please refer to 6. Dividend Policy and Implementation Status.

(2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The amount of payment in the past will be taken as the foundation for the estimation of the amount.

If there is a significant change in the amount resolved by the Board to pay after the end of the fiscal year, the amount of change will be recognized as the expense of the year.

If there are still further changes at the time of the decision of the Shareholders Meeting, proceed to the accounting principle of change and enter as adjustment of the year under the resolution of the Shareholders Meeting.

(3) Information on any approval by the board of directors of the distribution of compensation:

None.

A. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

(4) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

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

**10. Corporate bond**

(1) Status of Corporate bond: None.

(2) Information of Convertible Bond: None.

(3) Exchangeable Bond: None.

(4) Shelf Registration: None.

(5) Bond with Warrants: None.

**11. Preferred Shares:** None.

**12. Global Depositary Receipts:** None.

### 13. Employee Share Subscription Warrants

(1) Status of Employee Share Subscription Warrants (as of March 31, 2024)

| Type of Stock Option  | 2014 2nd Employee Share Subscription Warrants   |                            |                            |
|---|---|----------------------------|----------------------------|
| Regulatory approval date and units issued                               | 2016/07/19<br>2,100   |                            |                            |
| Issue date  | 2015/07/01  | 2015/07/01                 | 2015/07/06                 |
| Units issued  | 1,270   | 130                        | 80                         |
|   | Each unit can subscribe 1,000 common shares.  |                            |                            |
| Number of shares still available for issuance                           | 0   |                            |                            |
| Option shares to be issued as a percentage of outstanding shares        | 0.42 %  | 0.04 %                     | 0.03 %                     |
| Exercising Period   | 2016/07/01 ~<br>2025/06/30  | 2016/07/01 ~<br>2025/06/30 | 2016/07/06 ~<br>2025/07/05 |
| Conversion measures   | Issue new common shares.  |                            |                            |
| Conditional conversion periods and percentages                          | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years.          |                            |                            |
| Converted shares  | 982,250 shares  | 92,500 shares              | 80,000 shares              |
| Exercised amount  | NT\$ 14,733,750   | NT\$ 1,850,000             | NT\$ 1,600,000             |
| Number of shares yet to be converted                                    | 48,250 shares   | 5,000 shares               | 0 share                    |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 15   | NT\$ 20                    | -                          |
| Unexercised shares as a percentage of total issued shares               | 0.02%   | 0.002%                     | -                          |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |                            |                            |

| Type of Stock Option   | 2014 2nd Employee Share Subscription Warrants  |                           |                           |                           |
|--|--|---------------------------|---------------------------|---------------------------|
| Regulatory approval date and units issued                        | 2016/07/19<br>2,100  |                           |                           |                           |
| Issue date   | 2015/07/15   | 2015/07/19                | 2015/07/26                | 2015/08/17                |
| Units issued   | 10   | 30                        | 20                        | 10                        |
|  | Each unit can subscribe 1,000 common shares.   |                           |                           |                           |
| Number of shares still available for issuance                    | 0  |                           |                           |                           |
| Option shares to be issued as a percentage of outstanding shares | 0.003%   | 0.01%                     | 0.01%                     | 0.003%                    |
| Exercising Period  | 2016/07/15<br>~2025/07/14  | 2016/07/19~<br>2025/07/18 | 2016/07/26~<br>2025/07/25 | 2016/08/17~<br>2025/08/16 |
| Conversion measures  | Issue new common shares.   |                           |                           |                           |
| Conditional conversion periods and percentages                   | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                           |                           |                           |
| Converted shares   | 10,000 shares  | 15,000 shares             | 10,000 shares             | 1,875 shares              |
| Exercised amount   | NT\$ 200,000   | NT\$ 300,000              | NT\$ 200,000              | NT\$ 37,500               |
| Number of shares yet to be converted                             | 0 share  | 0 share                   | 10,000 shares             | 0 share                   |

|   |   |   |         |   |
|---|---|---|---------|---|
| Adjusted exercise price for those who have yet to exercise their rights | -   | - | NT\$ 20 | - |
| Unexercised shares as a percentage of total issued shares               | -   | - | 0.003%  | - |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |   |         |   |

| Type of Stock Option  | 2014 2nd Employee Share Subscription Warrants   |                           |                           |                           |
|---|---|---------------------------|---------------------------|---------------------------|
| Regulatory approval date and units issued                               | 2016/07/19<br>2,100   |                           |                           |                           |
| Issue date  | 2015/08/20  | 2015/08/31                | 2015/09/29                | 2015/11/10                |
| Units issued  | 20  | 60                        | 20                        | 30                        |
|   | Each unit can subscribe 1,000 common shares.  |                           |                           |                           |
| Number of shares still available for issuance                           | 0   |                           |                           |                           |
| Option shares to be issued as a percentage of outstanding shares        | 0.01%   | 0.02%                     | 0.01 %                    | 0.01%                     |
| Exercising Period   | 2016/08/20<br>~2025/08/19   | 2016/08/31~<br>2025/08/30 | 2016/09/29~<br>2025/09/28 | 2016/11/10~<br>2025/11/09 |
| Conversion measures   | Issue new common shares.  |                           |                           |                           |
| Conditional conversion periods and percentages                          | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years.          |                           |                           |                           |
| Converted shares  | 20,000 shares   | 40,000 shares             | 10,000 shares             | 22,500 shares             |
| Exercised amount  | NT\$ 400,000  | NT\$ 800,000              | NT\$ 200,000              | NT\$ 450,000              |
| Number of shares yet to be converted                                    | 0 share   | 0 shares                  | 0 share                   | 0 share                   |
| Adjusted exercise price for those who have yet to exercise their rights |   |                           | -                         | -                         |
| Unexercised shares as a percentage of total issued shares               | -   | -                         | -                         | -                         |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |                           |                           |                           |

| Type of Stock Option   | 2014 2nd Employee Share Subscription Warrants  |                           |                           |
|--|--|---------------------------|---------------------------|
| Regulatory approval date and units issued                        | 2016/7/19<br>2,100   |                           |                           |
| Issue date   | 2015/12/01   | 2015/12/14                | 2015/12/21                |
| Units issued   | 5  | 20                        | 25                        |
|  | Each unit can subscribe 1,000 common shares.   |                           |                           |
| Number of shares still available for issuance                    | 0  |                           |                           |
| Option shares to be issued as a percentage of outstanding shares | 0.002%   | 0.01%                     | 0.01%                     |
| Exercising Period  | 2016/12/01~<br>2025/11/30  | 2016/12/14~<br>2025/12/13 | 2016/12/21~<br>2025/12/20 |
| Conversion measures  | Issue new common shares.   |                           |                           |
| Conditional conversion periods and percentages                   | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                           |                           |
| Converted shares   | 5,000 shares   | 0 share                   | 25,000 shares             |
| Exercised amount   | NT\$ 100,000   | NT\$ 0                    | NT\$ 500,000              |

|   |   |         |         |
|---|---|---------|---------|
| Number of shares yet to be converted                                    | 0 share   | 0 share | 0 share |
| Adjusted exercise price for those who have yet to exercise their rights | -   | -       | -       |
| Unexercised shares as a percentage of total issued shares               | -   | -       | -       |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |         |         |

| Type of Stock Option  | 2014 2nd Employee Share Subscription Warrants   |                           |                           |                           |
|---|---|---------------------------|---------------------------|---------------------------|
| Regulatory approval date and units issued                               | 2016/07/19<br>2,100   |                           |                           |                           |
| Issue date  | 2016/01/01  | 2016/01/12                | 2016/01/13                | 2016/02/14                |
| Units issued  | 30  | 10                        | 15                        | 25                        |
|   | Each unit can subscribe 1,000 common shares.  |                           |                           |                           |
| Number of shares still available for issuance                           | 0   |                           |                           |                           |
| Option shares to be issued as a percentage of outstanding shares        | 0.01 %  | 0.003 %                   | 0.005 %                   | 0.01 %                    |
| Exercising Period   | 2017/01/01~<br>2025/12/31   | 2017/01/12~<br>2026/01/11 | 2017/01/13~<br>2026/01/12 | 2017/02/14~<br>2026/02/13 |
| Conversion measures   | Issue new common shares.  |                           |                           |                           |
| Conditional conversion periods and percentages                          | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years.          |                           |                           |                           |
| Converted shares  | 3,750 shares  | 5,000 shares              | 15,000 shares             | 18,750 shares             |
| Exercised amount  | NT\$ 75,000   | NT\$ 100,000              | NT\$ 300,000              | NT\$ 375,000              |
| Number of shares yet to be converted                                    | 0 share   | 0 share                   | 0 share                   | 0 share                   |
| Adjusted exercise price for those who have yet to exercise their rights | -   | -                         | -                         | -                         |
| Unexercised shares as a percentage of total issued shares               | -   | -                         | -                         | -                         |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |                           |                           |                           |

| Type of Stock Option   | 2014 2nd Employee Share Subscription Warrants  |                       |                       |
|--|--|-----------------------|-----------------------|
| Regulatory approval date and units issued                        | 2016/07/19<br>2,100  |                       |                       |
| Issue date   | 2016/03/1  | 2016/03/09            | 2016/03/14            |
| Units issued   | 150  | 25                    | 15                    |
|  | Each unit can subscribe 1,000 common shares.   |                       |                       |
| Number of shares still available for issuance                    | 0  |                       |                       |
| Option shares to be issued as a percentage of outstanding shares | 0.05%  | 0.01%                 | 0.005 %               |
| Exercising Period  | 2017/03/01~2026/02/28  | 2017/03/09~2026/03/08 | 2017/03/14~2026/03/13 |
| Conversion measures  | Issue new common shares.   |                       |                       |
| Conditional conversion periods and percentages                   | For every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |                       |
| Converted shares   | 37,500 shares  | 0 share               | 15,000 shares         |



|   |   |               |              |
|---|---|---------------|--------------|
| Exercised amount  | NT\$ 750,000  | -             | NT\$ 300,000 |
| Number of shares yet to be converted                                    | 0 share   | 25,000 shares | 0 share      |
| Adjusted exercise price for those who have yet to exercise their rights | -   | NT\$ 20       | -            |
| Unexercised shares as a percentage of total issued shares               | -   | 0.008%        | -            |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders. |               |              |

|   |   |                       |
|---|---|-----------------------|
| Type of Stock Option  | 2016 1st Employee Share Subscription Warrants   |                       |
| Regulatory approval date and units issued                               | 2016/07/19<br>2,100   |                       |
| Issue date  | 2016/05/05  | 2016/06/01            |
| Units issued  | 45  | 55                    |
|   | Each unit can subscribe 1,000 common shares.  |                       |
| Number of shares still available for issuance                           | 0   |                       |
| Option shares to be issued as a percentage of outstanding shares        | 0.01%   | 0.02%                 |
| Exercising Period   | 2018/05/05~2026/05/04   | 2018/06/01~2026/05/31 |
| Conversion measures   | Issue new common shares.  |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |
| Converted shares  | 35,000 shares   | 40,000 shares         |
| Exercised amount  | NT\$ 1,099,000  | NT\$ 1,264,000        |
| Number of shares yet to be converted                                    | 10,000 shares   | 0 share               |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 29.2   | -                     |
| Unexercised shares as a percentage of total issued shares               | 0.003%  | -                     |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |

|  |  |                       |
|--|--|-----------------------|
| Type of Stock Option   | 2016 2nd Employee Share Subscription Warrants          |                       |
| Regulatory approval date and units issued                        | 2016/08/30<br>600                                      |                       |
| Issue date   | 2016/10/12   | 2016/12/29            |
| Units issued   | 515  | 85                    |
|  | Each unit can subscribe 1,000 common shares.           |                       |
| Number of shares still available for issuance                    | 0  |                       |
| Option shares to be issued as a percentage of outstanding shares | 0.17 %   | 0.03 %                |
| Exercising Period  | 2018/10/12~2026/10/11                                  | 2018/12/29~2026/12/28 |
| Conversion measures  | Issue new common shares.                               |                       |
| Conditional conversion periods and                               | 50% subscription right can be exercised after 2 years. |                       |

|   |   |                |
|---|---|----------------|
| percentages   | After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                |
| Converted shares  | 241,250 shares  | 40,000 shares  |
| Exercised amount  | NT\$ 7,401,750  | NT\$ 1,578,675 |
| Number of shares yet to be converted                                    | 150,000 shares  | 15,000 shares  |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 29.2   | NT\$ 37.5      |
| Unexercised shares as a percentage of total issued shares               | 0.05 %  | 0.005 %        |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.       |                |

|   |   |                       |                       |
|---|---|-----------------------|-----------------------|
| Type of Stock Option  | 2017 1st Employee Share Subscription Warrants   |                       |                       |
| Regulatory approval date and units issued                               | 2017/05/10<br>1,700   |                       |                       |
| Issue date  | 2017/08/08  | 2017/12/27            | 2018/03/23            |
| Units issued  | 395   | 570                   | 175                   |
|   | Each unit can subscribe 1,000 common shares.  |                       |                       |
| Number of shares still available for issuance                           | 0   |                       |                       |
| Option shares to be issued as a percentage of outstanding shares        | 0.13 %  | 0.19 %                | 0.06 %                |
| Exercising Period   | 2019/08/08~2027/08/07   | 2019/12/27~2027/12/26 | 2020/03/23~2028/03/22 |
| Conversion measures   | Issue new common shares.  |                       |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |                       |
| Converted shares  | 235,000 shares  | 330,250 shares        | 62,000 shares         |
| Exercised amount  | NT\$ 7,161,000  | NT\$ 8,620,300        | NT\$ 1,516,700        |
| Number of shares yet to be converted                                    | 0 shares  | 58,500 shares         | 48,000 shares         |
| Adjusted exercise price for those who have yet to exercise their rights | -   | NT\$ 25               | NT\$ 23.5             |
| Unexercised shares as a percentage of total issued shares               | -   | 0.02 %                | 0.02 %                |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |                       |

|  |   |            |
|--|---|------------|
| Type of Stock Option   | 2017 1st Employee Share Subscription Warrants |            |
| Regulatory approval date and units issued                        | 2018/08/09<br>1,500                           |            |
| Issue date   | 2019/01/25                                    | 2019/05/13 |
| Units issued   | 520   | 285        |
|  | Each unit can subscribe 1,000 common shares.  |            |
| Number of shares still available for issuance                    | 0   |            |
| Option shares to be issued as a percentage of outstanding shares | 0.17 %  | 0.09 %     |

| Exercising Period   | 2021/01/25~2029/01/24   | 2021/05/13~2029/05/12 |
|---|---|-----------------------|
| Conversion measures   | Issue new common shares.  |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |
| Converted shares  | 275,275 shares  | 105,750 shares        |
| Exercised amount  | NT\$ 8,120,393  | NT\$ 3,641,475        |
| Number of shares yet to be converted                                    | 28,475 shares   | 93,750 shares         |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 28.7   | NT\$ 34.3             |
| Unexercised shares as a percentage of total issued shares               | 0.01 %  | 0.03 %                |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |

| Type of Stock Option  | 2019 1st Employee Share Subscription Warrants   |                       |                       |
|---|---|-----------------------|-----------------------|
| Regulatory approval date and units issued                               | 2019/10/29<br>2,000   |                       |                       |
| Issue date  | 2019/11/12  | 2020/04/15            | 2020/08/12            |
| Units issued  | 960   | 775                   | 205                   |
|   | Each unit can subscribe 1,000 common shares.  |                       |                       |
| Number of shares still available for issuance                           | 0   |                       |                       |
| Option shares to be issued as a percentage of outstanding shares        | 0.32 %  | 0.26 %                | 0.07 %                |
| Exercising Period   | 2021/11/12~2029/11/11   | 2022/04/15~2030/04/14 | 2022/08/12~2030/08/11 |
| Conversion measures   | Issue new common shares.  |                       |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |                       |
| Converted shares  | 363,750 shares  | 267,500 shares        | 96,250 shares         |
| Exercised amount  | NT\$ 9,166,500  | NT\$ 7,704,000        | NT\$ 4,928,000        |
| Number of shares yet to be converted                                    | 162,500 shares  | 83,750 shares         | 70,000 shares         |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 25.2   | NT\$ 28.8             | NT\$ 51.2             |
| Unexercised shares as a percentage of total issued shares               | 0.05 %  | 0.03 %                | 0.02 %                |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |                       |

| Type of Stock Option                          | 2020 1st Employee Share Subscription Warrants |            |            |            |
|---|---|------------|------------|------------|
| Regulatory approval date and units issued     | 2020/11/06<br>3,000                           |            |            |            |
| Issue date                                    | 2020/12/23                                    | 2021/05/12 | 2021/08/12 | 2021/10/01 |
| Units issued                                  | 830   | 315        | 505        | 1,185      |
|   | Each unit can subscribe 1,000 common shares.  |            |            |            |
| Number of shares still available for issuance | 0   |            |            |            |

|   |   |                           |                           |                           |
|---|---|---------------------------|---------------------------|---------------------------|
| Option shares to be issued as a percentage of outstanding shares        | 0.27 %  | 0.10 %                    | 0.17 %                    | 0.39 %                    |
| Exercising Period   | 2022/12/23~<br>2030/12/22   | 2023/05/12~<br>2031/05/11 | 2023/08/12~<br>2031/08/11 | 2023/10/01~<br>2031/09/30 |
| Conversion measures   | Issue new common shares.  |                           |                           |                           |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                           |                           |                           |
| Converted shares  | 257,750 shares  | 0 share                   | 0 share                   | 0 share                   |
| Exercised amount  | NT\$ 10,851,275   | NT\$ 0                    | NT\$ 0                    | NT\$ 0                    |
| Number of shares yet to be converted                                    | 244,750 shares  | 215,000 shares            | 250,000 shares            | 700,000 shares            |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 42.1   | NT\$ 146.4                | NT\$ 128.4                | NT\$ 117.5                |
| Unexercised shares as a percentage of total issued shares               | 0.08 %  | 0.07%                     | 0.08%                     | 0.23%                     |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                           |                           |                           |

|   |   |                           |                           |                           |
|---|---|---------------------------|---------------------------|---------------------------|
| Type of Stock Option  | 2021 1st Employee Share Subscription Warrants   |                           |                           |                           |
| Regulatory approval date and units issued                               | 2021/10/15<br>3,000   |                           |                           |                           |
| Issue date  | 2022/03/22  | 2022/05/12                | 2022/08/11                | 2022/09/08                |
| Units issued  | 160   | 225                       | 685                       | 510                       |
|   | Each unit can subscribe 1,000 common shares.  |                           |                           |                           |
| Number of shares still available for issuance                           | 0   |                           |                           |                           |
| Option shares to be issued as a percentage of outstanding shares        | 0.05 %  | 0.07 %                    | 0.22 %                    | 0.17 %                    |
| Exercising Period   | 2024/03/22~<br>2032/03/21   | 2024/05/12~<br>2032/05/11 | 2024/08/11~<br>2032/08/10 | 2024/09/08~<br>2032/09/07 |
| Conversion measures   | Issue new common shares.  |                           |                           |                           |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                           |                           |                           |
| Converted shares  | 0 share   | 0 share                   | 0 share                   | 0 share                   |
| Exercised amount  | NT\$ 0  | NT\$ 0                    | NT\$ 0                    | NT\$ 0                    |
| Number of shares yet to be converted                                    | 80,000 shares   | 180,000 shares            | 440,000 shares            | 315,000 shares            |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 93.5   | NT\$ 71.6                 | NT\$ 85.9                 | NT\$ 118.5                |
| Unexercised shares as a percentage of total issued shares               | 0.03 %  | 0.06%                     | 0.14%                     | 0.10%                     |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                           |                           |                           |

|   |   |            |
|---|---|------------|
| Type of Stock Option                      | 2022 1st Employee Share Subscription Warrants |            |
| Regulatory approval date and units issued | 2022/09/06<br>4,000                           |            |
| Issue date                                | 2022/11/08                                    | 2023/03/10 |

|   |   |                       |
|---|---|-----------------------|
| Units issued  | 615   | 1,105                 |
|   | Each unit can subscribe 1,000 common shares.  |                       |
| Number of shares still available for issuance                           | 2,280   |                       |
| Option shares to be issued as a percentage of outstanding shares        | 0.20 %  | 0.36 %                |
| Exercising Period   | 2024/11/08~2032/11/07   | 2025/03/10~2033/03/09 |
| Conversion measures   | Issue new common shares.  |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |
| Converted shares  | 0 share   | 0 share               |
| Exercised amount  | NT\$ 0  | NT\$ 0                |
| Number of shares yet to be converted                                    | 460,000 shares  | 935,000 shares        |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 103.5  | NT\$ 111.5            |
| Unexercised shares as a percentage of total issued shares               | 0.15%   | 0.31 %                |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |

|   |   |                       |
|---|---|-----------------------|
| Type of Stock Option  | 2022 1st Employee Share Subscription Warrants   |                       |
| Regulatory approval date and units issued                               | 2022/09/06<br>4,000   |                       |
| Issue date  | 2023/05/10  | 2023/08/08            |
| Units issued  | 255   | 225                   |
|   | Each unit can subscribe 1,000 common shares.  |                       |
| Number of shares still available for issuance                           | 1,800   |                       |
| Option shares to be issued as a percentage of outstanding shares        | 0.08%   | 0.07 %                |
| Exercising Period   | 2025/05/10~2033/05/09   | 2025/08/08~2033/08/07 |
| Conversion measures   | Issue new common shares.  |                       |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |                       |
| Converted shares  | 0 share   | 0 share               |
| Exercised amount  | NT\$ 0  | NT\$ 0                |
| Number of shares yet to be converted                                    | 255,000 shares  | 225,000 shares        |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 120  | NT\$ 101.5            |
| Unexercised shares as a percentage of total issued shares               | 0.08 %  | 0.08 %                |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |                       |

|   |   |
|---|---|
| Type of Stock Option  | 2022 1st Employee Share Subscription Warrants   |
| Regulatory approval date and units issued                               | 2022/09/06<br>4,000   |
| Issue date  | 2023/12/22  |
| Units issued  | 270   |
|   | Each unit can subscribe 1,000 common shares.  |
| Number of shares still available for issuance                           | 1,530   |
| Option shares to be issued as a percentage of outstanding shares        | 0.09 %  |
| Exercising Period   | 2025/12/22~2033/12/21   |
| Conversion measures   | Issue new common shares.  |
| Conditional conversion periods and percentages                          | 50% subscription right can be exercised after 2 years.<br>After 2 years, for every expiration of one year, the accumulated maximum exercise subscription proportion will increase 25%.<br>100% subscription right can be exercised after 4 years. |
| Converted shares  | 0 share   |
| Exercised amount  | NT\$ 0  |
| Number of shares yet to be converted                                    | 245,000 shares  |
| Adjusted exercise price for those who have yet to exercise their rights | NT\$ 100.5  |
| Unexercised shares as a percentage of total issued shares               | 0.08 %  |
| Impact on possible dilution of shareholdings                            | The issuance of employee stock option certificate may create the common interests of the Company and shareholders, which shall be positive effects to the rights of shareholders.   |



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

March 31<sup>st</sup>, 2024

|            | Title                                      | Name                  | No. of Option Shares | Option Shares as a Percentage of Shares Issued | Exercised               |                                    |                 |   | Unexercised             |  |                 |   |
|------------|--|-----------------------|----------------------|--|-------------------------|------------------------------------|-----------------|---|-------------------------|--|-----------------|---|
|            |  |                       |                      |  | No. of Shares Converted | Strike Price (NT\$)                | Amount (NT\$)   | Converted Shares as a Percentage of Shares issued | No. of Shares Converted | Strike Price (NT\$)  | Amount (NT\$)   | Converted Shares as a Percentage of Shares issued |
| Management | President                                  | Lee-Cheng Liu         | 2,466,000 shares     | 0.81%  | 1,641,000 shares        | \$10.2<br>\$15<br>\$42.1           | NT\$ 17,728,000 | 0.54%   | 825,000 shares          | \$25.2<br>\$29.2<br>\$34.3<br>\$42.1<br>\$100.5<br>\$111.5<br>\$117.5<br>\$118.5<br>\$128.4<br>\$146.4 | NT\$ 74,343,000 | 0.27%   |
|            | Senior Vice President                      | Chih-Jung Chang       |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Vice President                             | Hsiu-Chuan Yang       |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Executive Director                         | Ae-Ning Lin           |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Executive Director                         | Shang-Chung Ju        |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Executive Director                         | Ching-Ying Chen       |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Executive Director                         | Ren-Yo Forng          |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Executive Director                         | Ywan-Feng Li          |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Senior Director                            | Tsan-Hui Wu           |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Senior Director                            | Hwei-Rung Wang        |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Chung-Huan Lin        |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Yu-Wen Liu            |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Tsung-Chih Wang       |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Ming-Tao Pai          |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Chih-Yuan Ma          |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Director                                   | Sz-Wei Wu             |                      |  |                         |                                    |                 |   |                         |  |                 |   |
| Staff      | President of EirGenix Europe GmbH          | Thomas Schulze        | 590,000 shares       | 0.19%  | 218,000 shares          | \$15<br>\$25.2<br>\$28.8<br>\$42.1 | NT\$ 4,794,000  | 0.07%   | 373,000 shares          | \$15<br>\$23.5<br>\$25.2<br>\$28.8<br>\$42.1<br>\$111.5<br>\$117.5<br>\$120.0<br>\$128.4               | NT\$ 32,353,000 | 0.12%   |
|            | Executive Director of EirGenix Europe GmbH | Barbara Grohmann-Izay |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Associate Director                         | Chien-Hao Chen        |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Associate Director                         | Wan-Ting Hsieh        |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Associate Director                         | Chia-Hsin Hsiao       |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Associate Director                         | Ching-Cheng Hsiao     |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Associate Director                         | Chia-Fang Lin         |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Senior Project Manager                     | Ryan Lee              |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Senior Project Manager                     | Yen-Ming Peng         |                      |  |                         |                                    |                 |   |                         |  |                 |   |
|            | Senior Manager                             | An-Chi Fan            |                      |  |                         |                                    |                 |   |                         |  |                 |   |

## 14. Restricted Employee Share

(1) Status of Restricted Employee Share (as of March 31, 2024)

| Type of Stock Option  | 1st Employee Restricted Stock in 2016   |                |
|---|---|----------------|
| Regulatory approval date and shares issued  | 2016/10/05<br>2,000,000 shares  |                |
| Issue date  | 2016/11/18  | 2016/08/08     |
| Units issued  | 1,659,500 shares  | 257,500 shares |
| Number of shares still available for issuance                                     | 0 share   |                |
| Strike price  | NT\$ 0  |                |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.54 %  | 0.08 %         |
| Conditional conversion periods and percentages                                    | <p>Condition A: Company operation performance and employee personal KPI. Achieve a positive income before tax for three quarters, and employee's average KPI shall be over 2.66 for three consecutive years. 33.3% of total shares will be released.</p> <p>Condition B: Employee job tenure and employee personal KPI. Work in EirGenix for ten years, and employee personal average KPI shall be over 2.66 for three consecutive years. 16.7% of total shares will be released.</p> <p>Condition C: Development of biosimilar EG12014 and employee personal KPI</p> <p>Timing I: Complete EG12014 Phase 3 and the employee's average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Timing II: EG12014 Launched to market and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition D: Development of biosimilar EG1206A and employee personal KPI</p> <p>Timing I: Complete EG1206A Phase 1, and employee personal average KPI shall be over 2.66 for three consecutive years. 5.6% of total shares will be released.</p> <p>Timing II: Complete EG1206A out-licensing or Phase 3 and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition E: New plant in Zhubei start running and completes 1,000L or 2*2,000L scale process validation and employee personal KPI.</p> <p>The new plant in Zhubei starts running and completes 1,000L or 2*2,000L scale process validation, and the employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition F: Complete IPO in TPEx and employee personal KPI</p> <p>Complete IPO in TPEx and employee personal average KPI shall be over 2.66 for three consecutive years. 10% of total shares will be released</p> |                |
| Restricted Conditions   | Please refer to the following table for details.  |                |
| Depository methods of new shares  | Please refer to the following table for details.  |                |
| Handling of an employee's failure to meet the vesting conditions                  | Please refer to the following table for details.  |                |
| Bought-back or canceled new shares of Restricted Stock Awards                     | 654,750 shares  | 172,000 shares |
| Shares of Unrestricted Stock Awards   | 551,550 shares  | 39,975 shares  |
| New shares of Restricted Stock Awards   | 453,200 shares  | 45,525 shares  |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%)    | 0.15 %  | 0.01 %         |

|                                 |  |
|---------------------------------|--|
| Impacts on Shareholders' Equity | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company. |
|---------------------------------|--|

| Type of Stock Option  | 1 <sup>st</sup> Employee Restricted Stock in 2019   |                |
|---|---|----------------|
| Regulatory approval date and shares issued  | 2019/12/30<br>600,000 shares  |                |
| Issue date  | 2020/05/13  | 2020/12/10     |
| Units issued  | 454,500 shares  | 144,000 shares |
| Number of shares still available for issuance                                     | 0 share   |                |
| Strike price  | NT\$ 0  |                |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.15 %  | 0.05%          |
| Conditional conversion periods and percentages                                    | <p>Condition A: Calculated from the working day when relocated to Zhubei branch, after serving for 0.25 years, 0.5 years, 0.75 years and 1 year; 750 shares will be released on each timing.</p> <p>Condition B: Calculated from the working day when relocated to Zhubei branch, after serving for 1.5 years, and 2 years; 2,000 shares will be released on each timing.</p> <p>Condition C: Calculated from the working day when relocated to Zhubei branch, after serving for 3 years; 5,000 shares will be released on each timing.</p> |                |
| Restricted Conditions   | Please refer to the following table for details.  |                |
| Depository methods of new shares  | Please refer to the following table for details.  |                |
| Handling of an employee's failure to meet the vesting conditions                  | Please refer to the following table for details.  |                |
| Bought-back or canceled new shares of Restricted Stock Awards                     | 35,250 shares   | 10,500 share   |
| Shares of Unrestricted Stock Awards   | 395,250 shares  | 67,750 shares  |
| New shares of Restricted Stock Awards   | 24,000 shares   | 65,750 shares  |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%)    | 0.01 %  | 0.02 %         |
| Impacts on Shareholders' Equity   | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company.  |                |

| Type of Stock Option  | 2 <sup>nd</sup> Employee Restricted Stock in 2019  |               |
|---|--|---------------|
| Regulatory approval date and shares issued  | 2019/12/30<br>1,000,000 shares   |               |
| Issue date  | 2020/08/14   | 2020/12/10    |
| Units issued  | 905,700 shares   | 94,200 shares |
| Number of shares still available for issuance                                     | 0 share  |               |
| Strike price  | NT\$ 0   |               |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.30 %   | 0.03%         |
| Conditional conversion periods and percentages                                    | <p>Condition A: Company operation performance and employee personal KPI. Achieve a positive income before tax for three quarters, and employee's average KPI shall be over 2.66 for three consecutive years. 33.3% of total shares will be released.</p> <p>Condition B: Employee job tenure and employee personal KPI. Work in EirGenix for ten years, and employee personal average KPI shall be over 2.66 for three consecutive years. 16.7% of total shares will be released.</p> <p>Condition C: Development of biosimilar EG12014 and employee personal KPI<br/>Timing I: Complete EG12014 Phase 3 and the employee's average KPI shall be</p> |               |

|  |   |               |
|--|---|---------------|
|  | <p>over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Timing II: EG12014 Launched to market and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition D: Development of biosimilar EG1206A and employee personal KPI</p> <p>Timing I: Complete EG1206A Phase 1, and employee personal average KPI shall be over 2.66 for three consecutive years. 5.6% of total shares will be released.</p> <p>Timing II: Complete EG1206A out-licensing or Phase 3 and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition E: New plant in Zhubei start running and completes 1,000L or 2*2,000L scale process validation and employee personal KPI.</p> <p>The new plant in Zhubei starts running and completes 1,000L or 2*2,000L scale process validation, and the employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition F: Complete IPO in TPEX and employee personal KPI.</p> <p>Complete IPO in TPEX and employee personal average KPI shall be over 2.66 for three consecutive years. 10% of total shares will be released</p> |               |
| Restricted Conditions  | Please refer to the following table for details.  |               |
| Depository methods of new shares   | Please refer to the following table for details.  |               |
| Handling of an employee's failure to meet the vesting conditions               | Please refer to the following table for details.  |               |
| Bought-back or canceled new shares of Restricted Stock Awards                  | 272,200 shares  | 0 share       |
| Shares of Unrestricted Stock Awards  | 253,750 shares  | 37,550 shares |
| New shares of Restricted Stock Awards  | 379,750 shares  | 56,650 shares |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%) | 0.12 %  | 0.02 %        |
| Impacts on Shareholders' Equity  | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company.  |               |

| Type of Stock Option  | 1 <sup>st</sup> Employee Restricted Stock in 2021   |                |                |
|---|---|----------------|----------------|
| Regulatory approval date and shares issued  | 2021/09/10<br>1,000,000 shares  |                |                |
| Issue date  | 2021/10/15  | 2022/01/15     | 2022/09/08     |
| Units issued  | 612,500 shares  | 184,000 shares | 190,000 shares |
| Number of shares still available for issuance                                     | 0 share   |                |                |
| Strike price  | NT\$ 0  |                |                |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.20 %  | 0.06%          | 0.06%          |
| Conditional conversion periods and percentages                                    | <p>Condition A: Company operation performance and employee personal KPI. Achieve a positive income before tax for three quarters, and employee's average KPI shall be over 2.66 for three consecutive years. 33.3% of total shares will be released.</p> <p>Condition B: Employee job tenure and employee personal KPI. Work in EirGenix for ten years, and employee personal average KPI shall be over 2.66 for three consecutive years. 16.7% of total shares will be released.</p> <p>Condition C: Development of biosimilar EG12014 and employee personal KPI</p> <p>Timing I: Complete EG12014 Phase 3 and the employee's average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Timing II: EG12014 Launched to market and employee personal average</p> |                |                |

|  |  |                |                |
|--|--|----------------|----------------|
|  | <p>KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition D: Development of biosimilar EG1206A and employee personal KPI</p> <p>Timing I: Complete EG1206A Phase 1, and employee personal average KPI shall be over 2.66 for three consecutive years. 5.6% of total shares will be released.</p> <p>Timing II: Complete EG1206A out-licensing or Phase 3 and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition E: New plant in Zhubei start running and completes 1,000L or 2*2,000L scale process validation and employee personal KPI.</p> <p>The new plant in Zhubei starts running and completes 1,000L or 2*2,000L scale process validation, and the employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> |                |                |
| Restricted Conditions  | Please refer to the following table for details.   |                |                |
| Depository methods of new shares   | Please refer to the following table for details.   |                |                |
| Handling of an employee's failure to meet the vesting conditions               | Please refer to the following table for details.   |                |                |
| Bought-back or canceled new shares of Restricted Stock Awards                  | 224,500 shares   | 64,000 shares  | 52,500 shares  |
| Shares of Unrestricted Stock Awards  | 68,250 shares  | 0 share        | 0 share        |
| New shares of Restricted Stock Awards  | 319,750 shares   | 120,000 shares | 137,500 shares |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%) | 0.1 %  | 0.04 %         | 0.04 %         |
| Impacts on Shareholders' Equity  | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company.   |                |                |

|   |  |                |              |                |
|---|--|----------------|--------------|----------------|
| Type of Stock Option  | 1 <sup>st</sup> Employee Restricted Stock in 2022  |                |              |                |
| Regulatory approval date and shares issued  | 2022/09/06<br>850,000 shares   |                |              |                |
| Issue date  | 2022/09/08   | 2022/11/08     | 2023/03/10   | 2023/11/09     |
| Units issued  | 62,657 shares  | 195,137 shares | 5,929 shares | 324,820 shares |
| Number of shares still available for issuance                                     | 261,457 shares   |                |              |                |
| Strike price  | NT\$ 0   |                |              |                |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.02 %   | 0.06%          | 0.002%       | 0.11%          |
| Conditional conversion periods and percentages                                    | <p>The employee must remain employed by the Company on the last date of each vesting period. During the vesting period, the employee may not breach any agreement with the company or violate the Company's employment agreement, service agreement, trust agreement, company governance best practice principles, ethical corporate management best practice principles, work rules, non-compete and non-disclosure agreement of the Company or any agreement with the Company. Specific employee performance metrics and the Company's business performance metrics are met in the Employee Restricted Stock Awards Rules.</p> <p>Condition A: Employees on board at, or before the third quarter of 2022, 100% of shares will be vested at the end of same year.</p> <p>Condition B: Employees on board in the fourth quarter of 2022, 100% of shares will be vested at the end of following year.</p> <p>Condition C: Employees on board between the first quarter to third quarter of 2023, 100% of shares will be vested at the end of same year.</p> <p>Condition D: Shares granted for employees 2021 personal performance and company performance rating over 2.5, will be vested 100%.</p> <p>Condition E: Shares granted for employees 2022 company performance rating over 2.0, and personal performance rating plus company performance rating total over 5.0</p> |                |              |                |



|  |  |                |              |                |
|--|--|----------------|--------------|----------------|
|  | will be vested 100%.   |                |              |                |
| Restricted Conditions  | Please refer to the following table for details.   |                |              |                |
| Depository methods of new shares   | Please refer to the following table for details.   |                |              |                |
| Handling of an employee's failure to meet the vesting conditions               | Please refer to the following table for details.   |                |              |                |
| Bought-back or canceled new shares of Restricted Stock Awards                  | 0 share  | 3,370 shares   | 0 share      | 1,284 shares   |
| Shares of Unrestricted Stock Awards  | 62,657 shares  | 191,181 shares | 5,929 shares | 289,797 shares |
| New shares of Restricted Stock Awards  | 0 share  | 586 shares     | 0 share      | 33,739 shares  |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%) | -  | 0.0002 %       | -            | 0.01%          |
| Impacts on Shareholders' Equity  | The ratio accounted for by the new shares with restricted rights that have not yet been lifted is a mere 0.012%. There is no major impact to the existing shareholders of the Company. |                |              |                |

|   |   |  |  |  |
|---|---|--|--|--|
| Type of Stock Option  | 2 <sup>nd</sup> Employee Restricted Stock in 2023   |  |  |  |
| Regulatory approval date and shares issued  | 2023/10/27<br>870,000 shares  |  |  |  |
| Issue date  | 2023/11/09  |  |  |  |
| Units issued  | 825,562 shares  |  |  |  |
| Number of shares still available for issuance                                     | 44,438 shares   |  |  |  |
| Strike price  | NT\$ 0  |  |  |  |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.27 %  |  |  |  |
| Conditional conversion periods and percentages                                    | <p>The employee must remain employed by the Company on the last date of each vesting period. During the vesting period, the employee may not breach any agreement with the company or violate the Company's employment agreement, service agreement, trust agreement, company governance best practice principles, ethical corporate management best practice principles, work rules, non-compete and non-disclosure agreement of the Company or any agreement with the Company. Specific employee performance metrics and the Company's business performance metrics are met in the Employee Restricted Stock Awards Rules.</p> <p>Condition A: When the annual Key-Performance-Indicator (KPI) of the Company is at least 2.5, the employee will be eligible to receive 100% shares of the Company's restricted stock.</p> <p>Condition B: When EirGenix reaches the break-even milestone for a fiscal year based on an audited income statement, the employee will be eligible to receive 100% shares of Company's restricted stock.</p> <p>Condition C: When the Company and employee's annual Key-Performance-Indicator (KPI) is at least 2.5, the employee will be eligible to receive 100% shares of the Company's restricted stock.</p> |  |  |  |
| Restricted Conditions   | Please refer to the following table for details.  |  |  |  |
| Depository methods of new shares  | Please refer to the following table for details.  |  |  |  |
| Handling of an employee's failure to meet the vesting conditions                  | Please refer to the following table for details.  |  |  |  |
| Bought-back or canceled new shares of Restricted Stock Awards                     | 0 shares  |  |  |  |
| Shares of Unrestricted Stock Awards   | 210,562 shares  |  |  |  |
| New shares of Restricted  | 615,000 shares  |  |  |  |



|  |  |
|--|--|
| Stock Awards   |  |
| Percentage of new shares of Restricted Stock Awards to Total Issued Shares (%) | 0.2 %  |
| Impacts on Shareholders' Equity  | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company. |

|   |   |
|---|---|
| Type of Stock Option  | 1 <sup>st</sup> Employee Restricted Stock in 2023   |
| Regulatory approval date and shares issued  | 2023/10/27<br>805,000 shares  |
| Issue date  | 2023/12/22  |
| Units issued  | 25,500 shares   |
| Number of shares still available for issuance                                     | 779,500 shares  |
| Strike price  | NT\$ 0  |
| Restricted Stock Awards shares to be issued as a percentage of outstanding shares | 0.01 %  |
| Conditional conversion periods and percentages                                    | <p>Condition A: Company operation performance and employee personal KPI. Achieve a positive income before tax for three quarters, and employee's average KPI shall be over 2.66 for three consecutive years. 33.3% of total shares will be released.</p> <p>Condition B: Employee job tenure and employee personal KPI. Work in EirGenix for ten years, and employee personal average KPI shall be over 2.66 for three consecutive years. 16.7% of total shares will be released.</p> <p>Condition C: Development of biosimilar EG12014 and employee personal KPI<br/> Timing I: Complete EG12014 Phase 3 and the employee's average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.<br/> Timing II: EG12014 Launched to market and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition D: Development of biosimilar EG1206A and employee personal KPI<br/> Timing I: Complete EG1206A Phase 1, and employee personal average KPI shall be over 2.66 for three consecutive years. 5.6% of total shares will be released.<br/> Timing II: Complete EG1206A out-licensing or Phase 3 and employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> <p>Condition E: New plant in Zhubei start running and completes 1,000L or 2*2,000L scale process validation and employee personal KPI.<br/> The new plant in Zhubei starts running and completes 1,000L or 2*2,000L scale process validation, and the employee personal average KPI shall be over 2.66 for three consecutive years. 11.1% of total shares will be released.</p> |
| Restricted Conditions   | Please refer to the following table for details.  |
| Depository methods of new shares  | Please refer to the following table for details.  |
| Handling of an employee's failure to meet the vesting conditions                  | Please refer to the following table for details.  |
| Bought-back or canceled new shares of Restricted Stock Awards                     | 0 shares  |
| Shares of Unrestricted Stock Awards   | 0 shares  |
| New shares of Restricted Stock Awards   | 25,500 shares   |
| Percentage of new shares of Restricted  | 0.01 %  |

|   |  |
|---|--|
| Stock Awards to Total Issued Shares (%) |  |
| Impacts on Shareholders' Equity         | The ratio accounted for by the new shares with restricted rights as above. There is no major impact to the existing shareholders of the Company. |

| Employee Restricted Stock  |  |
|--|--|
| Restricted Conditions  | <ol style="list-style-type: none"> <li>1. During the vesting period, the employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted stock awards</li> <li>2. Voting right in Shareholders' Meeting: The same as common stock.</li> <li>3. Dividend: The same as common stock.</li> </ol>  |
| Depository methods of new shares                                 | The Employee Restricted Stock issued may be deposited in a security trust account.   |
| Handling of an employee's failure to meet the vesting conditions | <ol style="list-style-type: none"> <li>1. No matter of the Voluntary departure from employment, Dismissal from employment, Retirement, Death or Job position transfer to an affiliate, EirGenix shall buy back and cancel all Restricted Stock Awards.</li> <li>2. Sufferers of disability due to an occupational accident: EirGenix shall buy back and cancel Restricted Stock Awards unless the permission by the Board.</li> <li>3. Employees will not have to return the stock dividend or cash dividend occurred by forfeited restricted stock awards</li> <li>4. Employees who have not reached the vesting conditions: Employees who has subscribed but fail to meet the grant conditions, EirGenix shall buy back and cancel Restricted Stock Awards in accordance with the laws.</li> </ol> |

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

March 31<sup>st</sup>, 2024

|            | Title                             | Name            | No. of Receiving Restricted Stock Shares | Receiving Restricted Stock Shares as a Percentage of Shares issued | Unrestricted            |              |        |   | Restricted              |              |        |   |
|------------|-----------------------------------|-----------------|--|--|-------------------------|--------------|--------|---|-------------------------|--------------|--------|---|
|            |                                   |                 |  |  | No. of Shares Converted | Strike Price | Amount | Converted Shares as a Percentage of Shares issued | No. of Shares Converted | Strike Price | Amount | Converted Shares as a Percentage of Shares issued |
| Management | President                         | Lee-Cheng Liu   | 2,271,000 shares                         | 0.74%  | 1,302,000 shares        | NT\$0        | NT\$0  | 0.43%   | 969,000 shares          | NT\$0        | NT\$0  | 0.32%   |
|            | Senior Vice President             | Chih-Jung Chang |  |  |                         |              |        |   |                         |              |        |   |
|            | Vice President                    | Hsiu-Chuan Yang |  |  |                         |              |        |   |                         |              |        |   |
|            | Executive Director                | Shang-Chung Ju  |  |  |                         |              |        |   |                         |              |        |   |
|            | Executive Director                | Ae-Ning Lin     |  |  |                         |              |        |   |                         |              |        |   |
|            | Executive Director                | Ching-Ying Chen |  |  |                         |              |        |   |                         |              |        |   |
|            | Executive Director                | Ren-Yo Forng    |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Director                   | Tsan-Hui Wu     |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Director                   | Hwei-Rung Wang  |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Chung-Huan Lin  |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Yu-Wen Liu      |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Tsung-Chih Wang |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Ming-Tao Pai    |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Chih-Yuan Ma    |  |  |                         |              |        |   |                         |              |        |   |
|            | Director                          | Sz-Wei Wu       |  |  |                         |              |        |   |                         |              |        |   |
| Staff      | President of EirGenix Europe GmbH | Thomas Schulze  | 348,000 shares                           | 0.11%  | 202,000 shares          | NT\$0        | NT\$0  | 0.01%   | 146,000 shares          | NT\$0        | NT\$0  | 0.05%   |
|            | Associate Director                | Chia-Hsin Hsiao |  |  |                         |              |        |   |                         |              |        |   |
|            | Associate Director                | Chien-Hao Chen  |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Manager                    | Yi-Hsuan Pan    |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Manager                    | Ying-Chun Chen  |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Manager                    | Jui-Chi Lee     |  |  |                         |              |        |   |                         |              |        |   |
|            | Senior Manager                    | Ya-Fen Yang     |  |  |                         |              |        |   |                         |              |        |   |
|            | Manager                           | Chia-Feng Liao  |  |  |                         |              |        |   |                         |              |        |   |
|            | Manager                           | Wen-Yuan Ting   |  |  |                         |              |        |   |                         |              |        |   |
|            | Assistant manager                 | Ya-Han Liu      |  |  |                         |              |        |   |                         |              |        |   |
|            |                                   |                 |  |  |                         |              |        |   |                         |              |        |   |

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

**16. The Status of Implementation of Capital Allocation Plans**

(1)Cash Capital Increase in 2020

A. Description of the Plan:

(A) Date and document reference number for effective registration: Official letter No.1090379952 on January 28<sup>th</sup>, 2021 for effective registration. Official letter No. 1100134277approval on March 31<sup>st</sup>, 2021, to extend the period of the subscription until July 27<sup>th</sup>, 2021.

(B) Total Amount of the Plan: NT\$ 3,202,500,000.

(C) Source of Funds: Issuance 35,000,000 new common shares for capital increase. Par value is NT\$ 10 per shares, issuance price is NT\$ 91.5 per share, and the total amount is NT\$ 3,202,500,000.

(D) Plan item and Expect implementation progress of fund:

Unit: NT\$ thousands

| Item                                      | Total fund needed | Expect implementation progress of Capital Allocation Plans (Note 1) |         |         |         |         |         |         |
|---|-------------------|---|---------|---------|---------|---------|---------|---------|
|   |                   | 2021  |         |         | 2022    |         |         |         |
|   |                   | Q2  | Q3      | Q4      | Q1      | Q2      | Q3      | Q4      |
| Replenishment of working capital (Note 2) | 3,202,500         | 400,000   | 520,000 | 550,000 | 510,000 | 410,000 | 410,000 | 402,500 |

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

Note 2: Replenishment of working capital is used to cover research and development expenditure and funds required for daily operations other than EG62054 and EG12021 (non-HER2).

(E) Planned benefit: The total amount of capital increase by EirGenix in this plan is NT\$ 3.2025 billion, which will be fully used for replenishment of working capital and R&D expenses except EG62054 and EG12021. Based on the current bank loan interest rate of 1.7970%, it is estimated that EirGenix will save NT\$ 38.366 million in 2021 and NT\$ 57.549 million in interest expense in the future. After the Capital Allocation Plans completes, the plan not only can cover the funds of product developments and daily operations but also can save the interest expenses effectively, improve the financial structure, decrease the dependence on the bank, enhance the flexibility for future capital allocation, and reduce the operation risk. The plan has useful help on the business and operational development of EirGenix.

(F) Date of entering to MOPS: January 28<sup>th</sup>, 2021

(G) Change the content of the plan, the reason for changing, and the benefit of changing: Not Applicable.

B.Implementation status

Unit: NT\$ thousands

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

#### A. The impact on shareholders' rights and interests

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

#### B. Expect the Implementation Benefit

##### (A) Replenishment of working capital

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

##### (B) Improve financial structure:

Unit: NT\$ thousands; %

| Year                        |   | 2020                      | 2021                     |
|-----------------------------|---|---------------------------|--------------------------|
| Item                        |   | (Before Capital increase) | (After Capital Increase) |
| Basic Financial Information | Current assets  | 1,494,307                 | 9,070,266                |
|                             | Total assets  | 3,835,215                 | 11,440,873               |
|                             | Current liabilities   | 642,163                   | 703,216                  |
|                             | Total liabilities   | 1,929,598                 | 1,012,122                |
|                             | Shareholders' equity  | 1,905,617                 | 10,428,751               |
|                             | Operation revenue   | 1,071,838                 | 1,697,359                |
|                             | Interest expenses   | 28,500                    | 21,149                   |
|                             | Earnings per share  | (5.41)                    | (0.18)                   |
| Financial structure         | Debt Ratio  | 50.31%                    | 8.85%                    |
|                             | Ratio of long-term capital to property, plant and equipment | 172.42%                   | 569.09%                  |
| Solvency                    | Current ratio   | 232.70%                   | 1,289.83%                |
|                             | Quick ratio   | 195.19%                   | 1,215.91%                |

To meet the capital demand for operation, EirGenix conducted this capital increase, with the raised amount of NT\$ 3.2025 billion, which was fully used for replenishment of working capital, to enhance EirGenix's capital, make the financial structure sounder, further reduce EirGenix's operating risks, increase long-term capital stability and enhance market competitiveness. The estimated time of completion for this capital increase is 202Q2, and this capital increase will replenish the working capital. The Ratio of long-term capital to property, plant and equipment will increase from 172.42% to 569.09%; the current ratio and quick ratio increased from 232.70% and 195.19% to 1,289.83% and 1,215.91%; Its financial structure will improve compared with that before the capital increase; can maintain the solvency and the stability of the financial structure at the same time when expanding the scale of operation and the flexibility for future capital allocation will be maintained. If EirGenix had failed to raise funds this time, it would have increased its financial burden. Therefore, the capital increase this time to replenish working capital will help fulfill the operation funds, and its benefits will be reasonable.

## (2)Private Placement in 2021

### A. Description of the Plan:

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

Unit: NT\$

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

### (E) Planned benefit:

- To accelerate the product developing efficiency as well as the process of the same drug series to complete the production line. By the comprehensive effect of expanding the market, it can establish EirGenix's unique status in the international biosimilars and CDMO field.
- Expand the facility and equipment and increase the production scale to meet the needs of the CDMO business expansion and self-development product commercial operation.
- Repay bank loan NT\$316,322,000 and save annual interest expenses roughly about NT\$5,684,000 which calculating under the current EirGenix loan rates of 1.797%. Other unused funds will follow the plan and demonstrate effects continuously.
- Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer with Formosa Pharmaceuticals.

### (F) Date of entering to MOPS: May 4, 2021; May 12, 2022.

### (G) Change the content of the plan, the reason for changing, and the benefit of changing:

- Approved by the board of directors on May 12, 2022, in response to the company's medium and long-term strategic development plan, the adjustments to the capital utilization plan are as follows:

Unit: NT\$

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

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



## B. Implementation status

Unit: NT\$

| The Usage of funds  | Budget Amount | Implementation as of 2024 First Quoter  |
|---|---------------|---|
| R&D expenses  | 1,016,178,000 | R&D expenses 397,191,024 and deposit other funds in EirGenix bank accounts.                   |
| Expansion and building factory  | 1,700,000,000 | Expansion and building factory 682,214,319 and deposit other funds in EirGenix bank accounts. |
| Repay bank loans and replenish horizontal and vertical integration, and other operational funding needs | 316,322,000   | Repay bank loan 316,322,000   |
| Acquisition or purchase the intangible assets, operation- related assets, and right-of-use assets.      | 2,000,000,000 | Acquisition important assets 60,112,501 and deposit other funds in EirGenix bank accounts.    |

## C. The impact on shareholders' rights and interests

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

## D. Expect the Implementation Benefit

- (A) EirGenix is currently developing the product for the treatment of HER2+ breast cancer. Received the approval letter from Ministry of Health and Welfare for the biosimilar drug EIRGASUN 150 mg powder for concentrate for infusion. Received the approval letter from EC for EG12014 licensed. Preparing the US BLA resubmission for EG12014. The Phase I clinical trial for EG1206A (Pertuzumab Biosimilar) has been completed.
- (B) The second mammalian cell production line for the Zhubei plant phase I facility has been completed. Build microbial cell production line factory for the Zhubei plant phase II facility. The three-stage expansion of the mammalian plant which has 150,000L capacity, is under planning at Ciaotou Science Park, Kaohsiung.
- (C) Repay bank loan NT\$316,322,000 and save annual interest expenses roughly about NT\$5,684,000 which calculating under the current EirGenix loan rates of 1.797%. Other unused funds will follow the plan and demonstrate effects continuously.
- (D) Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer with Formosa Pharmaceuticals.
- (E) Improve financial structure:

Unit: NT\$ thousands; %

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

| Year     |               | 2021 Q3                   | 2021 Q4                  |
|----------|---------------|---------------------------|--------------------------|
| Item     |               | (Before Capital increase) | (After Capital Increase) |
| Solvency | Current ratio | 516.12%                   | 1,289.83%                |
|          | Quick ratio   | 461.55%                   | 1,215.91%                |

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

## V. Operational Highlights

### 1. Business Activities

#### (1) Business Scope

##### A. Main areas of business operation

- ①C199990 Other Food Manufacturing Not Elsewhere Classified
- ②C802041 Drugs and Medicines Manufacturing
- ③C802060 Animal Use Medicine Manufacturing
- ④C802990 Other Chemical Products Manufacturing
- ⑤F107990 Wholesale of Other Chemical Products
- ⑥F108021 Wholesale of Drugs and Medicines
- ⑦F108031 Wholesale of Drugs, Medical Goods
- ⑧F208021 Retail Sale of Drugs and Medicines
- ⑨F208031 Retail sale of Medical Equipments
- ⑩F401010 International Trade
- ⑪I199990 Other Consultancy
- ⑫IC01010 Pharmaceuticals Examining Services
- ⑬IG01010 Biotechnology Services
- ⑭IG02010 Research Development Service
- ⑮ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

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

EirGenix employs a dual-track approach encompassing bio-pharmaceutical CDMO and Product Development, effectively leveraging the company's cGMP production equipment and high-caliber technical expertise. Our company's core competitive advantage lies in simultaneously possessing expertise in two major expression systems: Mammalian cell development and Microbial strain fermentation development. Additionally, we have specialized capabilities in research, manufacturing, and analysis. Through a vertically integrated operating model, we achieve quality control and cost management. In light of the exorbitant prices of biopharmaceuticals from original development companies, which many patients cannot afford, coupled with the escalating burden of healthcare costs on governments worldwide, the mission of our company is: in the short term, to provide customers with high-quality and cost-effective services, while also developing biosimilar products with commercial viability; in the middle to long term, to focus on developing niche biologics that enhance human and societal well-being and improve quality of life. Our ultimate goal is to become an international biopharmaceutical company rooted in Taiwan with a global outlook, dedicated to advancing human health and welfare.

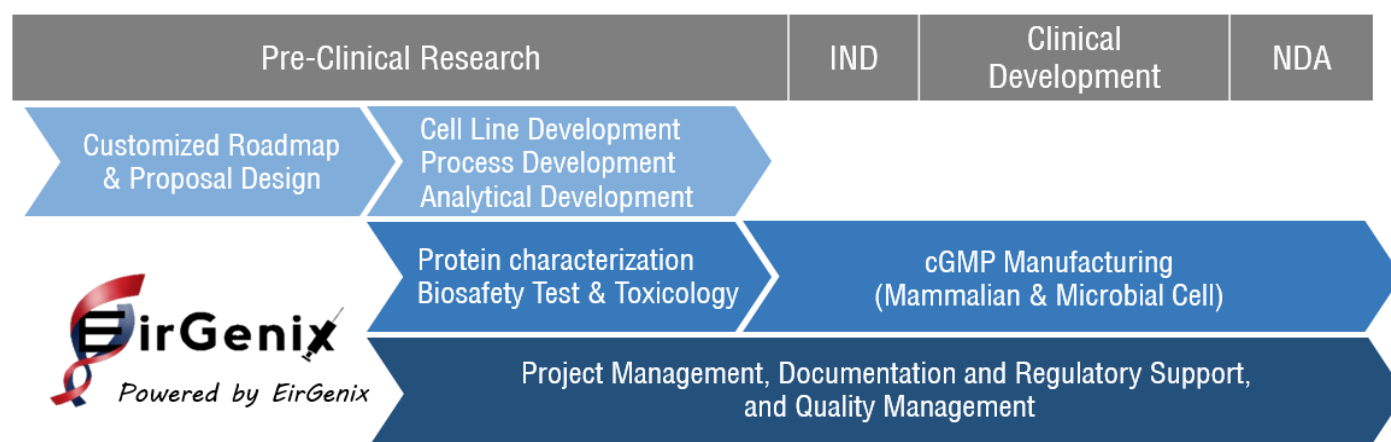
##### B. Revenue distribution

Unit: NT\$ thousands

| Item \ Year       | 2022      |       | 2023      |       |
|-------------------|-----------|-------|-----------|-------|
|                   | Revenue   | %     | Revenue   | %     |
| Service Revenue   | 757,680   | 51.16 | 605,990   | 59.26 |
| Sales Revenue     | 461,461   | 31.16 | 275,191   | 26.91 |
| Licensing Revenue | 261,876   | 17.68 | 141,472   | 13.83 |
| Total             | 1,481,017 | 100   | 1,022,653 | 100   |

The sales are primarily focused on the Asian region, accounting for approximately 65% of revenue, followed by Europe and the Americas, which make up about 35% of revenue.

### C. Main products (Service)



Our company has independently developed the following core technologies and six major platforms related to CDMO and the capacity and scale of the CDMO platform:

- (A) Cell line development
- (B) Process development and Scale-up
- (C) Analytical Method development and validation
- (D) Product identification
- (E) cGMP production for clinical trials +stability testing
- (F) CMC (Chemical, Manufacturing, and Control) documents
- (G) The capacity and scale of the CDMO platform

These are described separately as follows:

#### (A) Cell line development

To accelerate the development, clinical trials, and market entry of next-generation biopharmaceutical products, our company focuses particularly on the first critical technology in the biopharmaceutical development stage- the development of cell lines and strains. This development includes the establishment and optimization of high-yield cell lines and strains, as well as the optimization of culture media and cultivation methods. It also involves the establishment of MCB (Master Cell Bank) and WCB (Working Cell Bank). The key focus at this stage is on selecting the optimal host cells (such as CHO, Sp2/0, NS0, Hybridoma, HEK 293, PER.C6 cells, etc., for animal cells; and E. coli, S. cerevisiae, Pichia, etc., for microbial cells) and optimizing culture media, process development to achieve the highest production (for recombinant protein or monoclonal antibody drugs) and quality of cell lines/strains. The implementation involves inserting the gene into a vector to express the protein, constructing an expression system, and then transfecting it into host cells (adapted to serum-free and suspension culture). Stable and high-yield cell lines are then selected, comparing the stability and quality of production, and establishing MCB and WCB. Simultaneously, suitable or developed cell culture media for production are selected or developed.

#### (B) Process development and Scale-up

The upstream process development and scale-up primarily focus on the process development and optimization of fed-batch culture, especially on scalability, and manufacturing suitability leading to high density of cell lines/strains during production.

On the other hand, downstream process development emphasizes the recovery and purification processes, viral clearance assay studies, scale-up (currently mainly at 100 liters), formulation development, and providing products/materials to support animal testing studies, reference standards, and quality control (QC) requirements.

#### (C) Analytical Method development and validation

The development and validation of analytical methods are crucial for product quality confirmation, including:

- (i) Identification: SDS-PAGE, Western blot, IEF, peptide mapping, IEC-HPLC
- (ii) Quantitative determination: BCA/Bradford, A280
- (iii) Purity: SEC-HPLC, RP-HPLC, SDS-PAGE
- (iv) Activity: ELISA, cell-based assay
- (v) Impurity: Host cell DNA, host cell protein, ProA residue, endotoxin, bioburden

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

#### (D) Product identification

Protein identification has been increasingly emphasized by regulatory authorities year by year. Our company has established a set of HPLC and LC/MS/MS systems capable of conducting peptide mapping, complete sequence analysis, N-/O-linked carbohydrates analysis, disulfide linkages analysis, oxidation analysis, deamidation analysis, and other post-modifications analysis, as well as analysis of N-/C-terminal variants, secondary and higher-order structures, and other related analytical tasks.

#### (E) cGMP production for clinical trials and stability testing

The pilot run will be able to provide drugs needed for animal toxicity tests, preliminary stability test data, and reference standard samples, and provide sufficient operating parameters as the basis for GMP production preparation. The GMP production section includes GMP trial production (Engineering Run), GMP production, End of production cell banking and testing, viral clearance assay studies (limited to mammalian cell culture), stability testing, clean validation, and other tasks.

#### (F) CMC documents

Our company provides comprehensive CMC (Chemistry, Manufacturing, and Control) document services to customers for subsequent product application in clinical trials. At each stage of new drug research, sufficient CMC data should be submitted to ensure appropriate assurance of the new drug's identification, quality, purity, potency, and stability. The required CMC data vary depending on different stages of research, planned testing periods, dosage forms, and other available data. For instance, stability data are necessary throughout all stages of new drug testing to demonstrate that the active pharmaceutical ingredient and drug product remain within acceptable limits during the designated study period. CMC documents can be likened to the manufacturing process's record, serving as a crucial basis for regulatory safety assessments.

#### (G) The capacity and scale of the CDMO platform

Our company is one of the few in Asia equipped with both upstream mammalian cell and microbial strain fermentation production facilities, along with a comprehensive downstream protein purification system, enabling the production of investigational medicinal products for clinical trials. Within our biopharmaceutical cGMP facilities, we exclusively utilize single-use bioreactors (SUBs) ranging from 50 to 2000 liters. The total production capacity for mammalian cell has reached 25,500 liters and microbial strain 150 liters (will reach 1,500 liters in 2026).

The facilities that have been invested in are outlined below:

| Facility  | Usage                      | Highlights   |
|---|----------------------------|--|
| Xizhi Factory   | For mammalian cell culture | The production facilities are located on the first floor of the Taiwan Xizhi Plant, including 200L and 1,000L single-use bioreactors (SUBs), purification rooms, final purification rooms, media preparation rooms, buffer preparation rooms, washing rooms, and high-pressure sterilization rooms.  |
|   | For microbial cell culture | There is one 30L and one 150L stainless steel bioreactor (SSB) for fermentation.   |
| Zhubei A Factory (in Hsinchu Biomedical Science Park) | For mammalian cell culture | <ul style="list-style-type: none"> <li>Officially operational since 2019, including 2 units of 1,000L and 4 units of 2,000L single-use bioreactors (SUB).</li> <li>Subsequently, there will be an expansion with an additional 2 units of 2,000L and another production line consisting of 6 units of 2,000L SUBs, totaling 12 units of 2,000L SUBs. It is estimated that the annual production capacity for monoclonal antibodies could reach 1,000 kilograms.</li> <li>The services provided are applicable from late-stage clinical trials to commercial-scale production after market approval.</li> </ul> |
| Zhubei B Factory (next to A)                          | Under construction         | <ul style="list-style-type: none"> <li>Primarily focused on microbial cell production lines, with the establishment of 1500L, 500L, and 75L fermentation tanks, along with 2-3 purification lines.</li> <li>Scheduled for completion and commissioning by 2026.</li> </ul>   |
| Ciaotou Factory                                       | Planning                   | <ul style="list-style-type: none"> <li>For mammalian cell culture</li> <li>There are plans for 10 units of 15,000L stainless steel bioreactors (SSB).</li> </ul>   |

EirGenix's cGMP (Current Good Manufacturing Practice) plant (Xizhi plant) has received a PIC/S GMP certificate from TFDA. EirGenix received PMDA's official approval in its issued GMP Compliance Inspection Result Notification, proclaiming EirGenix's compliance with relevant Japanese regulations regarding the quality, effectiveness, and safety of pharmaceutical manufacturing, which represented a remarkable milestone for EirGenix as the GMP biopharmaceutical manufacturing facility to receive the authority's approval in 2020 and 2023. EirGenix's Zhubei plant has passed the review by the FDA and obtained



an EIR before the drug launch. EirGenix passed the review by the TGA in 2023.

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

(A) Biosimilar drugs

**(i) EG12014**

EG12014 is EirGenix's first self-developed and successfully marketed Trastuzumab biosimilar (EMA approved trade name HERWENDA, TFDA approved trade name EIRGASUN). Its R&D target HERCEPTIN was acquired by Genentech (merged by Roche in March 2009). obtained marketing approval from the US FDA in September 1998. It is a genetically recombinant monoclonal antibody and is a drug against high-phenotype breast cancer caused by the oncogene (HER2/neu). It is mainly used for the treatment of patients with early breast cancer (EBC), metastatic breast cancer (MBC) and metastatic gastric cancer (mGC) with HER2 overexpression or HER2 gene amplification. In terms of early breast cancer (EBC), it includes: (1) adjuvant therapy through surgery and chemotherapy (preoperative or postoperative). (2) Treat with Doxorubicin and Cyclophosphamide, combined with adjuvant therapy of Paclitaxel or Docetaxel. (3) Adjuvant therapy with Docetaxel and Carboplatin. (4) Preoperative combined with chemotherapy and postoperative adjuvant therapy for the treatment of locally advanced (including inflammation) breast cancer or tumors (>2 cm in diameter); in metastatic breast cancer (MBC): (1) Used alone to treat previously treated breast cancer Metastatic breast cancer that has received more than one chemotherapy; unless the patient is not suitable for Anthracycline or Taxane, the previous chemotherapy should at least include Anthracycline or Taxane. For use in hormone receptor-positive patients who have failed hormonal therapy, unless the patient is not suitable for hormonal therapy. (2) Used in combination with Paclitaxel or Docetaxel for metastatic breast cancer that has not received chemotherapy. (3) Combined with aromatic cyclase inhibitors for hormone receptor-positive metastatic breast cancer; in metastatic gastric cancer (mGC): combined with Capecitabine (or 5-fluorouracil) and Cisplatin for HER2 overexpression that has not received chemotherapy Treatment of metastatic gastric adenocarcinoma (or gastroesophageal junction adenocarcinoma).

**(ii) EG1206A**

EG1206A is a biosimilar of Pertuzumab. Its research and development target PERJETA has obtained indications for early breast cancer (EBC) and metastatic breast cancer (MBC). In the treatment of metastatic breast cancer (MBC): used in combination with trastuzumab and docetaxel to treat patients with HER2-positive metastatic breast cancer who have not been treated with anti-HER2 or chemotherapy after metastasis. In early breast cancer (EBC): When Pertuzumab is used in combination with chemotherapy drugs for preoperative adjuvant therapy, it is suitable for patients with HER2-positive, locally advanced, inflammatory, or early breast cancer (tumor diameter greater than 2 cm or positive lymph nodes) as a part of a complete treatment prescription for early-stage breast cancer. When used as postoperative adjuvant therapy, it is suitable for patients with early-stage breast cancer who are HER2-positive and have a high risk of recurrence. (According to the results of the APHINITY trial, during postoperative adjuvant therapy, HER2-positive early breast cancer patients with a high risk of recurrence are defined as having lymph node-positive breast cancer.) Pertuzumab has different binding mechanisms for HER2 receptors and can produce double blockade (Dual Blockade) effect. EG1206A is a recombinant humanized monoclonal antibody that targets the extracellular dimerization domain (subregion II) of human epidermal growth factor receptor type 2 (HER2). Therefore, it can block the ligand-dependent heterodimerization of HER2 and other human epidermal growth factor receptor (HER) family members (including EGFR, HER3 and HER4). Inhibits ligand-initiated intracellular signaling through two major signaling pathways: mitogen-activated protein (MAP) kinase and phosphoinositide 3-kinase (PI3K). Inhibition of these signaling pathways will lead to cell growth cessation and apoptosis respectively.

**(iii) TSY0110 (EG12043)**

EG12043 (TSY0110) is a biosimilar of Trastuzumab Emtansine. It is an ADC (Anti-Drug Conjugate). Its mechanism is an antibody-drug complex that targets HER2. The antibody is human anti-HER2 IgG1 (trastuzumab). The small molecule cytotoxin DM1 is a microtubule inhibitor. After binding to the IV domain of the HER2 receptor, Trastuzumab Emtansine begins to be internalized through the receptor, and the subsequent lysosomal degradation process releases cytotoxic metabolites containing DM1 into the cell. The process of DM1 binding to tubulin will destroy the intracellular microtubule network, leading to cell cycle arrest and apoptosis. In addition, in vitro experiments also show that Trastuzumab Emtansine,



similar to Trastuzumab, also inhibits the function of HER2 receptor signaling, causes antibody-dependent cell-mediated cytotoxicity, and inhibits HER2 extracellular domain shedding in HER2-overexpressing human breast cancer cells. Trastuzumab Emtansine can be used alone to treat HER2-positive metastatic breast cancer in patients who have previously received Trastuzumab and a Taxane drug, or their combination, if they meet the following conditions: have previously received treatment for metastatic cancer or are receiving adjuvant therapy Patients whose cancer relapses during or within 6 months after completing treatment. Early Breast Cancer: Used alone, it is suitable for adjuvant therapy for patients with HER2-positive early breast cancer who still have residual disease after receiving Taxane and Trastuzumab-based lead treatment (neoadjuvant therapy).

**(iv) EG1211X**

EG1211X is a biosimilar of Atezolizumab. Its R&D target Tecentriq is an Fc-engineered, humanized monoclonal antibody that binds to PD-L1 and blocks its interaction with PD-1 and B7.1 receptors. Atezolizumab is an unglycosylated IgG1 kappa immunoglobulin with a calculated molecular weight of 145 kDa. Its pharmacological effect is that PD-L1 can be expressed on tumor cells and/or tumor-infiltrating immune cells and can inhibit the anti-tumor immune response in the tumor microenvironment. PD-L1 binds to PD-1 and B7.1 receptors on T cells and antigen-presenting cells to inhibit the activity of cytotoxic T cells, T cell proliferation and cytokine production. Atezolizumab is a monoclonal antibody that binds to PD-L1 and blocks its interaction with PD-1 and B7.1 receptors. This releases PD-L1/PD-1-mediated suppression of immune responses, including activation of anti-tumor immune responses without inducing antibody-dependent cellular cytotoxicity. In syngeneic mouse tumor models, blocking PD-L1 activity resulted in reduced tumor growth. Indications span a variety of cancer types: 1. Locally advanced or metastatic urothelial cancer is suitable for the treatment of patients with locally advanced or metastatic urothelial cancer whose disease has worsened after receiving platinum-containing chemotherapy or who are not suitable for cisplatin-containing therapy. 2. Used alone for locally advanced or metastatic non-small cell lung cancer. It is suitable for the treatment of patients with locally advanced or metastatic non-small cell lung cancer whose disease has worsened after receiving platinum-containing chemotherapy. If patients have EGFR or ALK tumor gene abnormalities, they must first be treated with EGFR or ALK inhibitors. If the disease worsens after treatment, Tecentriq can be used. Used in combination with Avastin (bevacizumab), paclitaxel and carboplatin, as a first-line treatment for metastatic non-squamous non-small cell lung cancer without EGFR or ALK tumor gene abnormalities. 3. The combination of Tecentriq and nab-paclitaxel for triple-negative breast cancer is suitable for the treatment of unresectable locally advanced or metastatic triple-negative breast cancer, and the tumor has PD-L1 manifestations (tumor-infiltrating immune cells (IC)  $\geq 1\%$ ) and has not received Chemotherapy is used for patients with metastatic breast cancer. 4. Small cell lung cancer, combined with carboplatin and etoposide, is suitable for the first-line treatment of adults with extensive stage small cell lung cancer. 5. The combined use of hepatocellular carcinoma and bevacizumab is suitable for the treatment of patients with hepatocellular carcinoma who have not received systemic therapy and are unresectable or metastatic, and their liver function is Child-Pugh A.

**(v) EG1216X**

EG1216X is a biosimilar of Daratumumab. The target of its R&D, DARZALEX, is a humanized IgG1 $\kappa$  monoclonal antibody that can bind to the CD38 antigen. This strain is produced in a mammalian cell line (Chinese Hamster Ovary [CHO]) through recombinant DNA technology. Its pharmacology Mechanism is an IgG1 $\kappa$  human monoclonal antibody (mAb) that binds to the CD38 protein that is highly expressed on the surface of multiple myeloma cells and to varying degrees on other cell types and tissues. CD38 protein has multiple functions, such as receptor-mediated adhesion, signaling and enzyme activity. DARZALEX is suitable for: 1. Patients who have received at least three previous therapies (including a protease inhibitor and an immunomodulator) as a single drug, or whose disease has worsened under treatment with both a protease inhibitor and an immunomodulator (double-refractory to a protease inhibitor and an immunomodulatory agent) in adults with multiple myeloma. 2. Use in combination with lenalidomide plus dexamethasone or with bortezomib plus dexamethasone to treat adult patients with multiple myeloma who have previously received at least one therapy.

(B) New dosage forms and new drug delivery systems of biosimilars

**(i) EG13084**

EG13084 is a new subcutaneous injection drug that combines Trastuzumab and Pertuzumab. Its R&D target is PHERGO-approved indications for early breast cancer (EBC) and metastatic breast cancer (MBC). In terms of early breast cancer (EBC), when EG13084 is used in combination with chemotherapy drugs for preoperative adjuvant therapy, it is suitable for patients with HER2-positive, locally advanced, inflammatory or early breast cancer (tumor diameter greater than 2cm or positive lymph nodes). Part of a complete treatment prescription. When used as adjuvant treatment after surgery, it is suitable for patients with early-stage breast cancer (EBC) who are HER2-positive and have a high risk of recurrence. (According to the results of the APHINITY clinical trial, in postoperative adjuvant therapy, patients with HER2-positive early breast cancer who have a high risk of recurrence are defined as having lymph node-positive breast cancer.) In terms of metastatic breast cancer (MBC), it is used together with docetaxel to treat metastasis patients with HER2-positive metastatic breast cancer who have not been treated with anti-HER2 or chemotherapy. In addition to the significant clinical benefits of this product, once successfully launched on the market, it will also greatly increase the convenience of breast cancer patients receiving treatment.

**(ii) EG7412X**

The R&D target of EG7412X is "recombinant human hyaluronidase PH20 (rHuPH20)", which is equivalent to the soluble fragment of human HYAL5. It is genetically engineered in hamster culture cells (CHO) culture containing a DNA plasmid encoding the enzyme. Produced as a type of hyaluronidase (hyaluronidase), its main function is to catalyze the degradation of hyaluronic acid (HA). According to the enzyme reaction products, they are divided into three different types: two eukaryotic endoglycosidase hydrolases and one prokaryotic lyase-type glycosidase. Hyaluronidase catalyzes the hydrolysis of HA, causing the viscosity of HA to decrease, thereby increasing tissue permeability. Therefore, it is often used in medicine together with other drugs, which can accelerate the dispersion and delivery of drugs through subcutaneous absorption.

(C) Special biological drugs

**(i) EG74032**

EG74032 is CRM197 modified from Diphtheria toxin. It is no longer toxic after modification of amino acids. Therefore, it can be used as a carrier to make a mixed vaccine (Conjugate vaccine) to promote immune effect. CRM197 is a carrier protein that assists vaccine immunity without patent protection. This protein has been widely used in commercial products and clinical development products. In addition to traditional infectious disease vaccines, the field of cancer vaccine research and development has also attracted much attention in recent years. Both R&D units and biotech companies at home and abroad are actively investing in the development of cancer vaccines, hoping to bring a glimmer of hope to various types of cancers for which effective treatments currently do not exist. Early production processes used *Corynebacterium diphtheria* (*Corynebacterium diphtheria*) for production, and then carried out downstream recovery, purification and other steps. The yield and recovery rate were usually relatively low. In addition, the acquisition of this strain requires signing an authorization agreement with a specific unit, and the production unit must have a biological protection level that meets the specifications before it can produce.

(2) Industry Overview

A. The Current Status and Development of the Industry

The biopharmaceutical industry can be divided into two categories of drugs based on molecular size: large molecules (Macromolecular) and small molecules. Small molecule drugs have a long history of development and are mostly manufactured through chemical synthesis. Common examples include antibiotics, analgesics, and sedatives. Macromolecular drugs, also known as biologics, have a molecular weight much higher than small molecule drugs. They are primarily produced by genetically modified microorganisms, plants, or animal cells for therapeutic purposes. Common examples include insulin, rheumatoid arthritis (RA) monoclonal antibody therapy drugs, and targeted cancer therapies. Biosimilars are also a category of macromolecular drugs. According to the FDA, biosimilars are defined as follows: A biosimilar is a biologic that is highly similar to another biologic that is already FDA-approved (known as the original biologic). It is both normal and expected for both biosimilars and original biologics to have minor differences between batches of the same medication in terms of the safety, purity, and potency.

Unlike traditional small molecule drugs, biologics have stable chemical structures, larger molecular weights, and complex structures. After approval, biologics, due to their specificity in disease treatment, high safety, and significant efficacy, often become blockbuster drugs shortly after market introduction. With the increasing severity of safety and drug resistance issues caused by chemical drugs, biologics can fill the gaps in the treatment field left by chemical drugs. Their growth rate continues to rise, overwhelming the overall pharmaceutical market trend.

Our company focuses on the research, development, and manufacturing of biopharmaceuticals, with CDMO services as the main focus. We accept commissions from biotechnology and pharmaceutical companies, providing services related to the development and manufacturing of biotech products and biopharmaceuticals. These services include product evaluation and design, overall development and market entry processes, cell lines and strains, processes, culture media required for CMC development to production, clinical trial drugs, raw material production, and developing process of scale-up. Compared to small molecule drugs, the development and manufacturing of biopharmaceuticals have relatively higher entry barriers. In addition to requiring significant investment in infrastructure, the production process is also more complex, with greater difficulty in scaling up processes. The capacity utilization rate of small to medium-sized biopharmaceutical CDMO companies is higher than that of large-scale biopharmaceutical CDMO companies. This is mainly due to the higher flexibility of small to medium-sized CDMO companies in adjusting production capacity, allowing them to meet the diverse production needs of clients.

According to 2023 Market Data Forecast, the biologics CDMO market started from US\$ 14.37 billion in 2024 and estimated grow with 11.52% compound annual growth rate (CAGR) to reach US\$ 24.79 billion in 2029. In order to seize the opportunity of this global trend, EirGenix has been actively expanding its plants and preparing for the market demand in the next 10 years. In addition to the sales of self-developed products, the company has also been actively seizing the contract manufacturing market where biologics manufacturing and demand have significant growth, of which biosimilars are the focus of the fastest growth.

The use of cell types in the manufacturing of biopharmaceuticals also indicates a gradual decrease in microbial cell fermentation, while the use of mammalian cells shows a relative growth trend. This phenomenon is due to the fact that biotech products produced by mammalian cells, such as monoclonal antibodies (mAb), require much higher therapeutic doses compared to protein drugs produced by microbial cells, leading to higher production volumes. Currently, our company's development of biosimilar drugs primarily focuses on mAb. Therefore, we have proactively expanded and established mammalian cell facilities while retaining space for microbial production facilities. We continue to monitor market changes and trends, and will evaluate the timing for establishing microbial cell fermentation facilities. According to survey reports, the global production capacity of mammalian cell systems exceeded demand in 2017. However, most CDMOs remain conservative in their capacity expansion strategies. The increased capacity mainly focuses on Multiple-2,000 SUBs, following a scale-out design concept. The aim is to make the newly added facilities and equipment more flexible and effectively reduce development risks.

According to the 2021 market research report by BioPlan Associates, Inc., nearly 70% of global biopharmaceutical manufacturing capacity is concentrated in Europe and the United States. The main reason for this is the expiration of patents for major biopharmaceuticals worldwide. Additionally, healthcare systems in European and American countries, which serve as benchmarks, are actively seeking high-quality and cost-effective biosimilar drugs to alleviate fiscal pressures on healthcare systems. Our company is currently actively developing biosimilar drugs. Upon completion of the expansion, we will not only be able to meet the market demand for our own products but also offer the remaining capacity to domestic and international clients for contract manufacturing. This strategy will enable us to establish a strong existence in Taiwan and offer the service to clients around the world as well as seize the profit base of competition in the global market.

Figure: 2021 Regional distribution of Global Biomanufacturing Capacity

| Region             | Regional Capacity, L | Global Capacity %, by Region |
|--------------------|----------------------|------------------------------|
| US/North America   | 5,496,290 L          | 31.7%                        |
| Europe             | 5,982,977 L          | 34.7%                        |
| Asia/Rest of World | 5,826,070 L          | 33.6%                        |
| Total Worldwide    | ~17,300,000 L        | 100%                         |

Source: BioPlan Associates, 18th Annual Report and Survey of Biopharmaceutical Manufacturing, April 2021

## **(A) Biosimilars**

Macromolecule drugs, due to their complex structure, cannot be replicated 100% identical from the original developers. Therefore, for macromolecule drugs developed with reference to marketed biopharmaceuticals, they must be highly similar to the reference product in terms of molecular structure, physical, chemical, and biological properties, with no clinically meaningful differences in safety, quality, and efficacy, as verified by regulatory authorities before being marketed, in order to be termed biosimilar drugs. The development costs and timelines for biosimilar drugs are much higher than for small molecule generic drugs. The main difference from developing new drugs lies in the reverse engineering of cell lines and processes in the front end, ensuring that the product achieves a high degree of similarity to the reference product in molecular structure, physical, chemical, and biological properties. The selection of cell lines and reverse engineering techniques are a highly challenging barrier in the development of biosimilar drugs. Even after process development, biosimilar drugs still need to undergo two stages of human clinical trials. The first stage is a Phase I clinical trial comparing the pharmacokinetics of the drug in the body (bioequivalence), and the second stage compares the efficacy of the biosimilar drug with the reference biopharmaceutical (equivalence). If reliable biomarkers are available, they can also be used as primary clinical endpoints. The development of biosimilar drugs differs from innovative drug development; innovative drug development entails considerable time and cost, especially in late-stage clinical trials, where the failure rate is quite high. Conversely, if a biosimilar product achieves a high degree of similarity and demonstrates bioequivalence in clinical pharmacokinetic studies, the failure rate in Phase III clinical trials is almost negligible.

Since the enactment of The Patient Protection and Affordable Care Act in 2010, the United States (US) has established legislative authority for reviewing biosimilar drugs through the Biologics Price Competition and Innovation (BPCI) Act. As of February 2024, the FDA has approved a total of 46 biosimilar product applications covering 14 different active ingredients. Regulatory authorities in US are actively accelerating the review of biosimilar drugs. Additionally, a landmark decision by the US Supreme Court in June 2017 clarified two key aspects of biosimilar regulation. First, it ruled that the BPCI Act provision requiring biosimilar drug manufacturers to submit their CMC applications to the original biologic manufacturer for review of potential process patent infringement is discretionary rather than mandatory. Second, it provided a definitive ruling on the timing of notification to the original biologic manufacturer by biosimilar manufacturers seeking to launch their products within 180 days, allowing them to notify the original manufacturer before FDA approval. This decision is expected to remove barriers to biosimilar market entry and accelerate their approval process in the US.

After biosimilar are launched, their prices do not decrease as significantly as generic drugs. It is estimated that there will only be a reduction of about 20-35% in the early stages of product launch. However, due to the high cost of treatment, even a slight decrease in price contributes to the overall reduction in healthcare expenditure. Countries are increasing the use of biosimilar drugs to lower medical costs, thereby bringing promising business opportunities, and expected profits to biosimilar drug developers. Based on the experience of using biosimilar drugs in Europe, it can be observed that their price reduction rate is much slower than that of generic drugs. Despite the decrease in unit price, total sales revenue increases. This can be attributed to two main factors: (1) doctors start treating patients proactively before their condition worsens, and (2) patients who could not afford the original biologic drug (reference drug) now have the opportunity to use biosimilar drugs with no clinical differences in safety, quality, and efficacy compared to the reference drug.

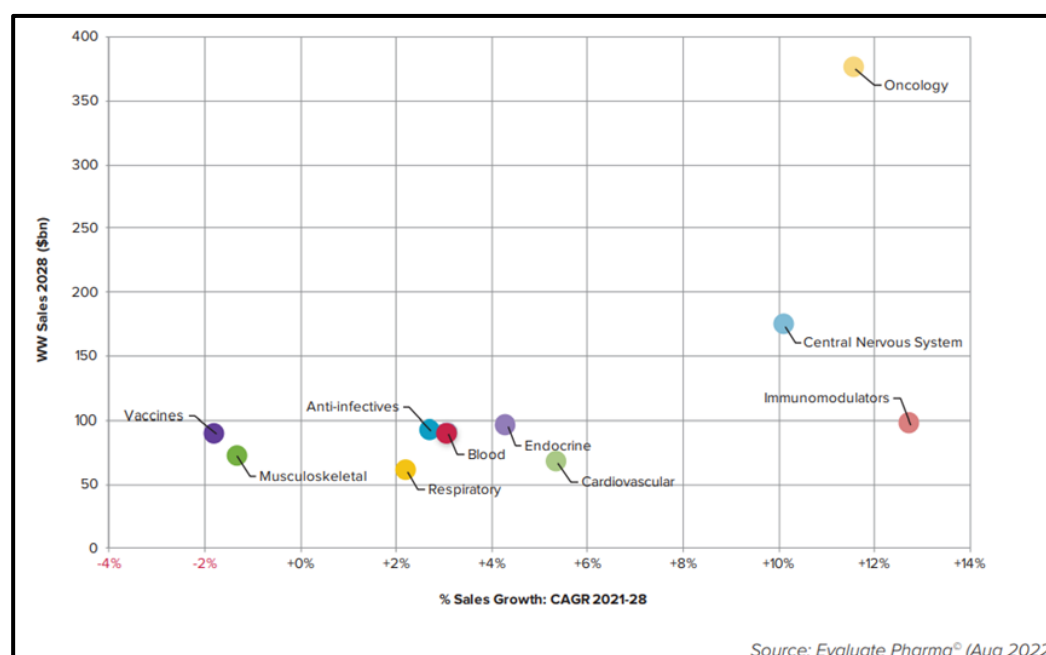
The regulatory framework for biosimilar drugs in Europe was established in 2001. Since the approval of the world's first biosimilar drug, Omnitrope®, in April 2006, Europe has approved a total of 76 biosimilar drugs as of February 2023. Among them, the most approved biosimilar drugs are granulocyte colony-stimulating factors (G-CSF), followed by biosimilar drugs referencing Roche's MabThera® (Rituxan®). Other biosimilar drugs referencing Humira®, Herceptin®, Avastin®, Forsteo®, Humalog®, and others are also either approved or pending approval. In addition to the rapid growth of biosimilar drugs in the European and American markets, Japan has also seen an increasing number of biosimilar drugs obtaining marketing approval, with the overall market continuing to grow at an extremely fast pace.

According to the 2021 Evaluate Pharma report, the global oncology drug market is expected to continue its robust growth driven by the emergence of new drugs, primarily immunotherapy drugs, from 2020 to 2026. It is projected to reach \$319 billion by 2026, accounting for 22% of total global drug expenditures. In response to the high cost but remarkable efficacy of newly launched drugs, various countries in Europe and America have actively promoted the extensive use of biosimilar drugs to replace off-patent biologics. This initiative not only helps alleviate the increasingly challenging financial pressures on global healthcare systems, but also accelerates the adoption of next-generation therapeutic drugs. Consequently, advanced countries including those in Europe, America, and Japan have achieved a certain proportion of biosimilar drug utilization in a short period,



indirectly bringing certain benefits to the developers of biosimilar drugs.

Figure: Top 10 therapy areas in 2028 by market share & sales globally



According to Global Market Insights' 2023 forecast, the global market size of biosimilar drugs reached approximately \$35 billion in 2022 and is expected to continue exponential growth. It is estimated to surpass \$122.9 billion by 2032, with a high CAGR of 13%. This represents a rare surge in the history of pharmaceutical development. The primary market growth opportunities are focused on regions such as the US, which has relatively late-stage biosimilar markets, as well as the Asia-Pacific and Latin America regions, which offer cost-effective growth potential. The increasing prevalence of diabetes worldwide, along with government support, has increased the demand for insulin biosimilars, further driving the adoption of biosimilar drugs.

Affected by the slowing global economic growth and the rapid increase in the elderly population, healthcare systems in various countries are facing increasingly heavy burdens. The prices of biologic drugs, which have significant effects and relatively low side effects but incur high development costs, remain high. Against this backdrop, the adoption of biosimilar drugs, which offer no differences in safety, quality, and efficacy compared to patented biologic drugs but are relatively lower in price, has become one of the effective methods for healthcare systems worldwide to address the current challenges. The momentum generated by the expiration of patents for biologic drugs will also accelerate the replacement of market share held by original biologic drugs with biosimilar drugs.

## (B) Antibody drug conjugate (ADC) drugs

ADC, which involve highly cytotoxic small molecules linked to mAb, represent a novel class of drugs with both high specificity and antibody properties. These drugs precisely target malignant tumors with cytotoxic agents in a "targeted" manner, minimizing impact on other normal tissues. The highly cytotoxic small molecules exhibit potent activity in inhibiting cell growth when reaching picomolar concentrations (pM). To align with the trend of developing novel drugs, international CDMO are integrating High Potency Active Pharmaceutical Ingredient (HPAPIs) technology with enhanced capabilities in the production and development of ADCs. Undoubtedly, ADC technology and products have become a trend in the development of novel antibody drugs. Collaborating with CDMOs to become partners for small to medium-sized biotech companies can establish a new market positioning and continue to seize opportunities in the development of biosimilar drugs and antibody-based therapeutics.

The next-generation antibody therapeutics market encompasses ADCs, bispecific antibodies, Fc-fusion antibodies, antibody fragments, and antibody proteins. According to a report by Market Data Forecast in 2023, the ADC market is projected to reach \$18.36 billion in 2023 and is expected to surpass \$55.45 billion by 2028, with a CAGR of 24.74% from 2023 to 2028. As of October 2023, the FDA has approved and successfully launched 15 ADC drugs: Elahere (2022), Tivdak (2021), Zylonta (2021), Aidixi (2021), Blenrep (2020), Trodelvy (2020), Akalux (2020), Enhertu (2019), Padcev (2019), Polivy (2019), Lumoxiti (2018), Besponsa (2017), Mylotarg (2017), Kadcyla (2013), and Adcetris (2011).

Currently, the manufacturing of ADC requires expensive upstream mammalian cell bioreactors and downstream protein purification equipment, along with specialized antibody and chemical drug conjugation technologies, and high-efficiency

cytotoxic small molecule chemical drug manufacturing facilities. These factors have led to most ADC drug manufacturers relying on a few specific CDMOs that can provide various technical services, including monoclonal antibodies, chemical linkers, and cytotoxins. However, only a few companies can offer integrated development services for ADC drugs. It is anticipated that over 10 new commercial ADC products will drive the growth of the entire market in the next decade. Our company is currently collaborating with Formosa Laboratories, Inc., with small molecule technology capabilities to jointly provide this platform service. The collaboration aims to seize the next wave of biotech advancements, potentially setting new milestones for Taiwan in the international market.

#### B. Upstream and downstream relevance in the industry

The process of developing new drugs generally consists of five stages: drug discovery, preclinical trials, clinical trials, inspection registration, and post-market surveillance. Typically, the entire development process requires decades of effort and significant investment of high-risk funds. Our company and its subsidiaries' CDMO business possess both development and manufacturing capabilities, mastering key technologies in the development and manufacturing of biopharmaceuticals, and possessing international regulatory expertise, enabling us to provide high-value-added differentiated services. The development of biosimilar drugs eliminates the need for drug discovery and preclinical trials but increases the number of product comparative structural analysis testing items, focusing on the CMC part.

Our company's service offerings include cell line development, biopharmaceutical process development and optimization, related analytical method development and validation, compliance with regulatory requirements for quality control, and GMP pilot production. The establishment of expertise in biopharmaceutical CMC and a customer-centric project management mechanism enables us to provide efficient and internationally standardized quality-stable biopharmaceuticals that are safe, effective, and economically viable. Our CDMO business combines development and manufacturing capabilities, mastering key technologies in the development and manufacturing of biopharmaceuticals, and possessing international regulatory expertise, enabling us to provide high-value-added differentiated services.

In 2017, EirGenix was nominated for Best Process Technology by the Biology Manufacturing Asia (BMA), received the Grand Winner of Best Bioprocess Excellence in Taiwan, received the excellence award for Antibody Drug Conjugate platform at the same time, and won international recognition in bioprocess technology. Received the "Asia's Best CMO (Contract Manufacturing Organization) Award" in Asia-Pacific Bioprocessing Excellence Awards 2018. Won the Grand Winner of Best Bioprocess Excellence in Taiwan Award in Singapore again in 2019. Received 2020 Bioprocessing Excellence Award in Greater China Region. Won the Globalizing Award of "2021 Taipei Biotech Awards". Won the Best Bioprocessing Awards in Taiwan and the Greater China issued by Biologics Manufacturing Asia (BMA) and National Innovation and Advancement Award (EG12014 and CRM197) in 2022. EIRGASUN vial 150 mg won the Golden award of National Pharmaceutical Technology Research Development Award in 2023.

In addition, our company has also obtained the Accreditation Certificate of Foreign Drug Manufacturer issued by the Japanese Ministry of Health, Labor and Welfare, with the recognized category being "Biological Products." The certificate is valid from October 24, 2022, to October 30, 2027. During the validity period, biological products manufactured at our Taiwan facility can be sold and marketed in Japan. In 2017, a Japanese client transferred their product, which was already on the market in Japan, from a Japanese CMO to our company for production. After completing technology transfer and process validation, the Pharmaceuticals and Medical Devices Agency (PMDA), an independent administrative agency of the Japanese government, conducted an inspection at our facility in September 2019. The inspection process went smoothly without significant deficiencies, and on February 3, 2020, we received approval from the PMDA. Subsequently, the Japanese client began placing orders for commercial production at our facility and initiated negotiations for long-term supply. Finally, on March 2, 2021, our company signed a long-term supply contract with this Japanese pharmaceutical company, becoming the first Taiwanese manufacturer to supply biopharmaceuticals for a product marketed in Japan. This product is essential for cancer treatment, with a market share in Japan exceeding 30% in its category. Our company is not only the first in the Greater China region but also one of the few in Asia to be audited and approved by the PMDA for biopharmaceutical manufacturing. This certification will enhance the willingness and confidence of Japanese and international biotech companies to entrust us with biopharmaceutical production, aiding in business promotion. In recent years, the demand for biopharmaceutical CDMO services in Japan has been growing. Through our successful track record of selling products in Japan, we are expanding our competitive advantage in the Japanese market, significantly increasing the willingness and confidence of Japanese and international biotech companies to entrust us with biopharmaceutical production. This significant milestone will accelerate the expansion of our CDMO business.



### C. Development Trends

#### (A) Biosimilar drugs

##### (i) EG12014

EG12014 is a biosimilar of Trastuzumab, and its R&D target HERCEPTIN has global annual sales of 1.79 billion CHF according to Roche's 2023 financial report, of which the European and US markets account for 42%. According to data from the Taiwan Health Insurance Administration, breast cancer ranked second among the top ten cancer health insurance medical expenses in Taiwan in 2022, with drug expenditures of 9.075 billion NTD (the average growth rate from 2018 to 2022 was 7.75%). Among them, the breast cancer target drug HERCEPTIN, Taiwan's health insurance expenditure in 2022 was as high as 1.8 billion NTD. In 2024, the latest health insurance drug price of HERCEPTIN frozen crystal injection form (440 mg) was NT\$43,236 per tube. Currently, the National Health Insurance reimbursed Trastuzumab for patients with early breast cancer (EBC), metastatic breast cancer (MBC) and metastatic gastric cancer (mGC). The number of breast cancer and gastric cancer patients in Taiwan increases every year, and medical expenses also increase accordingly. The latest health insurance price of EirGenix's EIRGASUN 150 mg in 2024 is NT\$11,323/tube, which brings more benefits to more people with a more affordable price and wider treatment benefits. Patients who need to undergo breast cancer treatment can achieve expected clinical efficacy while reducing their medical expenses by using EG12014 (EIRGASUN 150 mg), which has no clinically significant difference in safety, quality and efficacy from HERCEPTIN, to achieve the purpose of truly benefiting the people.

##### (ii) EG1206A

EG1206A is a biosimilar of Pertuzumab. Since its R&D target PERJETA was launched in the United States in 2013, sales have grown rapidly every year. According to the results of the APHINITY trial of Pertuzumab combined with Trastuzumab and chemotherapy in the treatment of early breast cancer published by Roche in 2022, this combination therapy can reduce the risk of recurrence or death by 23% compared with the control group. From this excellent test results, it is foreseeable that the subsequent product development and therapeutic application of EG1206A will be more extensive. Roche is currently actively promoting the expansion of indications and is expected to continue to expand the treatment scope and market. According to Roche's 2023 annual financial report: the global annual sales of this product still reached 4.06 billion CHF, with an annual growth rate of 9%, and the European and US markets accounted for 54% of revenue contribution.

##### (iii) TSY0110 (EG12043)

EG12043 (TSY0110) is a biosimilar of Trastuzumab Emtansine. According to Roche's 2023 annual financial report, its R&D target KADCYLA: the global annual sales of this product reached 2.16 billion CHF, with an annual growth rate of 4%, and the European and US markets accounted for 65% of the revenue contribution. According to the 2024 Research and Markets report, the global ADC (Anti-Drug Conjugate) market will be approximately US\$8.8 billion in 2023 and is expected to reach US\$10.7 billion in 2024. It will even reach US\$24.8 billion by 2028 with a compound annual growth rate of 23.4%.

##### (iv) EG1211X

EG1211X is a biosimilar of Atezolizumab. Its R&D target Tecentriq is an immune checkpoint inhibitor (Immune Checkpoint Inhibitor). According to Roche's 2023 annual financial report, global annual sales reached 3.77 billion CHF, with an annual growth rate of 9%, of which the European and US markets accounted for 73%. As the world's first approved PD-L1 immune checkpoint inhibitor, Roche has invested considerable resources in clinical trials for multiple cancer types, and has successively obtained results for locally advanced or metastatic urothelial cancer, locally advanced or metastatic non- Small cell lung cancer, triple negative breast cancer, small cell lung cancer, hepatocellular carcinoma and other cancer indications. According to a report by IMARC Group, the global immune checkpoint inhibitor market size will reach US\$43.1 billion in 2023, and the market size is expected to reach US\$157.2 billion by 2032. Immune checkpoint inhibitors are drugs that treat cancer by inhibiting specific proteins produced by immune system cells, such as T cells and cancer cells. It can be used alone or in combination with other cancer treatments, including chemotherapy and radiation therapy, to further enhance the effectiveness of the treatment.

**(v) EG1216X**

Multiple myeloma is a disease caused by the malignant proliferation of plasma cells in the bone marrow. The normal function of plasma cells in the human body is to produce antibodies to resist invasion by foreign germs. Usually the number is not large. When specific germs enter the human body, the production of antibodies will be started. However, the plasma cells of multiple myeloma patients can only produce one type of antibody and cannot resist foreign germs. In addition, excessive production of plasma cells invades the bone marrow cavity, resulting in multiple myeloma patients with low immune function and very vulnerable to infection. Bacterial infection. Diagnosis is often delayed due to atypical symptoms. As the global population continues to age, the incidence rate of myeloma is also increasing year by year. According to 2022 The Lancet Haematology, there are approximately 176,000 newly diagnosed patients worldwide every year, accounting for 14% of blood tumors. Currently, there are more than 700 newly diagnosed cases of myeloma in Taiwan every year. DARZALEX has also driven a substantial growth in its revenue due to the excellent results of its clinical trials. According to J&J's 2023 annual financial report, global sales reached US\$9.7 billion, an increase of 22% from 2022

**(B) New dosage forms and new drug delivery systems of biosimilars**

**(i) EG13084**

EG13084 is a new subcutaneous injection drug that combines Trastuzumab and Pertuzumab. Its R&D target is PHESGO-approved indications for early breast cancer (EBC) and metastatic breast cancer (MBC). Since Roche obtained the marketing approval of PHESGO from the EMA and FDA in 2020, it has begun to strategically and actively convert PHESGO in Europe and the US for patients who use Trastuzumab and Pertuzumab in combination. According to Roche's 2023 annual financial report: the global annual sales of this product have to 1.21 billion CHF, with an annual growth rate of 64%. Among them, the European and US markets account for 83%. According to the excellent results of the APHINITY trial (Roche published in 2022, Pertuzumab combined with Trastuzumab and chemotherapy in the treatment of early breast cancer: this combination therapy can reduce the risk of recurrence or death by 23% compared with the control group and), it is foreseeable that EG13084 and EG1206A will jointly expand the treatment scope of patients and continue to expand the market of dual-target therapy in the treatment of HER2 breast cancer

**(ii) EG7412X**

According to the Hyaluronidase Market Size, Share & Trends Analysis Report 2023-2030 report, the global market value of hyaluronidase (hyaluronidase) in 2023 will be US\$910 million, of which "recombinant human hyaluronidase PH20 (rHuPH20) "Accounting for 23%. Due to its stable purity, the market share is expected to grow more rapidly. It is estimated to grow at a compound growth rate of 9.4% by 2030 and is widely used in new dosage forms of pharmaceuticals.

**(C) Special biological drugs**

**(i) EG74032**

EG74032 can be widely used in vaccine products and used as a carrier to make mixed vaccines. A number of vaccines with products such as CRM197 have been launched, and a number of vaccines are also in clinical development. Take Prevnar13 produced by Pfizer as an example. This vaccine combines the capsular antigens of Streptococcus Pneumonia serotypes 1, 3, 4, 5, 6A, 6B, 7F, 9V, 14, 18C, 19A, 19F, and 23F. The sugar suspension is chemically linked to the carrier protein to form a mixed vaccine. It is also used in the clinical development products of many large international pharmaceutical companies (such as Novartis and Mitsubishi Tanabe Pharmaceuticals) to produce multiple types of mixed vaccines, such as Haemophilus type B vaccine, typhoid vaccine or meningitis vaccine, demonstrating its wide application sex.

**D. Competition for the Company's Products**

Global biotech and pharmaceutical companies are optimistic about the subsequent development potential of the biosimilar drugs and ADC market. International major manufacturers have invested in this market, including biotech giants Amgen and Biogen. Well-known multinational pharmaceutical companies include Sandoz, Pfizer, Merck, and Eli. Lilly et al. In addition to the major international pharmaceutical companies actively exploring the field of biosimilar drugs through joint cooperation or mergers and acquisitions, there are also many small and medium-sized biopharmaceutical companies joining this battle. However, due to the company's size or its own capabilities, they can only strategically Cutting into part of the biosimilar drug value chain, EirGenix is different from other small and medium-sized biopharmaceutical companies. EirGenix's structure

strengthens the company's international competitive advantage on the basis of CDMO. Its niche points are: 1. Through the R&D energy of the Taiwan team, master the cell line development capabilities and keep exclusive technology and manufacturing capabilities in Taiwan; 2. Implement process research and development, as well as product analysis and manufacturing technology through a team with international experience; 3. At the same time Possess Mammalian (mammalian cell line development) and Microbial (microbial cell fermentation) technology platforms; 4. Complete the commercial production base at the Zhubei factory to systematically retain production technology capabilities and provide competitive production costs and profits; 5. Have regulatory experience in international clinical applications and drug approvals. EirGenix is a professional biopharmaceutical company with high concentration of technology and experience. Its business strategy mainly focuses on two major directions: 1. Provide domestic and foreign biopharmaceutical development companies with high-quality and market-competitive entrusted process development and production services. EirGenix has cGMP-related facilities that comply with international regulatory standards for clinical/ marketed production of biopharmaceuticals. It has two cGMP plants for mammalian cell and microbial fermentation and related technical manpower, which has greatly improved the integrity and quality of the production system for clinical trials and marketed biopharmaceuticals. complementarity. 2. Simultaneously develop high-quality and market-competitive biopharmaceuticals/biosimilar drugs. Through the above two business axes, EirGenix can provide customers with high-quality and cost-effective biotech drug manufacturing services, and jointly develop high-quality and cost-effective biotech drugs with partners to benefit the global medical system and their needs. All patients treated will be the biggest beneficiaries.

(A) Biosimilar drugs

**(i) Market Competition Analysis of EG12014**

In recent years, although the global sales of Roche, the original developer of HERCEPTIN, have declined year by year due to the entry of biosimilars into the market competition, the global sales of related products developed with its main ingredient Trastuzumab have increased due to the increase in breast cancer patients worldwide and the launch of biosimilars (As of the date of publication, the US FDA has approved 5 items and the EU EMA has approved 7 items), which has improved treatment opportunities for patients and maintained growth. According to the 2024 Research and Markets report, global sales of trastuzumab biosimilars have reached 4.27 billion USD in 2023. With the extensive experience and marketing advantages of Sandoz, a strategic partner of EirGenix, in leading global biosimilars, EG12014 is expected to quickly gain market share after being launched in the European and American markets. In the Taiwan market, where EirGenix is responsible for its own marketing, although 6 Trastuzumab biosimilars have been approved for marketing, only 3 of them (including EIRGASUN 150 mg) have obtained a wider range of National health insurance payment conditions and are substantially competitive. EIRGASUN 150 mg is the only trastuzumab developed and manufactured in Taiwan, and under the premise of the government's policy to promote the stability of the biotechnology industry and supply chain, it is successively entering the procurement list of hospitals at all levels according to the plan, and gradually expanded the revenue.

In addition, in April 2019, EirGenix Inc. signed a licensing and co-development agreement with Sandoz AG, a global leader in generics and biosimilars. The agreement including the up-front payment, milestone by the stage and the royalty payment in the authorized markets after product launch. Sandoz is one of the three major business units of the Novartis Group, one of the top three pharmaceutical companies globally. It holds a leading position in the field of generic drugs and biosimilars. Its products in the biosimilars field accounted for over 22% of the global market, reaching \$1.9 billion in sales by 2020, making it the top player in the industry. With a long history and rich experience in the development and sales of biosimilar drugs and cancer medications, Sandoz aims to achieve \$6 billion in revenue from biosimilar drugs by 2030. This strategic cooperation is expected to improve the global competitiveness of EirGenix's production line, thus expanding EirGenix's overall operating scale and increasing profits, which is of great positive help to financial and business development.

**(ii) Market Competition Analysis of EG1206A**

Although Roche is currently marketing another subcutaneous injection drug PHESGO that combines Trastuzumab and Pertuzumab globally, which has affected the growth of PERJETA, according to Roche's 2023 annual financial report: the global annual sales of this product still reached 4.06 billion CHF, with an annual growth rate of 9%, and the European and US markets accounted for 54% of revenue contribution. At present, EirGenix's EG1206A R&D progress ranks among the

top three in the global pertuzumab biosimilars, which will be more conducive to seizing the biosimilar market after the expiration of Pertuzumab's patent. The current progress is preparing to enter phase 3 clinical trials, which are expected to be launched in the second half of 2024. Once EG1206A passes Phase III clinical trials and is successfully launched, it will be paired with EG12014 and EG13084 to further strengthen the integrity of the HER2 product portfolio and provide more treatment options for breast cancer patients around the world.

**(iii) Market Competition Analysis of TSY0110 (EG12043)**

In response to the increasing demand for research and production of anti-drug conjugates and highly cytotoxic/potent substances, many foreign CDMOs and CMOs have begun to expand their service energy, especially for highly cytotoxic/potent active pharmaceutical ingredient (API) and final products. As of March 2024, the U.S. FDA has approved 16 ADCs for marketing, and global pharmaceutical companies are also competing to invest resources. This is also a battleground for the future cancer treatment market. With the cGMP plant, EirGenix has the capability of developing and manufacturing a monoclonal antibody drug process. At the same time, EirGenix forms a strategic alliance with Formosa Laboratories, which has the most experience in developing and manufacturing high-activity raw materials in Taiwan and has experienced antibody drug development and cGMP production talents and international cooperation networks, which is conducive to the development of ADC platform.

technology.

**(iv) Market Competition Analysis of EG1211X**

Immune checkpoint inhibitors target specific signaling pathways in the immune system to further develop more precise cancer treatments. Compared with traditional chemotherapy, it has the advantages of lower toxicity and fewer side effects, making it better tolerated by patients. The current trend in cancer treatment also focuses on using new sequencing technologies to identify specific genetic mutations in cancer cells, thereby driving the global demand for immune checkpoint inhibitors and becoming the mainstream of current cancer treatment. In the near future, several after the patent of immune checkpoint inhibitors expires, the introduction of biosimilar drugs to provide more affordable treatments with the same efficacy will also be the focus of cancer treatment development.

**(v) Market Competition Analysis of EG1216X**

J&J currently markets DARZALEX, a breakthrough CD38 monoclonal antibody therapy, in both IV and subcutaneous dosage forms globally, in addition to expanding the market and maintaining its competitive advantage through the patent protection strategy of subcutaneous dosage forms.

**(B) New dosage forms and new drug delivery systems of biosimilars**

**(i) Market Competition Analysis of EG13084**

Roche is currently marketing PHESGO replacement Pertuzumab in combination with trastuzumab and chemotherapy globally, emphasizing convenience and maintaining the clinical benefit of this combination therapy in reducing the risk of recurrence or death by 23% compared to the control group. It is foreseeable that the EG13084 that EirGenix focuses on R&D will work with EG1206A to expand the scope of treatment for patients and continue to expand the market of dual-target therapy in HER2 breast cancer treatment, which is also one of the important axes of EirGenix's EG13048 expanding its breast cancer treatment production line.

**(ii) Market Competition Analysis of EG7412X**

At present, "recombinant human hyaluronidase PH20 (rHuPH20)" is still monopolized by the American company Halozyme with ENHANZE's patented technology and has been licensed to a number of major international pharmaceutical companies for the application of new subcutaneous injection dosage forms of star drugs.

**(C) Special biological drugs**

**(i) Market Competition Analysis of EG74032**

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



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

EirGenix uses a unique microbial expression system and process to produce high-purity EG74032. Compared with other CRM197 products currently on the market, EirGenix's EG74032 uses a microbial (E. Coli.) expression system and process to produce high-purity EG74032. With a high degree of competitive advantage, EirGenix has completed the development and mass production of the EG74032 process. The current mass production scale can reach 150 liters of fermentation tanks.

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

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

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

(A) Provide domestic and foreign biopharmaceutical development companies with high-quality and market-competitive entrusted process development and production services. EirGenix has cGMP-related facilities that comply with international regulatory standards for clinical/marketed production of biopharmaceuticals. It has two cGMP plants for mammalian cell and microbial fermentation and related technical manpower, which has greatly improved the integrity and quality of the production system for clinical trials and marketed biopharmaceuticals. complementarity.

(B) Simultaneously develop high-quality and market-competitive biopharmaceuticals/biosimilar drugs.

Through the above two business axes, EirGenix can provide customers with high-quality and cost-effective biotech drug manufacturing services, and jointly develop high-quality and cost-effective biotech drugs with partners to benefit the global medical system and their needs. All patients treated will be the biggest beneficiaries.

#### B. Successfully Developed Technique or Product

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

#### C. Research and Development Implementation Progress

| Item    | Indications   | Implementation Progress   |
|---------|---|---|
| EG12014 | Early Breast Cancer (EBC), Metastatic Breast Cancer (MBC) / Metastatic Gastric Cancer | <ul style="list-style-type: none"> <li>EirGenix's "Trastuzumab" has obtained API license and API master file number from the Food and Drug Administration of Taiwan's Ministry of Health and Welfare.</li> <li>The biosimilar "EIRGASUN 150 mg" has obtained a marketing approval from Taiwan's Ministry of Health and Welfare and has been approved by the National Health Insurance Agency of the Ministry of Health and Welfare to be reimbursed by health insurance benefits. The latest health insurance drug price in 2024 was</li> </ul> |

| Item                 | Indications   | Implementation Progress   |
|----------------------|---|---|
|                      |   | NT\$11,323/tube.<br>• HERWENDA-Trastuzumab biosimilar EG12014 (150 mg, for intravenous use) has obtained marketing approval from EC.  |
| EG1206A              | Early Breast Cancer (EBC),<br>Metastatic breast Cancer (MBC) /  | EirGenix's EG1206A achieved successful phase I clinical results in May 2023 and the current progress is preparing to enter phase III clinical trials, which are expected to be launched in the second half of 2024.   |
| TSY0110<br>(EG12043) | Breast Cancer /Gastric Cancer   | EG12043 (TSY0110) has received positive results from the Scientific Advice Meeting of the European Medicines Agency (EMA); and the Biosimilar Drug Development Type 2 Meeting (BPD Type 2) of the US Food and Drug Administration (FDA) and expect to apply for the phase I clinical trials in second half of 2024. |
| EG1211X              | Locally Advanced or<br>Metastatic Urothelial Cancer,<br>Locally Advanced or<br>Metastatic Non-Small Cell<br>Lung Cancer, Triple-Negative<br>Breast Cancer, Small Cell<br>Lung Cancer, Hepatocellular<br>Carcinoma | Preclinical evaluation trials are currently underway.   |
| EG1216X              | Multiple Myeloma  | Preclinical evaluation trials are currently underway.   |
| EG13084              | Early Breast Cancer (EBC),<br>Metastatic breast Cancer (MBC) /  | At present, the development of subcutaneous injection is underway.  |
| EG7412X              | Early Breast Cancer (EBC),<br>Metastatic breast Cancer (MBC) /  | At present, the development of subcutaneous injection is underway.  |
| EG74032              | Conjugate Vaccine   | At present, EirGenix has completed the development and pilot run of the EG74032 process, with the current production scale reaching a 150-liter fermentation tank, which has been sold at home and abroad.  |

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

Unit: NT\$ thousands; %

| Item \ Year              | 2019    | 2020      | 2021      | 2022      | 2023      |
|--------------------------|---------|-----------|-----------|-----------|-----------|
| R&D Expenses(A)          | 959,610 | 1,561,722 | 893,510   | 800,144   | 952,290   |
| Net Operation Revenue(B) | 476,085 | 1,071,838 | 1,697,359 | 1,481,017 | 1,022,653 |
| (A) / (B)                | 202     | 146       | 53        | 54        | 93        |

(4) Long-term and Short-term Development

A. The short-term development strategy is “Build up the foundation and move forward step by step.” The strategy plans for products in development and CDMO sales & marketing development are as follows:

- (A) EG12014 approved by the FDA and other countries in Aisa.
- (B) EG12014 (HERWENDA® - Sandoz | EIRGASUN® - EirGenix) market launch.
- (C) EG1206A submit the application for Phase III trials.



(D) Application for EG12043 (TSY0110) clinical trials (IND).

(E) EG1211X pre-clinical preparation completed.

(F) Expansion of Building B at Zhubei plant to increase the microbial capacity to 1,500 L in 2026.

B. The medium and long-term development strategy is “Products are developing and launching one after another to promote stable growth in revenue. The strategy plans for products in development and CDMO sales development are as follows:

(A) New dosage forms or new drug delivery systems of biosimilars: development of Trastuzumab high-concentration subcutaneous doses; planning for the development of EG12014+EG1206A dual-targeting high-concentration subcutaneous doses. The successful development of high-concentration subcutaneous doses will strengthen the product market share of these products and enable EirGenix as the primary supplier of biosimilar drugs for the treatment of HER2+ breast cancer.

(B) Developing the biosimilar for the treatment of blood cancer are currently ongoing. According to the development schedule, one new product will be introduced to the market each one to two years starting in 2027. Hence, a three-stage expansion of the mammalian capacity by 150,000L is under planning at Ciaotou Science Park, Kaohsiung. The new capacity can be used to manufacture in-house developed drugs and accept customers’ orders for commercial and scale production.

## 2. Market and Sales Overview

### (1) Market Analysis

#### A. Sales (Service) Region

Unit: NT\$ thousands; %

| Area \ Year    | 2023      |       | 2022      |       |
|----------------|-----------|-------|-----------|-------|
|                | Amount    | %     | Amount    | %     |
| Taiwan         | 474,123   | 46.36 | 746,845   | 50.43 |
| Japan          | 186,584   | 18.25 | 133,023   | 8.98  |
| USA and Canada | 119,293   | 11.67 | 304,969   | 20.59 |
| Europe         | 242,186   | 23.68 | 283,328   | 19.13 |
| Other Regions  | 467       | 0.04  | 12,853    | 0.87  |
| Total          | 1,022,653 | 100   | 1,481,017 | 100   |

#### B. Market Share

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

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

##### (A) Biosimilar drugs

##### (i) EG12014

EG12014 is a biosimilar of Trastuzumab, and its R&D target HERCEPTIN has global annual sales of 1.79 billion CHF according to Roche's 2023 financial report, of which the European and US markets account for 42%. According to data from the Taiwan Health Insurance Administration, breast cancer ranked second among the top ten cancer health insurance medical expenses in Taiwan in 2022, with drug expenditures of 9.075 billion NTD (the average growth rate from 2018 to 2022 was 7.75%). Among them, the breast cancer target drug HERCEPTIN, Taiwan’s health insurance expenditure in 2022 was as high as 1.8 billion NTD. In 2024, the latest health insurance drug price of HERCEPTIN frozen crystal injection form (440 mg) was NT\$43,236 per tube. Currently, the National Health Insurance reimbursed Trastuzumab for patients with early breast cancer (EBC), metastatic breast cancer (MBC) and metastatic gastric cancer (mGC). The number of breast cancer and gastric cancer patients in Taiwan increases every year, and medical expenses also increase accordingly. The latest health insurance price of EirGenix's EIRGASUN 150 mg in 2024 is NT\$11,323/tube, which brings more benefits to more people with a more affordable price and wider treatment benefits. Patients who need to undergo breast cancer

treatment can achieve expected clinical efficacy while reducing their medical expenses by using EG12014 (EIRGASUN 150 mg), which has no clinically significant difference in safety, quality and efficacy from HERCEPTIN, to achieve the purpose of truly benefiting the people.

**(ii) EG1206A**

EG1206A is a biosimilar of Pertuzumab. Since its R&D target PERJETA was launched in the United States in 2013, sales have grown rapidly every year. According to the results of the APHINITY trial of Pertuzumab combined with Trastuzumab and chemotherapy in the treatment of early breast cancer published by Roche in 2022, this combination therapy can reduce the risk of recurrence or death by 23% compared with the control group. From this excellent test results, it is foreseeable that the subsequent product development and therapeutic application of EG1206A will be more extensive. Roche is currently actively promoting the expansion of indications and is expected to continue to expand the treatment scope and market. Although Roche is currently marketing another subcutaneous injection drug PHESGO that combines Trastuzumab and Pertuzumab globally, which has affected the growth of PERJETA. According to Roche's 2023 annual financial report: the global annual sales of this product still reached 4.06 billion CHF, with an annual growth rate of 9%, and the European and US markets accounted for 54% of revenue contribution.

**(iii) TSY0110 (EG12043)**

Roche's Trastuzumab emtansine (T-DM1) has been successfully marketed by using Linker to bind Trastuzumab antibody and cytotoxic chemical DM-1. The conjugate (Linker, Connector) of T-DM1 will not affect the antibody-dependent cytotoxic activity and will not interfere with the antibody neutralization activity dominated by HER2. Therefore, T-DM1 not only retains the anticancer effect of Trastuzumab but also enables the powerful cytotoxic drugs attached to it to exert a stronger effect. In Phase III clinical trials (EMILIA trial\*) for patients with advanced breast cancer patients of HER2 overexpression and who have used Trastuzumab or Taxane, it was found that patients receiving T-DM1 treatment have a longer and better progression-free survival (T-DM1: 9.6 months; Lapatinib plus capecitabine: 6.4 months)(HR: 0.65; 95%CI: 0.55-0.77; P<0.001) and overall survival (T-DM1: 30.9 months; Lapatinib plus capecitabine: 25.1 months) (HR: 0.68; 95% CI: 0.55-0.85; P < 0.001) over patients treated with Lapatinib in combination with Capecitabine. It shows that this kind of treatment is progress that cannot be ignored in both clinical medicine and pharmacology.

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

**(iv) EG1211X**

EG1211X is a biosimilar of Atezolizumab. Its R&D target Tecentriq is an immune checkpoint inhibitor (Immune Checkpoint Inhibitor). According to Roche's 2023 annual financial report, global annual sales reached 3.77 billion CHF, with an annual growth rate of 9%, of which the European and US markets accounted for 73%. As the world's first approved PD-L1 immune checkpoint inhibitor, Roche has invested considerable resources in clinical trials for multiple cancer types, and has successively obtained results for locally advanced or metastatic urothelial cancer, locally advanced or metastatic non- Small cell lung cancer, triple negative breast cancer, small cell lung cancer, hepatocellular carcinoma and other cancer indications. According to a report by IMARC Group, the global immune checkpoint inhibitor market size will reach US\$43.1 billion in 2023, and the market size is expected to reach US\$157.2 billion by 2032. Immune checkpoint inhibitors are drugs that treat cancer by inhibiting specific proteins produced by immune system cells, such as T cells and cancer cells. It can be used alone or in combination with other cancer treatments, including chemotherapy and radiation therapy, to further enhance the effectiveness of the treatment.

**(v) EG1216X**

Multiple myeloma is a disease caused by the malignant proliferation of plasma cells in the bone marrow. The normal function of plasma cells in the human body is to produce antibodies to resist invasion by foreign germs. Usually the number is not large. When specific germs enter the human body, the production of antibodies will be started. However, the plasma cells of multiple myeloma patients can only produce one type of antibody and cannot resist foreign germs. In addition, excessive production of plasma cells invades the bone marrow cavity, resulting in multiple myeloma patients with low

immune function and very vulnerable to infection. Bacterial infection. Diagnosis is often delayed due to atypical symptoms. As the global population continues to age, the incidence rate of myeloma is also increasing year by year. According to 2022 The Lancet Haematology, there are approximately 176,000 newly diagnosed patients worldwide every year, accounting for 14% of blood tumors. Currently, there are more than 700 newly diagnosed cases of myeloma in Taiwan every year. DARZALEX has also driven a substantial growth in its revenue due to the excellent results of its clinical trials. According to J&J's 2023 annual financial report, global sales reached US\$9.7 billion, an increase of 22% from 2022.

(B) New dosage forms and new drug delivery systems of biosimilars

(i) **EG13084**

EG13084 is a new subcutaneous injection drug that combines Trastuzumab and Pertuzumab. Its R&D target is PHESGO-approved indications for early breast cancer (EBC) and metastatic breast cancer (MBC). Since Roche obtained the marketing approval of PHESGO from the EMA and FDA in 2020, it has begun to strategically and actively convert PHESGO in Europe and the US for patients who use Trastuzumab and Pertuzumab in combination. According to Roche's 2023 annual financial report: the global annual sales of this product have to 1.21 billion CHF, with an annual growth rate of 64%. Among them, the European and US markets account for 83%. According to the excellent results of the APHINITY trial (Roche published in 2022, Pertuzumab combined with Trastuzumab and chemotherapy in the treatment of early breast cancer: this combination therapy can reduce the risk of recurrence or death by 23% compared with the control group and), it is foreseeable that EG13084 and EG1206A will jointly expand the treatment scope of patients and continue to expand the market of dual-target therapy in the treatment of HER2 breast cancer

(ii) **EG7412X**

According to the Hyaluronidase Market Size, Share & Trends Analysis Report 2023-2030 report, the global market value of hyaluronidase (hyaluronidase) in 2023 will be US\$910 million, of which "recombinant human hyaluronidase PH20 (rHuPH20) "Accounting for 23%. Due to its stable purity, the market share is expected to grow more rapidly. It is estimated to grow at a compound growth rate of 9.4% by 2030 and is widely used in new dosage forms of pharmaceuticals.

(C) Special biological drugs

(i) **EG74032**

This product is a carrier protein made of diphtheria toxin through genetic improvement and amino acid replacement.

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

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

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

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

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

markets.

#### D. Competitive niche

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

(i) Cell line development

Customers only need to provide DNA expression sequences or amino acid sequences of proteins, and EirGenix can complete the establishment of high-expression cell lines. EirGenix possesses dual-platform cell lines, including the internationally renowned Life Technologies CHO-S cell line and our self-developed EG CHO K1 sv cell line platform. This platform includes cell lines, expression vectors, and culture media. Under normal culture conditions, it can achieve antibody protein yields of 3-10 grams per liter, reducing costs for customers in both drug development and commercial production stages.

(ii) Process development and Scale-up

In terms of cell culture process, with Ambr™ micro bioreactor, EirGenix can simulate the culture conditions of the large-volume bioreactor in a 15 ml test tube and can control and adjust a number of parameters on a small scale to achieve the comprehensive effect of saving time and cost.

In terms of process amplification, at present, many projects, including the customer's products and the EG12014 product within EirGenix, have successfully entered the cGMP plant for the product at 200/4,000 liters or more. EirGenix has mastered the setting of various important parameters in bio-fermentation tanks of various scales in the process amplification of the cGMP plant. Once the culture condition parameters of small-scale fermentation tanks from 2 to 5 liters are available, they can be successfully amplified to a scale of 200, 500, 1,000, to 4,000 liters. This technology platform can save customers the time and various costs required in the process amplification.

(iii) Protein analysis and identification

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

(iv) Provide a full range of services to meet the needs of customers:

EirGenix also operates mammalian and microbial production facilities that adhere to PIC/S cGMP standards and can offer comprehensive services tailored to clients' requirements. The mammalian cell production line at the Xizhi Facility includes one cell bank production line, two upstream production suites, and one downstream purification production suite. The upstream production suites feature reactors with scales of 50-200-1000 liters and another suite with scales of 50-200 liters, all utilizing single-use bioreactors. In the Xizhi Facility's microbial cell production line, there is one upstream production suite and one downstream purification production suite, equipped with a 20L stainless-steel fermentor and a 100L stainless-steel fermentor in the upstream production line. At the Zhubei Facility, there are two mammalian cell production lines, each equipped with a 200-2000 (2x1000L)-12000 (6x2000L) liters single-use bioreactor upstream production suite and one downstream production suite. The use of single-use bioreactors offers advantages such as reduced cross-contamination and simplified equipment setup. Throughout the drug development phase, our company ensures maximum flexibility and a broad range of options in process development to accommodate the diverse needs of clients' drug development projects.

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

At present, Formosa Laboratories, with a number of raw materials and anti-sunburn series active ingredient products marketed all over the world as well as ISO certificate, has successfully passed the GMP plant inspection certification of



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

#### E. Favorable and Unfavorable Factors in the Long Term

##### (A) Favorable factors

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

##### (B) Unfavorable factors and countermeasures

- (i) There are relatively few CDMO projects in the late development stage and commercial production.

Countermeasures: EirGenix has completed the construction of the first cell line 12,000L (3 sets of 2x2,000 L) on the 3F for commercial scale production in the Hsinchu Biomedical Park. It was put into operation in January 2019 and mainly used for the production of our own products (EG12014 and EG1206A). The second production line 12,000L (3 sets of 2x2,000 L) on the 5F has been launched in November 2023. Currently, we have several projects in hand and are continuously communicating with domestic and foreign biopharmaceutical companies, including biosimilar drug developers, to seek opportunities for late development stage and commercial scale production cooperation. The

commercial microbial production plant (350 L+1,000 L and 2x DSP suites) in Building B of the Hsinchu Park has started construction and is scheduled to be completed and put into operation in 2026. Some production capacity is currently reserved for the future needs of existing customers, and we will continue to communicate with domestic and foreign biopharmaceutical companies to seek projects for late development stage and production of CGT projects as well as DNA plasmids and enzymes related to mRNA.

- (ii) Foreign bio-pharmaceutical manufacturers have been actively deployed, and their brand advantages will form pressure.

Countermeasures: EirGenix has established an experienced R&D team to continuously enter the market as early as possible with the development efficiency of new products (Biosimilar, Biobetter, etc.) through the improvement of R&D technology capabilities, passing US FDA, EMA, or Japan PMDA inspections will increase customer confidence, and to reduce the threat of price competition through the expansion of factories under the reduction of production costs. In addition, EirGenix has actively cooperated with local pharmaceutical companies to carry out clinical development, product production, and marketing.

- (iii) For biosimilars products, the long R&D time is long and high fund investment make it unfavorable to the P&L.

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

## (2) Production Procedures of Main Products

### A. Major Products and Their Main Uses

#### (A) Biosimilar drugs

##### (i) EG12014

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

##### (ii) EG1206A

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



**(iii) TSY0110 (EG12043)**

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

**(iv) EG1211X**

The R&D target Tecentriq is an Fc-engineered, humanized monoclonal antibody that binds to PD-L1 and blocks its interaction with PD-1 and B7.1 receptors. Atezolizumab is an unglycosylated IgG1 kappa immunoglobulin with a calculated molecular weight of 145 kDa. Its pharmacological effect is that PD-L1 can be expressed on tumor cells and/or tumor-infiltrating immune cells, and can inhibit the anti-tumor immune response in the tumor microenvironment. PD-L1 binds to PD-1 and B7.1 receptors on T cells and antigen-presenting cells to inhibit the activity of cytotoxic T cells, T cell proliferation and cytokine production. Atezolizumab is a monoclonal antibody that binds to PD-L1 and blocks its interaction with PD-1 and B7.1 receptors. This releases PD-L1/PD-1-mediated suppression of immune responses, including activation of anti-tumor immune responses without inducing antibody-dependent cellular cytotoxicity. In syngeneic mouse tumor models, blocking PD-L1 activity resulted in reduced tumor growth. Indications span a variety of cancer types: 1. Locally advanced or metastatic urothelial cancer is suitable for the treatment of patients with locally advanced or metastatic urothelial cancer whose disease has worsened after receiving platinum-containing chemotherapy or who are not suitable for cisplatin-containing therapy. 2. Used alone for locally advanced or metastatic non-small cell lung cancer. It is suitable for the treatment of patients with locally advanced or metastatic non-small cell lung cancer whose disease has worsened after receiving platinum-containing chemotherapy. If patients have EGFR or ALK tumor gene abnormalities, they must first be treated with EGFR or ALK inhibitors. If the disease worsens after treatment, Tecentriq can be used. Used in combination with Avastin (bevacizumab), paclitaxel and carboplatin, as a first-line treatment for metastatic non-squamous non-small cell lung cancer without EGFR or ALK tumor gene abnormalities. 3. The combination of Tecentriq and nab-paclitaxel for triple-negative breast cancer is suitable for the treatment of unresectable locally advanced or metastatic triple-negative breast cancer, and the tumor has PD-L1 manifestations (tumor-infiltrating immune cells (IC)  $\geq 1\%$ ) and has not received Chemotherapy is used for patients with metastatic breast cancer. 4. Small cell lung cancer, combined with carboplatin and etoposide, is suitable for the first-line treatment of adults with extensive stage small cell lung cancer. 5. The combined use of hepatocellular carcinoma and bevacizumab is suitable for the treatment of patients with hepatocellular carcinoma who have not received systemic therapy and are unresectable or metastatic, and their liver function is Child-Pugh A.

**(v) EG1216X**

The target of its R&D, DARZALEX, is a humanized IgG1 $\kappa$  monoclonal antibody that can bind to the CD38 antigen. This strain is produced in a mammalian cell line (Chinese Hamster Ovary [CHO]) through recombinant DNA technology. Its pharmacology Mechanism is an IgG1 $\kappa$  human monoclonal antibody (mAb) that binds to the CD38 protein that is highly expressed on the surface of multiple myeloma cells and to varying degrees on other cell types and tissues. CD38 protein has multiple functions, such as receptor-mediated adhesion, signaling and enzyme activity. DARZALEX is suitable for: 1. Patients who have received at least three previous therapies (including a protease inhibitor and an immunomodulator) as a single drug, or whose disease has worsened under treatment with both a protease inhibitor and an immunomodulator (double-refractory to a protease inhibitor and an immunomodulatory agent) in adults with multiple myeloma. 2. Use in combination with lenalidomide plus dexamethasone or with bortezomib plus dexamethasone to treat adult patients with multiple myeloma who have previously received at least one therapy.

(B) New dosage forms and new drug delivery systems of biosimilars

(i) **EG13084**

EG13084 is a new subcutaneous injection drug that combines Trastuzumab and Pertuzumab. Its R&D target is PHESGO-approved indications for early breast cancer (EBC) and metastatic breast cancer (MBC). In terms of early breast cancer (EBC), when EG13084 is used in combination with chemotherapy drugs for preoperative adjuvant therapy, it is suitable for patients with HER2-positive, locally advanced, inflammatory or early breast cancer (tumor diameter greater than 2cm or positive lymph nodes). Part of a complete treatment prescription. When used as adjuvant treatment after surgery, it is suitable for patients with early-stage breast cancer (EBC) who are HER2-positive and have a high risk of recurrence. (According to the results of the APHINITY clinical trial, in postoperative adjuvant therapy, patients with HER2-positive early breast cancer who have a high risk of recurrence are defined as having lymph node-positive breast cancer.) In terms of metastatic breast cancer (MBC), it is used together with docetaxel to treat metastasis patients with HER2-positive metastatic breast cancer who have not been treated with anti-HER2 or chemotherapy.

(ii) **EG7412X**

The R&D target of EG7412X is "recombinant human hyaluronidase PH20 (rHuPH20)", which is equivalent to the soluble fragment of human HYAL5. It is genetically engineered in hamster culture cells (CHO) culture containing a DNA plasmid encoding the enzyme. Produced as a type of hyaluronidase (hyaluronidase), its main function is to catalyze the degradation of hyaluronic acid (HA). According to the enzyme reaction products, they are divided into three different types: two eukaryotic endoglycosidase hydrolases and one prokaryotic lyase-type glycosidase. Hyaluronidase catalyzes the hydrolysis of HA, causing the viscosity of HA to decrease, thereby increasing tissue permeability. Therefore, it is often used in medicine together with other drugs, which can accelerate the dispersion and delivery of drugs through subcutaneous absorption.

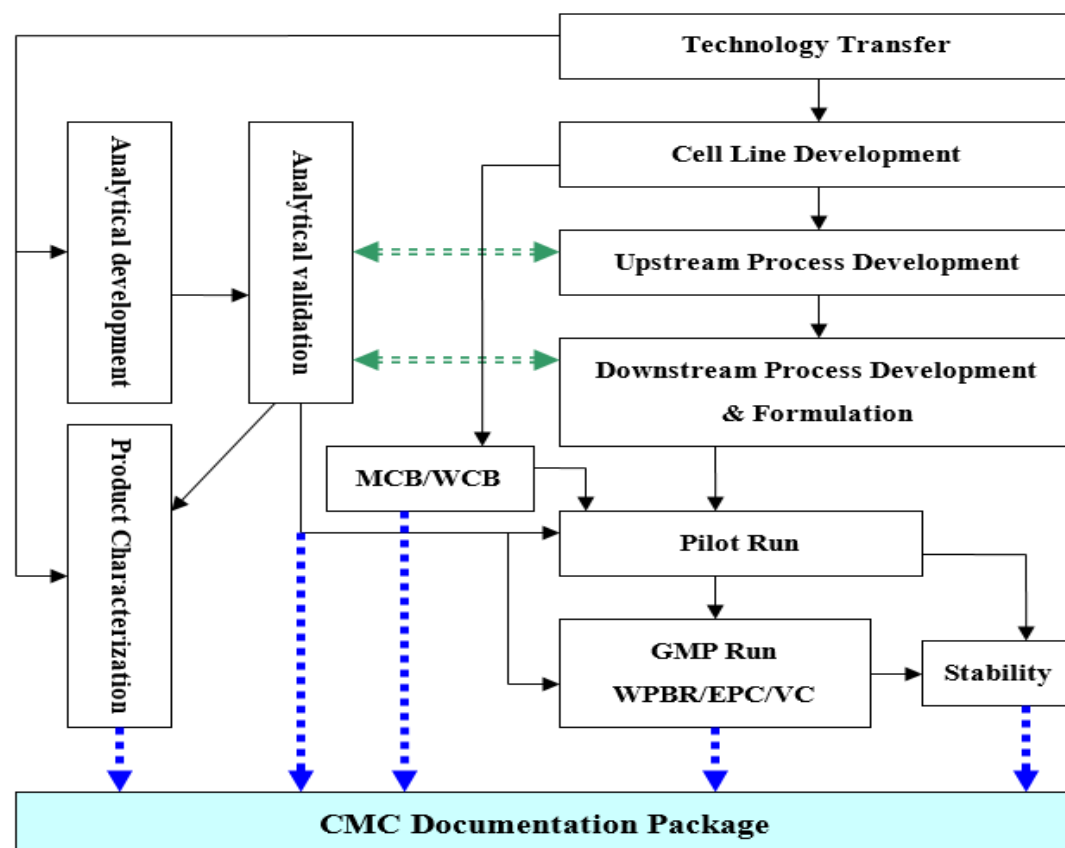
(C) Special biological drugs

(i) **EG74032**

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

## B. Major Products and Their Production Processes

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



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

## C. The supply situation for the company's major raw materials

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

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

### (A) Major Suppliers Information for the Last Two Calendar Years

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

Unit: NT\$ thousands

| Item | 2022           |         |         |                      | 2023         |         |       |                      |
|------|----------------|---------|---------|----------------------|--------------|---------|-------|----------------------|
|      | Company Name   | Amount  | Percent | Relation With Issuer | Company Name | Amount  | %     | Relation With Issuer |
| 1    | Merck          | 135,142 | 25.48   | No                   | Cytiva       | 116,665 | 27.56 | No                   |
| 2    | Pall Singapore | 115,931 | 21.86   | No                   | Merck        | 116,351 | 27.49 | No                   |
| 3    | Life Tech      | 60,895  | 11.48   | No                   | Sartorius    | 49,139  | 11.61 | No                   |
| 4    | Sartorius      | 58,942  | 11.11   | No                   | Others       | 141,153 | 33.34 | No                   |
| 5    | Others         | 159,523 | 30.07   | No                   | -            | -       | -     | -                    |

| Item | 2022          |         |         |                      | 2023          |         |     |                      |
|------|---------------|---------|---------|----------------------|---------------|---------|-----|----------------------|
|      | Company Name  | Amount  | Percent | Relation With Issuer | Company Name  | Amount  | %   | Relation With Issuer |
| 6    | -             | -       | -       | -                    | -             | -       | -   | -                    |
|      | Net Purchases | 530,433 | 100     | No                   | Net Purchases | 423,308 | 100 | No                   |

Description of change:

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

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

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

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

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

(B) Major Clients Information for the Last Two Calendar Years

Unit: NT\$ thousands

| Item | 2022         |         |         |                      | 2023         |         |         |                      |
|------|--------------|---------|---------|----------------------|--------------|---------|---------|----------------------|
|      | Company Name | Amount  | Percent | Relation with Issuer | Company Name | Amount  | Percent | Relation with Issuer |
| 1    | Company MV   | 514,208 | 34.72   | No                   | Company G    | 174,644 | 17.08   | No                   |
| 2    | Company SA   | 261,876 | 17.68   | No                   | Company SA   | 144,479 | 14.13   | No                   |
| 3    | Company BO   | 168,647 | 11.39   | No                   | Company MV   | 125,354 | 12.26   | No                   |
| 4    | Others       | 536,286 | 36.21   | No                   | Company HB   | 113,042 | 11.05   | No                   |
| 5    | -            | -       | -       | -                    | Company HC   | 109,281 | 10.68   | No                   |

| Item | 2022         |           |         |                      | 2023         |           |         |                      |
|------|--------------|-----------|---------|----------------------|--------------|-----------|---------|----------------------|
|      | Company Name | Amount    | Percent | Relation with Issuer | Company Name | Amount    | Percent | Relation with Issuer |
| 6    | -            | -         | -       | -                    | Others       | 355,853   | 34.80   | No                   |
|      | Net Sales    | 1,481,017 | 100     | No                   | Net Sales    | 1,022,653 | 100     | No                   |

Description of change:

At present, the main source of income for EirGenix and its subsidiary is the bio-pharmaceutical contract development & manufacturing organization (CDMO). As service income and GMP production are recognized according to various contracts, services provided, or undergoing production progress, the sales number of major sales clients varies according to the progress of their cases each year. In addition, in April 2019, the Company signed a license agreement for the co-development of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with SA. By the end of 2023, the Company had completed the requirements of milestones from Phase I to Phase VI. Therefore, the revenues of contract payment and milestone payment from Phase I to Phase VI were recognized in stages in accordance with standard accounting procedures.

All revenues from the main clients of EirGenix and its subsidiary are presently recognized as the revenue from development and manufacturing services, except for the revenue from the license agreement for the co-development gradually recognized with SA over time. At present, for the development and manufacturing services commissioned by clients, the service contents include the preliminary development work and the back end GMP production, including process verification and verification work. Several clients are close to the listing stage and are also discussing the long-term production of future listing supply. Once the client's products are successfully listed, it is expected to have a long-term stable income from said product supply. As revenue is still growing in the past few years, in the future, with the launch of production plants year by year, the Company will look for potential clients of later products and products to be marketed closely and continue to maintain stable, productive creation and considerable revenue.

At the same time, the continuous expansion of foreign cases is also a medium-term plan to create value. It is obvious that European and American clients are increasing year by year. Due to its characteristics, if a good client relationship is well maintained and quality is ensured, then it is also the keyway to obtain stable considerable revenue. In addition to client maintenance, EirGenix and its subsidiary have also obtained the certification of foreign factories from Japan's Ministry of Health, Labour, and Welfare. It is expected that in the future, they will gradually obtain internationally important legal certifications from the European Union, the United States, and other countries, which will be more conducive to accelerating the growth of revenue.

E. An indication of the production volume for the two most recent fiscal year

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

F. An indication of the volume of units sold for the two most recent fiscal year.

Unit: NT\$ thousands

| Volume \ Year     | 2022     |         |          |         | 2023     |         |          |         |
|-------------------|----------|---------|----------|---------|----------|---------|----------|---------|
|                   | Local    |         | Export   |         | Local    |         | Export   |         |
|                   | Quantity | Amount  | Quantity | Amount  | Quantity | Amount  | Quantity | Amount  |
| Major goods       |          |         |          |         |          |         |          |         |
| Service Revenue   | -        | 330,747 | -        | 426,933 | -        | 350,011 | -        | 255,979 |
| Sales Revenue     | -        | 416,098 | -        | 45,363  | -        | 124,112 | -        | 151,079 |
| Licensing Revenue | -        | -       | -        | 261,876 | -        | -       | -        | 141,472 |
| Total             | -        | 746,845 | -        | 734,172 | -        | 474,123 | -        | 548,530 |

Description of change:

The major revenue of EirGenix is a CDMO business, and its output value is determined according to the work items of the commissioned case, and there are no products with fixed mass production. Due to EirGenix increases the contract from current clients and finds new clients to make the performance grow stably. In April 2019, EirGenix Inc. signed a global licensing agreement for EG12014 (Trastuzumab Biosimilar) with Sandoz AG. As of the 2023 Q4, EirGenix has received the signing fee and fulfilled the requirements of its first to sixth milestone; the revenue from the milestone payment will be recognized in stages in accordance with standard accounting procedures.

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

Unit: Person; age; years; %

| Year                     |             | 2022  | 2023  | 2024 until the end of March |
|--------------------------|-------------|-------|-------|-----------------------------|
| Employees                | Management  | 20    | 19    | 19                          |
|                          | Supervisor  | 30    | 31    | 33                          |
|                          | Staff       | 358   | 338   | 328                         |
|                          | Total       | 408   | 388   | 380                         |
| Average Years of Age     |             | 36.38 | 37.71 | 37.9                        |
| Average Tears of Service |             | 3.84  | 3.94  | 3.9                         |
| Education                | Ph.D.       | 7.8   | 8.8   | 9.5                         |
|                          | Master's    | 68.6  | 68    | 67.1                        |
|                          | Bachelor's  | 23.6  | 23.2  | 23.4                        |
|                          | High School | 0     | 0     | 0                           |



#### 4. Disbursements for Environmental Protection

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

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

#### 5. Labor Relations

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

##### A. Employee Reward System

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

##### B. Workplace diversity and equity

The Company respects the value of diversity and provides all the employees regardless of his/her race, ethnicity, gender, gender identity, sexual orientation, age and socioeconomical background with the equal opportunity on their job rights, compensation, and career development. The indigenous people and with disability are employed by the Company without any discrimination and inequality. In 2023, the new-hired female employee took 43.3%. In the entire company, the female employee is 43.8% and the female managers is 38.6%.

##### C. Employee Welfare

- (A) In order to promote employee physical and mental health to reach the work-and-life balance, the Company holds an inhouse Employee Welfare Committee according to the Employee Welfare Fund Act. The Company appropriates funds for the Committee to handle welfare issues for employees to promote internal morale and a cozy work environment.
- (B) Employee Leave Policy – Superior to the regulated standards of Labor Standards Act and the Regulations of Leave-Taking of Workers
  - (i) Employees are provided with annual personal leave available since his/her first day on board and the paid day leave are higher than the government regulation requirement.
  - (ii) Paid family care leave.
- (C) Other benefits include flexibility of starting and finishing daily working time, wedding leave, funeral leave, hospitalization allowance, maternity allowance, pregnancy leave, employee lunch allowance, department teambuilding feasts, transportation allowance, welfare committee activities, employee outing allowance, and lottery draw-in the annual feast, group insurance, and occupational injury insurance. EirGenix care for the employees and their family members. The health insurance is covered to their family by their options. In the family day event by the Company, employees' family are invited.

#### D. Training and Development

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

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

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

In 2023, ELC offered 15 courses over 70 course hours, with a total of 1364 participants and a total of 4,388 study hours.

#### E. Retirement Policy

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

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

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

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

#### F. Labor-Management Dispute

The Company communicates with employees not only through Town Hall Meeting and Labor-Management Meeting but also through internal emails, office displays, and suggestion boxes for employees to provide their opinions at any time. The Company also meets the needs of employees in a timely manner through communication, education, and incentive mechanisms. The Company has not had any disputes between employers and employees requiring settlements in 2023.

#### G. Other Employee Rights Mechanism

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

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

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

## 6. Cyber security management

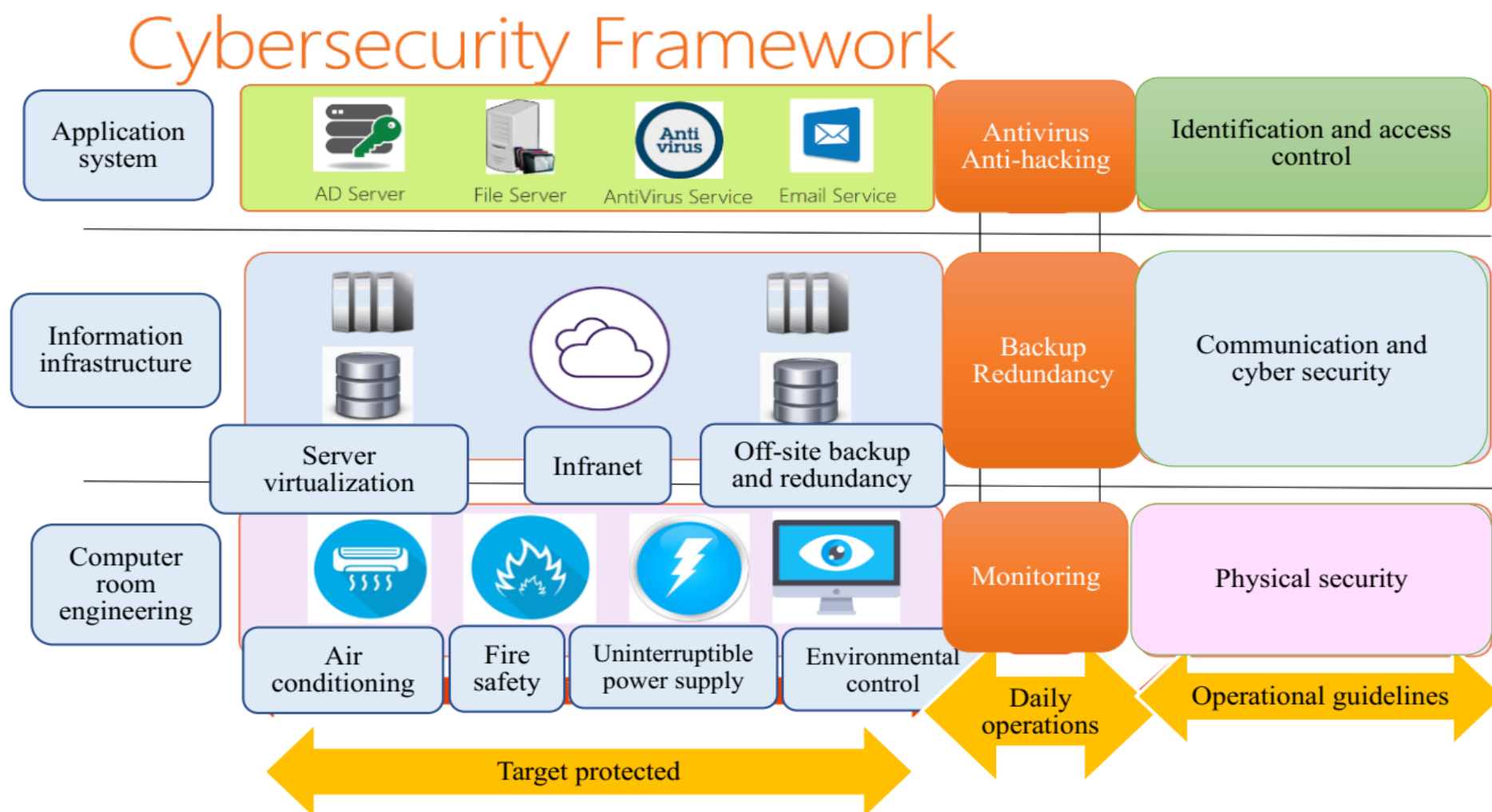
EirGenix has included information security in the annual audit project, regularly reviewed and evaluated security measures, and regularly changed various security settings while updating the system and working with professional vendors to ensure information and network security. Furthermore, to ensure that our information system can continue to provide stable services, we have established various redundancy mechanisms and backup systems and improved relevant processes as appropriate and upgraded computer software and hardware in response. The Information Technology Department often sends information security information to employees via emails and reports information security issues to the Board on March 8, 2024.

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

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

### A. Cyber Security Risk Management Framework

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



### B. Cyber Security Policies

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

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

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

#### C. Cyber Security Management Programs and Investments in Resources for Cyber Security Management

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

| Category                                     | Description   | Operating method  |
|--|---|---|
| Permissions management                       | Personnel and group accounts and verification methods management, permissions management, and system management permissions management                                  | <ul style="list-style-type: none"> <li>Personnel accounts management operations should proceed or be changed after an application is filed and approved by responsible managers in accordance with the operating procedures. Each user's use permissions should be immediately revoked after resignation or job change to prevent unauthorized access.</li> <li>Regularly review system-related permissions.</li> <li>Manage system account life cycle and permissions accounts.</li> <li>Adopt multi-factor authentication and designated login to manage important systems.</li> </ul>  |
| Access management                            | Data flow control and auditing, physical equipment access management, audit records, and incident investigation   | <ul style="list-style-type: none"> <li>Revise data flows into and out of important information systems and keep records of the access for auditing.</li> <li>Conduct physical security protection of the information system console.</li> <li>Analyze audit records and issue automatic warnings of abnormalities.</li> <li>Identify the information security level according to the importance and the degree of risk.</li> <li>Adopt digital rights management technology for important files to control the data flow to avoid unauthorized access.</li> </ul>   |
| Threat and risk management                   | Rate the information risks that may be caused by internal employees, external personnel, and potential vulnerabilities in the systems and take measures to reduce risks | <ul style="list-style-type: none"> <li>Standardize the user's computer preset.</li> <li>Launch operating regulations for external vendors to access the Company's information systems.</li> <li>Launch risk assessment procedures for adoption of new technologies.</li> <li>Deploy multiple brands' multi-layer firewalls and cloud email filtering to reduce the chance of external cyber-attacks and intrusion of phishing emails.</li> <li>Strengthen endpoint security, regularly update users' computers, and install antivirus software.</li> <li>Regularly offer information security education and training to improve personnel's awareness of information security.</li> </ul> |
| System integrity and availability management | Maintain the availability and integrity of data and   | <ul style="list-style-type: none"> <li>The host has been virtualized in a cluster to improve the availability of systems.</li> <li>Adopt large storage devices, regularly automate on-site and off-site backups, and perform recovery tests as planned to ensure the integrity and availability of</li> </ul>   |



| Category | Description  | Operating method   |
|----------|--|--|
|          | systems to resume normal operations in the event of a disaster or damage | <p>systems.</p> <ul style="list-style-type: none"> <li>Adopt multiple redundancy mechanisms for infrastructure, multiple UPS systems with automatic generators, N+1 and 1+1 fan coil units, as well as multiple redundancy measures for internal and external network wires and equipment to reduce the chance of information service interruption.</li> </ul> |

Investments in Resources for Cyber Security Management:

- (A) To enhance the confidential and sensitive data access control, our company has implemented Microsoft Azure Information Protection encryption solution. A total of NT\$600,000 was invested from 2022 to 2023, along with engagement of PricewaterhouseCoopers Cybersecurity Consultants to plan the introduction of cybersecurity regulations. It is planned to adopt NIST CSF related specifications over a three-year period.
  - (B) In response to the above implementation, over 8 meetings have been held with consultants, attended by external consultants, as well as internal IT and cybersecurity personnel.
  - (C) In 2023, there were a total of 8 meetings and discussions on information security-related issues.
  - (D) In September 2023, the IT department issued the Information Security Learning Handbook-2023, primarily aimed at establishing concepts of employee information and network security. The target audience includes all employees of the company, who undergo training and assessment after completion.
  - (E) The company has also joined TWCERT/CC for cybersecurity information sharing.
  - (F) In addition to advocating cybersecurity-related issues in monthly meetings, the IT department promptly informs internal colleagues via communication software and email in case of any special cybersecurity incidents where the severity of the risk may affect the company's information security.
- (2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
  - (3) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sale
    - A. The government has actively promoted the biotechnology industries in recent years, of which the biopharmaceutical industry has the characteristics of high technical threshold, long R&D cycle, high professional technical demand, and added value. The threshold for the industry is relatively high, so it is not easy to produce drastic changes in a short period of time. Moreover, the Company, with a high degree of professional R&D capability, can closely grasp technological changes and industrial changes and take appropriate countermeasures as needed. As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary have not had a significant impact on the Company's financial business due to technological changes and industrial changes.
    - B. Considering the rapid changes in information technology and the external environment, to reduce the impact of external changes on our finances, the Company plans to revise relevant information security policies suitable for the operations together with external professional information security consultants aligned with the NIST Cybersecurity Framework (CSF) and relevant standards in the industry. We will implement the revised policies accordingly and review and adjust them regularly as the benchmark for evaluation and judgment when adopting various information systems and services. We've successfully completed the 3rd phase of NIST CSF implementation in the first quarter of 2023.

## 7. Important Contracts

| Type of Agreement | Counterparty  | Period                           | Major Contents  | Restrictions  |
|-------------------|---|----------------------------------|---|---|
| Lease contract    | Department Center for Biotechnology                             | 2022/03~2026/12                  | Lease offices, laboratories, and plants   | None.   |
| Lease contract    | Hsinchu Science Park Bureau, Ministry of Science and Technology | 2016/11~2036/11                  | Lease the land for plant construction in Biomedical Park.                                     | None.   |
| CDMO              | Company HB  | 2021/02 until project completion | Recombinant protein 1,000L GMP Production.  | None.   |
| CDMO              | Company G   | 2021/04 until project completion | Tech transfer, Recombinant protein GMP production   | None.   |
| CDMO              | Company BO  | 2021/05 until project completion | Sale of biologic substance for R&D and clinical trials  | None.   |
| CDMO              | Company AS  | 2021/09 until IND application    | Process development and GMP production  | None.   |
| CDMO              | Company AP  | 2022/03 until IND application    | Tech transfer, Process development & GMP production   | None.   |
| CDMO              | Company G   | 2022/09 until project completion | Perform stability study of recombinant protein  | None.   |
| CDMO              | Company HB  | 2023/02 until project completion | Recombinant protein 1,000L GMP Production.  | None.   |
| CDMO              | Company OM  | 2023/02 until project completion | Antibody 2,000L GMP Production.   | None.   |
| CDMO              | Company AD  | 2023/06 until project completion | Tech transfer, Process development, GMP production and Raw material purchase.                 | None.   |
| CDMO              | Company B   | 2023/06 until project completion | Recombinant protein GMP production  | None.   |
| CDMO              | Company HC  | 2023/06 until project completion | Cell line development, Process development and Antibody GMP production.                       | None.   |
| CDMO              | Company IB  | 2023/09 until project completion | Cell line development, Process development and Antibody GMP production.                       | None.   |
| CDMO              | Company U   | 2023/09 until project completion | Antibody 2,000L GMP Production.   | None.   |
| CDMO              | Company AM  | 2024/01 until project completion | Cell line development   | None.   |
| CDMO              | Company BR  | 2024/01 until project completion | Raw material purchase.  | None.   |
| CDMO              | Company HB  | 2024/01 until project completion | Recombinant protein 200L GMP Production.  | None.   |
| Co-development    | Formosa Pharmaceuticals, Inc.                                   | 2022/03~                         | Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer. | None.   |
| License agreement | Company SA  | 2019/04~                         | Grant the exclusive rights to commercialize the biosimilar EG12014 in license market.         | In accordance with that contract                        |
| Credit contract   | Hua Nan Commercial Bank Ltd                                     | 2022/02~2027/03                  | Establishment of Facility and Production Equipment.   | The funds are used to purchase machinery and equipment. |



## VI. Financial Information

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

#### (1) Condensed Balance Sheet – Based on IFRS

##### A. Condensed Balance Sheet- Consolidated

Unit: NT\$ thousands

| Item  |   | Financial Summary for The Last Five Years |             |             |            |            |
|---|---|---|-------------|-------------|------------|------------|
|   |   | 2019                                      | 2020        | 2021        | 2022       | 2023       |
| Current assets                                    |   |   | 1,494,307   | 9,070,266   | 8,287,878  | 6,915,506  |
| Property, Plant and Equipment                     |   |   | 1,851,850   | 1,886,824   | 2,608,848  | 3,337,685  |
| Intangible assets                                 |   |   | 33,129      | 19,553      | 28,067     | 28,269     |
| Other assets                                      |   |   | 455,929     | 464,230     | 922,363    | 881,099    |
| Total assets                                      |   |   | 3,835,215   | 11,440,873  | 11,847,156 | 11,162,559 |
| Current liabilities                               | Before distribution                               |   | 642,163     | 703,216     | 730,892    | 707,165    |
|   | After distribution                                |   | 642,163     | 703,216     | 730,892    | 707,165    |
| Non-current liabilities                           |   |   | 1,287,435   | 308,906     | 433,386    | 437,931    |
| Total liabilities                                 | Before distribution                               |   | 1,929,598   | 1,012,122   | 1,164,278  | 1,145,096  |
|   | After distribution                                |   | 1,929,598   | 1,012,122   | 1,164,278  | 1,145,096  |
| Equity attributable to shareholders of the parent |   |   | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |
| Capital stock                                     |   |   | 2,063,751   | 3,003,845   | 3,043,358  | 3,060,516  |
| Capital surplus                                   |   |   | 2,813,974   | 10,475,952  | 7,734,141  | 7,830,216  |
| Equity attributable to shareholders of the parent | Equity attributable to shareholders of the parent |   | (2,930,919) | (2,973,500) | (115,540)  | (915,208)  |
|   | Capital stock                                     |   | (2,930,919) | (2,973,500) | (115,540)  | (915,208)  |
| Other equity interest                             |   |   | (41,189)    | (77,546)    | 20,919     | 41,939     |
| Treasury stock                                    |   |   | -           | -           | -          | -          |
| Non-controlling interest                          |   |   | -           | -           | -          | -          |
| Total equity                                      | Before distribution                               |   | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |
|   | After distribution                                |   | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |

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

## B. Condensed Balance Sheet- Individual

Unit: NT\$ thousands

| Item   |   | Financial Summary for The Last Five Years |             |             |            |            |
|--|---|---|-------------|-------------|------------|------------|
|  |   | 2019                                      | 2020        | 2021        | 2022       | 2023       |
| Current assets   |   | 1,048,257                                 | 1,491,466   | 9,064,044   | 8,269,047  | 6,909,802  |
| Property, Plant and Equipment                                      |   | 1,878,776                                 | 1,851,325   | 1,885,858   | 2,607,958  | 3,337,069  |
| Intangible assets  |   | 42,434                                    | 32,840      | 19,553      | 28,067     | 28,269     |
| Other assets   |   | 448,318                                   | 456,627     | 466,522     | 927,285    | 888,648    |
| Total assets   |   | 3,417,785                                 | 3,832,258   | 11,435,977  | 11,832,357 | 11,163,788 |
| Current liabilities  | Before distribution                               | 480,325                                   | 639,798     | 698,320     | 716,093    | 708,394    |
|  | After distribution                                | 480,325                                   | 639,798     | 698,320     | 716,093    | 708,394    |
| Non-current liabilities  |   | 1,082,589                                 | 1,286,843   | 308,906     | 433,386    | 437,931    |
| Total liabilities  | Before distribution                               | 1,562,914                                 | 1,926,641   | 1,007,226   | 1,149,479  | 1,146,325  |
|  | After distribution                                | 1,562,914                                 | 1,926,641   | 1,007,226   | 1,149,479  | 1,146,325  |
| Equity attributable to shareholders of the parent                  |   | 1,854,871                                 | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |
| Capital stock  |   | 1,693,041                                 | 2,063,751   | 3,003,845   | 3,043,358  | 3,060,516  |
| Capital surplus  |   | 2,055,782                                 | 2,813,974   | 10,475,952  | 7,734,141  | 7,830,216  |
| Equity attributable to shareholders of the parent<br>Capital stock | Equity attributable to shareholders of the parent | (1,889,249)                               | (2,930,919) | (2,973,500) | (115,540)  | (915,208)  |
|  | Capital stock                                     | (1,889,249)                               | (2,930,919) | (2,973,500) | (115,540)  | (915,208)  |
| Other equity interest  |   | (4,703)                                   | (41,189)    | (77,546)    | 20,919     | 41,939     |
| Treasury stock   |   | -   | -           | -           | -          | -          |
| Non-controlling interest   |   | -   | -           | -           | -          | -          |
| Total equity   | Before distribution                               | 1,854,871                                 | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |
|  | After distribution                                | 1,854,871                                 | 1,905,617   | 10,428,751  | 10,682,878 | 10,017,463 |

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

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

A. Condensed Statement of Comprehensive Income- Consolidated

Unit: NT\$ thousands

| Item  | Year | Financial Summary for The Last Five Years |             |           |           |             |
|---|------|---|-------------|-----------|-----------|-------------|
|   |      | 2019                                      | 2020        | 2021      | 2022      | 2023        |
| Operating revenue   |      |   | 1,071,838   | 1,697,359 | 1,481,017 | 1,022,653   |
| Gross profit  |      |   | 750,667     | 1,093,054 | 756,452   | 236,741     |
| Income (Loss) from operations                                   |      |   | (986,004)   | (58,311)  | (330,819) | (1,031,977) |
| Non-operating income and expenses                               |      |   | (55,319)    | 17,146    | 216,504   | 118,327     |
| Income (Loss) before tax  |      |   | (1,041,323) | (41,165)  | (114,315) | (913,650)   |
| Income (Loss) from Continuing Operation                         |      |   | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Income (Loss) from Discontinued Operation                       |      |   | -           | -         | -         | -           |
| Net income (Loss)   |      |   | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Other comprehensive income (income after tax)                   |      |   | 259         | 5,335     | 59,311    | 46,118      |
| Total comprehensive income (Loss)                               |      |   | (1,041,411) | (37,246)  | (56,229)  | (869,090)   |
| Net income attributable to shareholders of the parent           |      |   | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Net income attributable to non-controlling interest             |      |   | -           | -         | -         | -           |
| Comprehensive income attributable to Shareholders of the parent |      |   | (1,041,411) | (37,246)  | (56,229)  | (869,090)   |
| Comprehensive income attributable to non-controlling interest   |      |   | -           | -         | -         | -           |
| Earnings per share  |      |   | (5.41)      | (0.18)    | (0.38)    | (3.00)      |

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

## B. Condensed Statement of Comprehensive Income- Individual

Unit: NT\$ thousands

| Item \ Year   | Financial Summary for The Last Five Years |             |           |           |             |
|---|---|-------------|-----------|-----------|-------------|
|   | 2019                                      | 2020        | 2021      | 2022      | 2023        |
| Operating revenue   | 476,085                                   | 1,071,838   | 1,697,359 | 1,481,017 | 1,022,653   |
| Gross profit  | 254,667                                   | 750,667     | 1,093,054 | 756,452   | 236,741     |
| Income (Loss) from operations                                   | (847,671)                                 | (987,766)   | (60,518)  | (333,400) | (1,035,394) |
| Non-operating income and expenses                               | (13,254)                                  | (53,557)    | 18,126    | 218,198   | 120,651     |
| Income (Loss) before tax  | (860,925)                                 | (1,041,323) | (42,392)  | (115,202) | (914,743)   |
| Income (Loss) from Continuing Operation                         | (860,925)                                 | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Income (Loss) from Discontinued Operation                       | -   | -           | -         | -         | -           |
| Net income (Loss)   | (860,925)                                 | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Other comprehensive income (income after tax)                   | -   | 259         | 5,335     | 59,311    | 46,118      |
| Total comprehensive income (Loss)                               | (860,925)                                 | (1,041,411) | (37,246)  | (56,229)  | (869,090)   |
| Net income attributable to shareholders of the parent           | (860,925)                                 | (1,041,670) | (42,581)  | (115,540) | (915,208)   |
| Net income attributable to non-controlling interest             | -   | -           | -         | -         | -           |
| Comprehensive income attributable to Shareholders of the parent | (860,925)                                 | (1,041,411) | (37,246)  | (56,229)  | (869,090)   |
| Comprehensive income attributable to non-controlling interest   | -   | -           | -         | -         | -           |
| Earnings per share  | (5.39)                                    | (5.41)      | (0.18)    | (0.38)    | (3.00)      |

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

### (3) Auditors' Opinions from 2019 to 2023

| Year | CPA                         | Accounting Firm               | Audit Opinion      |
|------|-----------------------------|-------------------------------|--------------------|
| 2019 | Shu-Fen Yu, Hui-Chin Tseng  | PricewaterhouseCoopers Taiwan | Unmodified Opinion |
| 2020 | Sheng-Wei Deng, Shu-Fen Yu  | PricewaterhouseCoopers Taiwan | Unmodified Opinion |
| 2021 | Sheng-Wei Deng, Yu-Fang Yen | PricewaterhouseCoopers Taiwan | Unmodified Opinion |
| 2022 | Sheng-Wei Deng, Yu-Fang Yen | PricewaterhouseCoopers Taiwan | Unmodified Opinion |
| 2023 | Sheng-Wei Deng, Yu-Fang Yen | PricewaterhouseCoopers Taiwan | Unmodified Opinion |

## 2. Five-Year Financial Analysis

### (1) Consolidated Financial Analysis – Based on IFRS

| Items for Analysis  |   | Year | Financial Analysis for the Most Recent Five Years |         |          |          |         |
|---------------------|---|------|---|---------|----------|----------|---------|
|                     |   |      | 2019  | 2020    | 2021     | 2022     | 2023    |
| Financial structure | Debt Ratio (%)  |      |   | 50.31   | 8.85     | 9.83     | 10.26   |
|                     | Ratio of long-term capital to property, plant and equipment (%) |      |   | 172.42  | 569.09   | 426.10   | 313.25  |
| Solvency            | Current ratio (%)   |      |   | 232.70  | 1,289.83 | 1,133.94 | 977.92  |
|                     | Quick ratio (%)   |      |   | 195.19  | 1,215.91 | 1,015.88 | 868.41  |
|                     | Interest coverage ratio   |      |   | -       | -        | -        | -       |
| Operating Ability   | Receivables turnover rate (times)                               |      |   | 7.92    | 19.54    | 26.16    | 7.07    |
|                     | Average collection days for receivables                         |      |   | 46.09   | 18.68    | 13.95    | 51.63   |
|                     | Inventory turnover rate (times)                                 |      |   | 1.98    | 2.10     | 1.26     | 1.05    |
|                     | Payables turnover rate (times)                                  |      |   | 11.08   | 9.47     | 6.56     | 7.34    |
|                     | Average days for sale   |      |   | 184.34  | 173.81   | 289.68   | 328.83  |
|                     | Property, plant and equipment turnover rate (times)             |      |   | 0.57    | 0.91     | 0.66     | 0.34    |
|                     | Total asset turnover rate (times)                               |      |   | 0.30    | 0.22     | 0.13     | 0.09    |
| Profitability       | Return on assets (%)  |      |   | (28.10) | (0.34)   | (0.93)   | (7.88)  |
|                     | Return on equity (%)  |      |   | (55.40) | (0.69)   | (1.09)   | (8.84)  |
|                     | Ratio of income before tax to paid-in capital (%)               |      |   | (50.46) | (1.37)   | (3.76)   | (29.85) |
|                     | Profit margin before tax (%)                                    |      |   | (97.19) | (2.51)   | (7.80)   | (89.49) |
|                     | Earnings per share (NT\$)                                       |      |   | (5.41)  | (0.18)   | (0.38)   | (3.00)  |
| Cash flow           | Cash flow ratio (%)   |      |   | -       | -        | -        | -       |
|                     | Cash flow adequacy ratio (%)                                    |      |   | -       | -        | -        | -       |
|                     | Cash reinvestment ratio (%)                                     |      |   | -       | -        | -        | -       |
| Leverage            | Operating leverage  |      |   | -       | -        | -        | -       |
|                     | Financial leverage  |      |   | -       | -        | -        | -       |

Analysis of financial ratio differences for the last two years (2022& 2023) (Increase or decrease over 20%):

- Ratio of long-term capital to property, plant and equipment: Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment.
- Receivables turnover rate (times) and Average collection days for receivables: Mainly because the collection of the account receivables increased at the end of 2023, leading to the decrease in receivables turnover rate and increase in average collection days.
- Property, plant and equipment turnover rate (times): Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment, leading to the decreased in Property, plant and equipment turnover rate.
- Total asset turnover rate (times): Total assets turnover rate decreased because of the capacity expansion and the increased of R&D expenses.
- Return on assets: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Return on equity: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Ratio of income before tax to paid-in capital: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Profit margin before tax: Mainly because of the decrease of operation revenue and the increase of R&D expenses, leading to the increase in net loss after taxation.

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

#### A. Financial Structure

(A) Debt-asset ratio = total liabilities / total assets

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

#### B. Solvency

(A) Current ratio = current assets / current liabilities

(B) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(C) Interest coverage ratio = income before income tax and interest expenses / current interest

C. Operating ability

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

D. Profitability

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

E. Cash flow

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

F. Leveraging

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



(2) Individual Financial Analysis – Based on IFRS

| Items for Analysis  |   | Financial Analysis for the Most Recent Five Years |         |          |          |         |
|---------------------|---|---|---------|----------|----------|---------|
|                     |   | 2019  | 2020    | 2021     | 2022     | 2023    |
| Financial structure | Debt Ratio (%)  | 45.73   | 50.27   | 8.81     | 9.71     | 10.27   |
|                     | Ratio of long-term capital to property, plant and equipment (%) | 156.35  | 172.44  | 569.38   | 426.24   | 313.31  |
| Solvency            | Current ratio (%)   | 218.24  | 233.12  | 1,297.98 | 1,154.74 | 975.42  |
|                     | Quick ratio (%)   | 112.01  | 195.54  | 1,223.59 | 1,034.37 | 866.25  |
|                     | Interest coverage ratio   | -   | -       | -        | -        | -       |
| Operating Ability   | Receivables turnover rate (times)                               | 5.20  | 7.92    | 19.54    | 26.16    | 7.07    |
|                     | Average collection days for receivables                         | 70.19   | 46.09   | 18.68    | 13.95    | 51.63   |
|                     | Inventory turnover rate (times)                                 | 2.16  | 1.98    | 2.10     | 1.26     | 1.05    |
|                     | Payables turnover rate (times)                                  | 17.85   | 11.08   | 9.47     | 6.56     | 7.34    |
|                     | Average days for sale   | 168.98  | 184.34  | 173.81   | 289.68   | 328.83  |
|                     | Property, plant and equipment turnover rate (times)             | 0.27  | 0.57    | 0.91     | 0.66     | 0.34    |
|                     | Total asset turnover rate (times)                               | 0.15  | 0.30    | 0.22     | 0.13     | 0.09    |
| Profitability       | Return on assets (%)  | (26.47)   | (28.11) | (0.34)   | (0.93)   | (7.89)  |
|                     | Return on equity (%)  | (43.67)   | (55.40) | (0.69)   | (1.09)   | (8.84)  |
|                     | Ratio of income before tax to paid-in capital (%)               | (50.85)   | (55.46) | (1.41)   | (3.79)   | (29.89) |
|                     | Profit margin before tax (%)                                    | (180.83)  | (97.19) | (2.51)   | (7.80)   | (89.49) |
|                     | Earnings per share (NT\$)                                       | (5.39)  | (5.41)  | (0.18)   | (0.38)   | (3.00)  |
| Cash flow           | Cash flow ratio (%)   | -   | -       | -        | -        | -       |
|                     | Cash flow adequacy ratio (%)                                    | -   | -       | -        | -        | -       |
|                     | Cash reinvestment ratio (%)                                     | -   | -       | -        | -        | -       |
| Leverage            | Operating leverage  | -   | -       | -        | -        | -       |
|                     | Financial leverage  | -   | -       | -        | -        | -       |

Analysis of financial ratio differences for the last two years (2022& 2023) (Increase or decrease over 20%):

- Ratio of long-term capital to property, plant and equipment: Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment.
- Receivables turnover rate (times) and Average collection days for receivables: Mainly because the collection of the account receivables increased at the end of 2023, leading to the decrease in receivables turnover rate and increase in average collection days.
- Property, plant and equipment turnover rate (times): Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment, leading to the decreased in Property, plant and equipment turnover rate.
- Total asset turnover rate (times): Total assets turnover rate decreased because of the capacity expansion and the increased of R&D expenses.
- Return on assets: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Return on equity: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Ratio of income before tax to paid-in capital: Mainly because of the increase of net loss after taxation in 2023 as compared with the same period of 2022.
- Profit margin before tax: Mainly because of the decrease of operation revenue and the increase of R&D expenses, leading to the increase in net loss after taxation.

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

A. Financial Structure

(A) Debt-asset ratio = total liabilities / total assets

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

B. Solvency

(A) Current ratio = current assets / current liabilities

(B) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(C) Interest coverage ratio = income before income tax and interest expenses / current interest

#### C. Operating ability

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

#### D. Profitability

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

#### E. Cash flow

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

#### F. Leveraging

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

Note 2: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

- A. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
- B. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
- C. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
- D. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 3: Give special attention to the following matters when carrying out cash flow analysis:

- A. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
- B. Capital expenditures means the amounts of cash out-flows for annual capital investment.
- C. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
- D. Cash dividend includes cash dividends from both common shares and preferred shares.
- E. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 4: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 5: In the case of a company whose shares have no par value or have a par value other than NT\$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

**3. Supervisors' /Audit Committee's Report for the Most Recent Year:**

Please refer to Appendix 2.

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

Please refer to Appendix 3.

**5. Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report:**

Please refer to Appendix 3.

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

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

### 1. Financial Conditions

#### (1) Consolidated Financial Conditions

Unit: NT\$ thousands; %

| Item \ Year  | 2022       | 2023       | Difference  |       |
|--|------------|------------|-------------|-------|
|  |            |            | Amount      | %     |
| Current Assets   | 8,287,878  | 6,915,506  | (1,372,372) | (17%) |
| Property, plant and equipment  | 2,608,848  | 3,337,685  | 728,837     | 28%   |
| Right-of-use Assets  | 325,330    | 329,236    | 3,906       | 1%    |
| Intangible Assets  | 28,067     | 28,269     | 202         | 1%    |
| Other Assets   | 597,033    | 551,863    | (45,170)    | (8%)  |
| Total Assets   | 11,847,156 | 11,162,559 | (684,597)   | (6%)  |
| Current Liabilities  | 730,892    | 707,165    | (23,727)    | (3%)  |
| Non-current Liabilities  | 433,386    | 437,931    | 4,545       | 1%    |
| Total Liabilities  | 1,164,278  | 1,145,096  | (19,182)    | (2%)  |
| Common Stock   | 3,043,358  | 3,060,516  | 17,158      | 1%    |
| Capital Surplus  | 7,734,141  | 7,830,216  | 96,075      | 1%    |
| Retained Earnings  | (115,540)  | (915,208)  | (799,668)   | 692%  |
| Other Adjustments  | 20,919     | 41,939     | 21,020      | 100%  |
| Common control equity  | -          | -          | -           | -     |
| Total Shareholders' Equity   | 10,682,878 | 10,017,463 | (665,415)   | (6%)  |
| The major reason, impact and the response plan of the difference over 20% and the amount over 10 million:  |            |            |             |       |
| 1. Property, plant and equipment: Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment. |            |            |             |       |
| 2. Other Adjustments: Mainly because the increase in unrealized gains and losses on financial assets invested in unlisted companies in 2023.   |            |            |             |       |

#### (2) Individual Financial Condition

Unit: NT\$ thousands; %

| Item \ Year                   | 2022       | 2023       | Difference  |       |
|-------------------------------|------------|------------|-------------|-------|
|                               |            |            | Amount      | %     |
| Current Assets                | 8,269,047  | 6,909,802  | (1,359,245) | (16%) |
| Property, plant and equipment | 2,607,958  | 3,337,069  | 729,111     | 28%   |
| Right-of-use Assets           | 325,330    | 329,236    | 3,906       | 1%    |
| Intangible Assets             | 28,067     | 28,269     | 202         | 1%    |
| Other Assets                  | 601,955    | 559,412    | (42,543)    | (7%)  |
| Total Assets                  | 11,832,357 | 11,163,788 | (668,569)   | (6%)  |
| Current Liabilities           | 716,093    | 708,394    | (7,699)     | (1%)  |
| Non-current Liabilities       | 433,386    | 437,931    | 4,545       | 1%    |
| Total Liabilities             | 1,149,479  | 1,146,325  | (3,154)     | 0%    |
| Common Stock                  | 3,043,358  | 3,060,516  | 17,158      | 1%    |
| Capital Surplus               | 7,734,141  | 7,830,216  | 96,075      | 1%    |
| Retained Earnings             | (115,540)  | (915,208)  | (799,668)   | 692%  |
| Other Adjustments             | 20,919     | 41,939     | 21,020      | 100%  |
| Common control equity         | -          | -          | -           | -     |
| Total Shareholders' Equity    | 10,682,878 | 10,017,463 | (665,415)   | (6%)  |

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

1. Property, plant and equipment: Mainly because of the capacity expansion of the mammalian cell production line at the 5th floor and the Zhubei plant Phase II facility that there was an increase in the amount of property, plant, and equipment.
2. Other Adjustments: Mainly because the increase in unrealized gains and losses on financial assets invested in unlisted companies in 2023.

- (3) The main reasons for any material change in the company's financial situation during the past 2 fiscal years, and describe the effect thereof:

The Board of Directors resolution of the establishment of Phase II Facility and production equipment in Hsinchu Biomedical Science Park, the upper limit is NT\$2.468 billion, and the Board of Directors resolution of the establishment R&D laboratory 、 production line and production equipment, the upper limit is NT\$1.1425 billion. The source of funds comes from cash capital increase, equity fund and bank loan. After completion, can accelerate to meet the demand for international CDMO orders, meet the demand for the marketing products of the self-owned product EG12014, and can also be sufficient to provide the drugs for Phase III clinical trial and marketing production demand for subsequent product development. The construction of this new plant will become an efficient engine for the company's rapid growth in the future and promotion of momentum internationally, which will be of positive help to the company's finance and business.

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

## 2. Financial Performance

### (1) List of Analysis of Financial Performance- Consolidated

Unit: NT\$ thousands; %

| Item \ Year   | 2022      | 2023        | Difference | %     |
|---|-----------|-------------|------------|-------|
| Operating revenue   | 1,481,017 | 1,022,653   | (458,364)  | (31%) |
| Operating costs   | 724,565   | 785,912     | 61,347     | 8%    |
| Gross profit (loss)   | 756,452   | 236,741     | (519,711)  | (69%) |
| Operating expenses  | 1,087,271 | 1,268,718   | 181,447    | 17%   |
| Operating profit (loss)   | (330,819) | (1,031,977) | (701,158)  | 212%  |
| Non-operating income  | 226,879   | 130,479     | (96,400)   | (42%) |
| Non-operating expenses  | (10,375)  | (12,152)    | (1,777)    | 17%   |
| Profit (loss) before tax  | (114,315) | (913,650)   | (799,335)  | 699%  |
| Income tax expense  | (1,225)   | (1,558)     | (333)      | 27%   |
| Net Profit (Loss)   | (115,540) | (915,208)   | (799,668)  | 692%  |
| <p>The main reason for the major change on Operating revenue, Net operating income (loss), and Income tax expense in currently 2 years:</p> <ol style="list-style-type: none"> <li>1. Operating revenue and Gross profit: For CDMO business, because of the annual repairment in Xizhi facility and expansion and revalidation of WFI system in Zhubei facility, decreased in market demand and adjusted (postponed) the production schedule based on the client's R&amp;D schedule. In addition, the Company's signing of an authorisation and cooperative development contract of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with Company SA. In 2023, due to the delay of the oversea approval, the recognized revenue decreased.</li> <li>2. Non-operating income: Mainly because the unfavorable movements of the fluctuations in international exchange rate, and lead to the effects on foreign exchange losses.</li> <li>3. Operation loss, loss before tax, and Net loss: Mainly because the decrease in CDMO revenue and licensing revenue.</li> </ol> |           |             |            |       |

Note: All the finance data are audited by CPA.

### (2) List of Analysis of Financial Performance- Individual

Unit: NT\$ thousands; %

| Item \ Year   | 2022      | 2023        | Difference | %     |
|---|-----------|-------------|------------|-------|
| Operating revenue   | 1,481,017 | 1,022,653   | (458,364)  | (31%) |
| Operating costs   | 724,565   | 785,912     | 61,347     | 8%    |
| Gross profit (loss)   | 756,452   | 236,741     | (519,711)  | (69%) |
| Operating expenses  | 1,089,852 | 1,272,135   | 182,283    | 17%   |
| Operating profit (loss)   | (333,400) | (1,035,394) | (701,994)  | 211%  |
| Non-operating income  | 228,569   | 132,821     | (95,748)   | (42%) |
| Non-operating expenses  | (10,371)  | (12,170)    | (1,799)    | 17%   |
| Profit (loss) before tax  | (115,202) | (914,743)   | (799,541)  | 694%  |
| Income tax expense  | (338)     | (465)       | (127)      | 38%   |
| Net Profit (Loss)   | (115,540) | (915,208)   | (799,668)  | 692%  |
| <p>The main reason for the major change on Operating revenue, Net operating income (loss), and Income tax expense in currently 2 years:</p> <ol style="list-style-type: none"> <li>1. Operating revenue and Gross profit: For CDMO business, because of the annual repairment in Xizhi facility and expansion and revalidation of WFI system in Zhubei facility, decreased in market demand and adjusted (postponed) the production schedule based on the client's R&amp;D schedule. In addition, the Company's signing of an authorisation and cooperative development contract of the breast cancer biosimilar EG12014 (Trastuzumab Biosimilar) with Company SA. In 2023, due to the delay of the oversea approval, the recognized revenue decreased.</li> <li>2. Non-operating income: Mainly because the unfavorable movements of the fluctuations in international exchange rate, and lead to the effects on foreign exchange losses.</li> <li>3. Operation loss, loss before tax, and Net loss: Mainly because the decrease in CDMO revenue and licensing revenue.</li> </ol> |           |             |            |       |

Note: All the finance data are audited by CPA.



(3) Expected sales volume and its basis:

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

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

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

### 3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Unit: NT\$ thousands; %

| Item \ Year          | 2022      | 2023      | Difference | %      |
|----------------------|-----------|-----------|------------|--------|
| Operating activities | (147,518) | (848,556) | (701,038)  | 475%   |
| Investing activities | (476,050) | (219,018) | 257,032    | (54%)  |
| Financing activities | 124,788   | (6,820)   | (131,608)  | (105%) |

Analysis of change in cash flow:

- Operating activities: Mainly due to the operation revenue lower than 2022. Related to the completion of Phase I clinical trials of the self-developed biosimilar EG1206A, the R&D expense higher than 2022.
- Investing activities: Mainly due to the completion of the expansion of the mammalian cell production line at the 5th floor in Zhubei facility in 2023.
- Financing activities: Mainly due to the bank loan for the expansion of the mammalian cell production line at the 5th floor in Zhubei facility in 2022.

Improve plan for insufficient liquidity: None.

(2) Cash Flow Analysis for the Coming Year (2024)

Unit: NT\$ thousands

| Cash and Cash Equivalents, Beginning of Year (1) | Estimated Net Cash Flow from Operating Activities (2) | Estimated Cash Outflow (Inflow) (3) | Cash Surplus (Deficit) (1)+(2)-(3) | Leverage of Cash Deficit |                 |
|--|---|-------------------------------------|------------------------------------|--------------------------|-----------------|
|  |   |                                     |                                    | Investment Plans         | Financing Plans |
| 5,053,183  | (947,260)   | (842,411)                           | 3,263,512                          | -                        | -               |

Analysis of change in cash flow in the next year:

- Operating activities: Mainly due to the continuous investment in R&D costs.
- Investing activities: Mainly due to the payment of the plant expansion and the purchasing of machinery and equipment.
- Financing activities: Mainly due to the bank loan for the expansion of Zhubei plant phase II facility.

Improve plan for insufficient liquidity: None.

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

The Board of Directors resolution of the establishment of Phase II Facility and production equipment in Hsinchu Biomedical Science Park, the upper limit is NT\$2.468 billion, and the Board of Directors resolution of the establishment R&D laboratory 、production line and production equipment, the upper limit is NT\$1.1425 billion. After completion, can accelerate to meet the demand for international CDMO orders, meet the demand for the marketing products of the self-owned product, and can also be sufficient to provide Phase III clinical drugs and marketing production demand for subsequent product development. The construction of this new plant will become an efficient engine for the Company's rapid growth in the future and promotion of momentum internationally, which will be of positive help to the company's finance and business.

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

### (1) Investment Policy

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

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

| Year    | Item                 | Recognized Investment Gain/(Loss) | Investment Policy  | Reasons of Loss | Improving Plan |
|---------|----------------------|-----------------------------------|--|-----------------|----------------|
| 2023 Q4 | EirGenix Europe GmbH | NTD 2,324 thousand                | Development and Research on biotechnology drug and business development. | N/A             | N/A            |

### (3) The investment plans for the coming year: None.

### (4) Investment plan in next year: The Company set up a German subsidiary in the first quarter of 2020, considering future operational needs and implementation of biosimilar clinical trials, of which the benefits will gradually emerge.

## 6. Analysis of Risk Management

### (1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### A. The effect upon the company's profits (losses) of interest rates and response measures to be taken in the future:

##### (A) The effect upon the company's profits (losses)

The Company's interest rate risk mainly comes from long and short-term borrowings from banks; the interest expenses of EirGenix and its subsidiaries amounted to NT\$ 2,300 thousand and NT\$ 1,205 thousand in 2023 and 2022; the increased mainly due to the interest rate increased by Central Bank. However, the company currently has enough operating funds to support. Therefore, the impact of interest rate changes on the Company's profit or loss has gradually decreased.

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

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

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

##### (A) The effect upon the company's profits (losses)

EirGenix and its subsidiary mostly denominate receivables and payables in New Taiwan Dollars or important international currencies for current clients and suppliers. The net exchange (losses) gains of the Company for the years 2023 and 2022 amounted to NT\$(9,431) thousand and NT\$ 126,788 thousand respectively, accounting for (0.92%) and 8.56% of the net operating revenues for the respective periods and have not had a significant impact on the Company's operation at present.

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

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

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

##### (A) The effect upon the company's profits (losses)

In March 2024, the Chief Accounting Office of the Executive Yuan noted an annual increase rate of 2.14% in the consumer price index. Inflation was slight, and there was no significant impact on the Company's profit or loss.

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

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

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

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

(3) Future Research & Development Projects and Corresponding Budget

A. Future Research & Development Projects:

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

B. Expected to Spend on the Research and Development:

EirGenix and its subsidiary are expected to spend about NT\$ 1,160,000,000 on the research and development of the above products, clinical trials, and the construction of cell line platforms in 2024. The research and development costs of the product development plans will be planned and adjusted according to the actual progress and plan objectives.

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

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

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

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

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

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

In recent years, EirGenix has deeply cultivated the Taiwan market, has established good relations with Japanese and Chinese clients, and is actively exploring the European and American markets at present, aiming at the professional technical reputation and good international image. EirGenix has always adhered to the professional and sincere enterprise spirit and implemented it in the daily operation and management of the Company so that the Company's systems and colleagues have sufficient ability to cope with possible enterprise crises and reduce the impact of such risks on the Company's operation. As of the date of issuance for the annual report in the latest year, EirGenix and its subsidiary have not had any negative impact on the Company due to changes in corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

As of the date of issuance for the annual report in the latest year, EirGenix didn't have the acquisition plan.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

A. Expected Benefits from Factory Expansion Plans

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

Currently Zhubei plant phase I facility completed, the production capacity reached 25,500 L. After the completion of Zhubei plant phase II facility, the production capacity of the microbial cell production line will reach 1,500 L. And the third production site, located in the Southern Taiwan Science Park, will expand the mammalian cell production line by 150,000 liters over the next 10 years. After the completion of the construction, it is expected to increase the revenue from the technical service of biopharmaceutical contract development.

#### B. Risks Relating to and Response to Factory Expansion Plans

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

### (9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

#### A. Risks Relating to and Response to Excessive Concentration of Purchasing Sources

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

#### B. Risks Relating to and Response to Excessive Customer Concentration

The proportion of the largest trade debtors of EirGenix and its subsidiary in the last two years was 17.08% and 34.72%, respectively. In terms of technical services for biopharmaceuticals, because of its high technical threshold and different characteristics of the developed products, EirGenix, and its subsidiary establish long-term relationships with key clients, with the goal of cooperating in the development of multiple projects or large-scale projects, which is in line with the interests of both parties and the performance of development efficiency. EirGenix has successively developed several stable clients in the past few years and is still continuing to cooperate and establish deep relationships with clients to balance the proportion of sales of individual clients. In the future, the Company will continue to develop clients to reduce the risk of sales concentration.

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

### (11) Effects of, Risks Relating to and Response to the Changes in Management Rights

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

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

### (13) Other Major Risk and Response

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

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

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

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

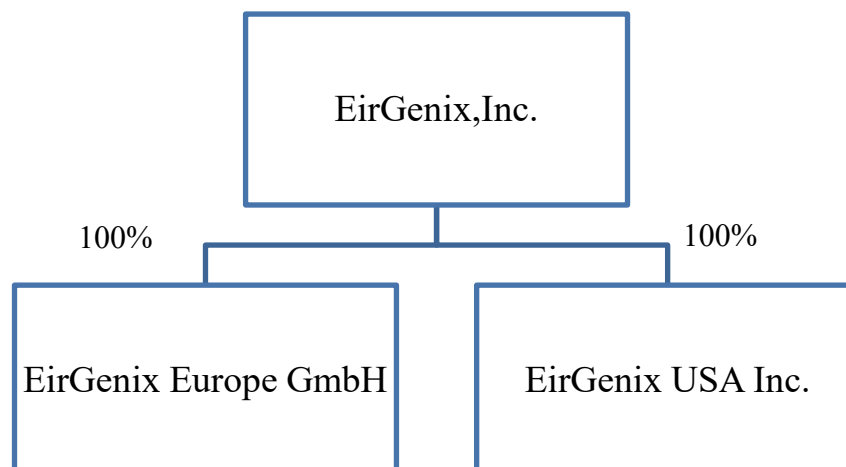
## **7. Other important matters: None.**



## VIII.Special Disclosure

### 1. Information of Affiliated Companies

#### (1) Investment Structure



#### (2) Basic information on affiliated enterprises:

| Name of Subsidiary   | Date of registration | Address                                   | Capital   | Main Business Activity   |
|----------------------|----------------------|---|-----------|--|
| EirGenix Europe GmbH | 2020/2/11            | Neuhauser Str. 47,<br>80331 Munchen       | EUR25,000 | Development and Research on biotechnology drug and business development. |
| EirGenix USA Inc.    | 2023/11/28           | 130 Gates Street, San Francisco, CA 94110 | USD100    | Consultation of CDMO service   |

(3) In Compliance with Article 369-3 of Company Law, it shall be concluded as the existence of the controlling and subordinate relation: Not Applicable.

(4) The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided: The major tasks of EirGenix Europe GmbH are managing and executing the clinical trial of the drug development. Its main business activity are development and research on biotechnology drug and business development. The major task of EirGenix USA Inc. is consultation of CDMO service.

#### (5) Directors, Supervisors and President information on affiliated enterprises:

| Name of Subsidiary   | Title                  | Name           | Shares holding |   |
|----------------------|------------------------|----------------|----------------|---|
| EirGenix Europe GmbH | Director               | Lee-Cheng Liu  | -              | - |
|                      | President              | Thomas Schulze | -              | - |
| EirGenix USA Inc.    | Chairman and President | Lee-Cheng Liu  | -              | - |

#### (6) Operational information on affiliated enterprises

Dec. 31<sup>st</sup>, 2023, Unit: NT\$ thousands

| Name                 | Capital | Asset  | Liability | Net worth | Revenue | Operating income | Net Gain after tax | EPS |
|----------------------|---------|--------|-----------|-----------|---------|------------------|--------------------|-----|
| EirGenix Europe GmbH | 845     | 19,273 | 11,530    | 7,743     | 71,764  | 3,417            | 2,324              | -   |
| EirGenix USA Inc.    | -       | -      | -         | -         | -       | -                | -                  | -   |

#### (7) Consolidated Financial Statements of Affiliated Enterprises:

EirGenix's financial information for the 2020Q1 was included in the subsidiary EirGenix Europe GmbH and issued consolidated statements. For the 2023 and 2022, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entities that are required to be included in the consolidated financial statements of affiliates are the same as the entities required to be included in the consolidated financial statements of parent



and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

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

(9) Major Trading Matter with Affiliated Enterprises: None.

(10) Reports on Affiliations: Not Applicable.

## 2. Private Placement Securities in the Most Recent Years:

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

|  |   |                    |                     |  |  |
|--|---|--------------------|---------------------|--|--|
| Difference between Actual Subscription price and Reference Price   | The actual subscribed price is per share NT\$91.5, 71.07% of the reference price: NT\$128.75.   |                    |                     |  |  |
| Information on Placees   | Placees   | Eligibility (note) | Quantity Subscribed | Relationship with EirGenix, Inc.   | Participation in Company Operations  |
|  | Foxconn Technology Co., Ltd.  | Note 2.            | 27,500,000 shares   | None   | There is no significant change in managerial control within the 1-year period immediately preceding the day on which the board of directors resolves on the private placement and after the introduction of strategic investors through private placement. |
|  | Yonglin Capital Holding Co., Ltd.   |                    | 26,500,000 shares   |  |  |
|  | Hong Wei Investment Co., Ltd.   |                    | 1,000,000 shares    |  |  |
| Impact of private placement on shareholders' equity                | Boost EirGenix’s operating scale, horizontal and vertical integration, and product or market development collaboration, assist EirGenix to improve technology, efficiency, expand the operational scale, and elevate the market status. It has positive benefits in creating EirGenix and shareholder value.  |                    |                     |  |  |
| Use of funds from private placement and progress of proposed plans | The Usage of funds  |                    | Budget Amount       | Implementation as of 2024 First Quarter  |  |
|  | R&D expenses  |                    | NT\$1,016,178,000   | R&D expenses NT\$ 397,191,024 and deposit other funds in EirGenix bank accounts.                   |  |
|  | Expansion and building factory  |                    | NT\$1,700,000,000   | Expansion and building factory NT\$ 682,214,319 and deposit other funds in EirGenix bank accounts. |  |
|  | Repay bank loans and replenish horizontal and vertical integration, and other operational funding needs   |                    | NT\$316,322,000     | Repay bank loan NT\$316,322,000.   |  |
|  | Acquisition or purchase the intangible assets, operation-related assets, and right-of-use assets.   |                    | NT\$2,000,000,000   | Acquisition important assets NT\$ 60,112,501 and deposit other funds in EirGenix bank accounts.    |  |
| Effectiveness of private placement                                 | <div>1. EirGenix is currently developing the product for the treatment of HER2+ breast cancer. Received the approval letter from Ministry of Health and Welfare for the biosimilar drug EIRGASUN 150 mg powder for concentrate for infusion. Received the approval letter from EC for EG12014 licensed. Preparing the US BLA resubmission for EG12014. The Phase I clinical trial for EG1206A (Pertuzumab Biosimilar) has been completed.</div> <div>2. The second mammalian cell production line for the Zhubei plant phase I facility has been completed. Build microbial cell production line factory for the Zhubei plant phase II facility. The three-stage expansion of the mammalian plant which has 150,000L capacity, is under planning at Ciaotou Science Park, Kaohsiung.</div> <div>3. Repay bank loan NT\$316,322,000 and save annual interest expenses roughly about NT\$5,684,000 which calculating under the current EirGenix loan rates of 1.797%. Other unused funds will follow the plan and demonstrate effects continuously.</div> <div>4. Co-developed the biosimilar drug TSY0110 (EG12043) of ADC for the treatment of breast cancer with Formosa Pharmaceuticals.</div> <div>Other unused funds will follow the plan and demonstrate effects continuously.</div> |                    |                     |  |  |

- The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:** None.
- Other Matters that Require Additional Description:** None.

- 5. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

| Date       | Material Information  |
|------------|---|
| 2023/01/05 | Announcement of EirGenix receives Establishment Inspection Report from US FDA.  |
| 2023/04/11 | EirGenix, Inc. has received the approval letter from TFDA that the API Trastuzumab has obtained the license and the DMF number.                               |
| 2023/05/11 | The Phase I clinical trial of EirGenix's biosimilar EG1206A has met its primary endpoint and showed Pharmacokinetic biosimilarity.                            |
| 2023/09/18 | Sandoz AG received a positive CHMP opinion for the biosimilar drug EG12014 licensed from EirGenix, Inc.   |
| 2023/09/18 | EirGenix's biosimilar drug, "Eirgasun vial 150 mg," has been approved by National Health Insurance Administration to be enrolled in the reimbursement system. |
| 2023/11/17 | Sandoz AG has received the approval letter from EC for Herwenda-Trastuzumab biosimilar EG12014 (150 mg, for intravenous use) licensed from EirGenix, Inc.     |
| 2024/03/08 | The Board of Directors resolved to sign the contract with clinical CRO and the relevant companies for Phase III clinical trial of the EG1206A                 |

## **Appendix 1**

### **EirGenix, Inc.**

#### **Statement of Internal Control System**

Date: March 8, 2024

Based on the findings of a self-assessment, EirGenix Inc. (hereinafter “the Company”) states the following pertaining to its internal control system during year 2023:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and managers. The Company has established such a system with an aim to providing reasonable assurance for the achievement of the following objectives: the effectiveness and efficiency of business operation (including profitability, performance, and safeguarding of company assets; the reliability, timeliness, transparency, and regulatory compliance of financial reporting and other related reports; and the compliance with applicable laws, regulations and rulings.
- II. An internal control system has inherent limitations. No matter how perfectly it is designed, an effective internal control system can provide only reasonable assurance of achieving the three above-mentioned objectives. Moreover, the effectiveness of the internal control system may be subjected to changes of environment or circumstances. Nonetheless, the Company's internal control system comprises of self-monitoring mechanisms, and the Company immediately undertakes corrective measures once a deficiency is identified.
- III. The Company assesses the design and operating effectiveness of its internal control system in accordance with the criteria stated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria stipulated in the Regulations identify five essential elements of an internal control system based on managerial control process, including (1). Control environment, (2). Risk assessment (3). Control activities, (4). Information and communication, and (5). Monitoring activities. Each essential element further contains several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the results of the mentioned assessment above, the Company believes that, as of December 31, 2023, its internal control system, including its supervision and management of subsidiaries, was effective in design and operation and provided reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations, and rulings.
- VI. This Statement constitutes an integral part of the Annual Report for the year 2023 and the Prospectus of the Company and will be made public. Any falsehood, concealment, or other



illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 in the Securities and Exchange Act.

VII. This Statement has been approved by the Board of Directors in their meeting held on March 8, 2024, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

EirGenix Inc.

Chairman and President: Lee-Cheng Liu

**EirGenix, Inc.****Audit Committee's Review Report**

The Board of Directors has prepared EirGenix's 2023 Business Report, Financial Statement, and Deficit Offset Statement. The CPA Sheng-Wei Deng and Yu-Fang Yen of PricewaterhouseCoopers Taiwan was retained to audit EirGenix's Financial Statement and has issued an audit report relating to the Financial Statement.

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

To

EirGenix, Inc. 2024 Annual Shareholders' Meeting

EirGenix, Inc.

Chairman of Audit Committee: Ming-Thaur Chang

Member of Audit Committee: Po-Chih Chen

Member of Audit Committee: Fu-Shiow Yin

Member of Audit Committee: Ming-Shen Chen



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

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

EIRGENIX, INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates are the same as the entities required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

EirGenix Inc.

Representative: Lee-Cheng Liu

March 8, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of EirGenix Inc. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### **Accuracy of service revenue and authorisation and cooperative development revenue**

##### **Description**

Refer to Note 4(25) for accounting policy on service revenue and authorisation and cooperative development revenue recognition, Note 5(2) for significant accounting estimates and assumptions, and Note 6(19) for details of operating revenue. The amount of service revenue and authorisation and cooperative development revenue for the year ended December 31, 2023 were NTD 605,990 thousand and NTD 141,472 thousand, respectively.

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

#### How our audit addressed the matter

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

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

#### **Impairment assessment of property, plant and equipment**

##### Description

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

On December 31, 2023, property, plant and equipment amounted to NTD 3,337,685 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have a significant impact to property, plant and equipment, we considered the impairment assessment of property, plant and equipment a key audit matter.

#### How our audit addressed the matter

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

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

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion on the parent company only financial statements of EirGenix Inc. as at and for the years ended December 31, 2023 and 2022.

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

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



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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Teng, Sheng-Wei

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Yen, Yu-Fang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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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  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

| Assets             |   | Notes          | December 31, 2023 |     | December 31, 2022 |     |
|--------------------|---|----------------|-------------------|-----|-------------------|-----|
|                    |   |                | AMOUNT            | %   | AMOUNT            | %   |
| Current assets     |   |                |                   |     |                   |     |
| 1100               | Cash and cash equivalents   | 6(1)           | \$ 5,053,183      | 45  | \$ 6,126,885      | 52  |
| 1136               | Current financial assets at amortised cost                                    | 6(3)           | 500,000           | 5   | 1,000,000         | 9   |
| 1140               | Current contract assets   | 6(19) and 7    | 293,694           | 3   | 234,399           | 2   |
| 1150               | Notes receivable, net   | 6(4)           | 19                | -   | -                 | -   |
| 1170               | Accounts receivable, net  | 6(4)           | 253,390           | 2   | 32,782            | -   |
| 1180               | Accounts receivable, net-related parties                                      | 7              | 2,636             | -   | -                 | -   |
| 1200               | Other receivables   |                | 20,497            | -   | 24,944            | -   |
| 1220               | Current income tax assets   |                | 17,648            | -   | 5,963             | -   |
| 130X               | Inventories   | 6(5)           | 680,637           | 6   | 739,463           | 6   |
| 1410               | Prepayments   | 6(6)           | 93,802            | 1   | 123,442           | 1   |
| 11XX               | Total current assets  |                | 6,915,506         | 62  | 8,287,878         | 70  |
| Non-current assets |   |                |                   |     |                   |     |
| 1510               | Non-current financial assets at fair value through profit or loss             | 6(2) and 7     | 80,298            | 1   | 61,420            | 1   |
| 1517               | Non-current financial assets at fair value through other comprehensive income | 6(7)           | 325,887           | 3   | 279,325           | 2   |
| 1535               | Non-current financial assets at amortised cost                                | 6(3) and 8     | 40,720            | -   | 41,123            | -   |
| 1600               | Property, plant and equipment, net  | 6(8), 7 and 8  | 3,337,685         | 30  | 2,608,848         | 22  |
| 1755               | Right-of-use assets   | 6(9)           | 329,236           | 3   | 325,330           | 3   |
| 1780               | Intangible assets   | 6(10)          | 28,269            | -   | 28,067            | -   |
| 1990               | Other non-current assets  | 6(8)(11) and 8 | 104,958           | 1   | 215,165           | 2   |
| 15XX               | Total non-current assets  |                | 4,247,053         | 38  | 3,559,278         | 30  |
| 1XXX               | Total assets  |                | \$ 11,162,559     | 100 | \$ 11,847,156     | 100 |

(Continued)

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

| Liabilities and Equity  |  |             | December 31, 2023 |            | December 31, 2022 |        |            |      |
|-------------------------|--|-------------|-------------------|------------|-------------------|--------|------------|------|
|                         |  |             | Notes             | AMOUNT     | %                 | AMOUNT | %          |      |
| Current liabilities     |  |             |                   |            |                   |        |            |      |
| 2130                    | Current contract liabilities   | 6(19) and 7 | \$                | 56,766     | -                 | \$     | 150,475    | 1    |
| 2170                    | Accounts payable   |             |                   | 79,556     | 1                 |        | 134,607    | 1    |
| 2200                    | Other payables   | 6(12)       |                   | 530,299    | 5                 |        | 407,387    | 4    |
| 2220                    | Other payables - related parties   | 7           |                   | 7,993      | -                 |        | 7,732      | -    |
| 2230                    | Current tax liabilities  |             |                   | 992        | -                 |        | 761        | -    |
| 2280                    | Current lease liabilities  |             |                   | 28,622     | -                 |        | 26,826     | -    |
| 2399                    | Other current liabilities  |             |                   | 2,937      | -                 |        | 3,104      | -    |
| 21XX                    | Total current liabilities  |             |                   | 707,165    | 6                 |        | 730,892    | 6    |
| Non-current liabilities |  |             |                   |            |                   |        |            |      |
| 2540                    | Long-term borrowings   | 6(13) and 8 |                   | 120,460    | 1                 |        | 120,460    | 1    |
| 2570                    | Deferred tax liabilities   | 6(25)       |                   | 1,380      | -                 |        | 874        | -    |
| 2580                    | Non-current lease liabilities  |             |                   | 316,085    | 3                 |        | 311,758    | 3    |
| 2600                    | Other non-current liabilities  |             |                   | 6          | -                 |        | 294        | -    |
| 25XX                    | Total non-current liabilities  |             |                   | 437,931    | 4                 |        | 433,386    | 4    |
| 2XXX                    | Total liabilities  |             |                   | 1,145,096  | 10                |        | 1,164,278  | 10   |
| Equity                  |  |             |                   |            |                   |        |            |      |
|                         | Capital  | 6(16)       |                   |            |                   |        |            |      |
| 3110                    | Common stock   |             |                   | 3,060,516  | 28                |        | 3,043,358  | 26   |
|                         | Capital reserve  | 6(17)       |                   |            |                   |        |            |      |
| 3200                    | Capital surplus  |             |                   | 7,830,216  | 70                |        | 7,734,141  | 65   |
|                         | Accumulated deficit  | 6(18)       |                   |            |                   |        |            |      |
| 3350                    | Accumulated deficit  |             | (                 | 915,208)   | ( 8)              | (      | 115,540)   | ( 1) |
|                         | Other equity interest  |             |                   |            |                   |        |            |      |
| 3400                    | Other equity interest  |             |                   | 41,939     | -                 |        | 20,919     | -    |
| 3XXX                    | Total Equity   |             |                   | 10,017,463 | 90                |        | 10,682,878 | 90   |
|                         | Significant contingent liabilities and unrecognised contract commitments | 9           |                   |            |                   |        |            |      |
|                         | Significant events after the balance sheet date                          | 11          |                   |            |                   |        |            |      |
| 3X2X                    | Total Liabilities and Equity   |             | \$                | 11,162,559 | 100               | \$     | 11,847,156 | 100  |

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

**EIRGENIX INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for loss per share)

|   |                    |    | Year ended December 31     |                       |                            |                       |
|---|--------------------|----|----------------------------|-----------------------|----------------------------|-----------------------|
|   |                    |    | 2023                       |                       | 2022                       |                       |
| Items   | Notes              |    | AMOUNT                     | %                     | AMOUNT                     | %                     |
| 4000 Operating Revenue  | 6(19) and 7        |    | \$ 1,022,653               | 100                   | \$ 1,481,017               | 100                   |
| 5000 Operating Costs  | 6(5)(10)(24) and 7 | (  | 785,912)                   | ( 77)                 | ( 724,565)                 | ( 49)                 |
| 5900 Gross Profit   |                    |    | <u>236,741</u>             | <u>23</u>             | <u>756,452</u>             | <u>51</u>             |
| Operating Expenses  | 6(10)(24) and 7    |    |                            |                       |                            |                       |
| 6100 Sales and marketing expenses   |                    | (  | 62,232)                    | ( 6)                  | ( 50,844)                  | ( 3)                  |
| 6200 General and administrative expenses  |                    | (  | 254,196)                   | ( 25)                 | ( 236,675)                 | ( 16)                 |
| 6300 Research and development expenses  |                    | (  | 952,290)                   | ( 93)                 | ( 800,144)                 | ( 54)                 |
| 6450 Reversal of credit impairment loss(expected credit impairment loss)  | 12(2)              |    | <u>-</u>                   | <u>-</u>              | <u>392</u>                 | <u>-</u>              |
| 6000 Total operating expenses   |                    | (  | <u>1,268,718</u> )         | <u>( 124)</u>         | <u>( 1,087,271)</u>        | <u>( 73)</u>          |
| 6900 Operating Loss   |                    | (  | <u>1,031,977</u> )         | <u>( 101)</u>         | <u>( 330,819)</u>          | <u>( 22)</u>          |
| Non-operating Income and Expenses   |                    |    |                            |                       |                            |                       |
| 7100 Interest income  | 6(3)(20)           |    | 134,471                    | 13                    | 59,584                     | 4                     |
| 7010 Other income   | 6(21)              |    | 5,439                      | -                     | 37,644                     | 2                     |
| 7020 Other gains and losses   | 6(2)(9)(22)        | (  | 11,180)                    | ( 1)                  | 128,915                    | 9                     |
| 7050 Finance costs  | 6(9)(23) and 7     | (  | 10,403)                    | ( 1)                  | ( 9,639)                   | ( 1)                  |
| 7000 Total non-operating income and expenses  |                    |    | <u>118,327</u>             | <u>11</u>             | <u>216,504</u>             | <u>14</u>             |
| 7900 <b>Loss before Income Tax</b>  |                    | (  | <u>913,650</u> )           | <u>( 90)</u>          | <u>( 114,315)</u>          | <u>( 8)</u>           |
| 7950 Income tax   | 6(25)              | (  | <u>1,558</u> )             | <u>-</u>              | <u>( 1,225)</u>            | <u>-</u>              |
| 8200 <b>Net Loss</b>  |                    | (  | <u><u>\$ 915,208</u></u> ) | <u><u>( 90)</u></u>   | <u><u>\$ 115,540</u></u> ) | <u><u>( 8)</u></u>    |
| <b>Other Comprehensive Income</b>   |                    |    |                            |                       |                            |                       |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                                 |                    |    |                            |                       |                            |                       |
| 8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(7)               |    | <u>\$ 45,939</u>           | <u>5</u>              | <u>\$ 59,091</u>           | <u>4</u>              |
| 8310 Other comprehensive income(loss) that will not be reclassified to profit or loss   |                    |    | <u>45,939</u>              | <u>5</u>              | <u>59,091</u>              | <u>4</u>              |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                                     |                    |    |                            |                       |                            |                       |
| 8361 Exchange differences on translation of foreign financial statements  |                    |    | 220                        | -                     | 220                        | -                     |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss                 | 6(25)              | (  | <u>41</u> )                | <u>-</u>              | <u>-</u>                   | <u>-</u>              |
| 8360 Other comprehensive income(loss) that will be reclassified to profit or loss   |                    |    | <u>179</u>                 | <u>-</u>              | <u>220</u>                 | <u>-</u>              |
| 8300 <b>Other Comprehensive Income</b>  |                    | \$ | <u>46,118</u>              | <u>5</u>              | <u>\$ 59,311</u>           | <u>4</u>              |
| 8500 <b>Total Comprehensive Loss</b>  |                    | (  | <u><u>\$ 869,090</u></u> ) | <u><u>( 85)</u></u>   | <u><u>\$ 56,229</u></u> )  | <u><u>( 4)</u></u>    |
| Loss per share  | 6(26)              |    |                            |                       |                            |                       |
| 9750 Loss per share   |                    | (  | <u><u>\$ 3.00</u></u> )    | <u><u>( 0.38)</u></u> | <u><u>\$ 0.38</u></u> )    | <u><u>( 0.38)</u></u> |

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



EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 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, stock 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>Year ended December 31, 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 2022                                      | -                   | -                          | -                       | -                      | -                              | -                             | -                       | ( 115,540)          | -   | -   | -                     | ( 115,540)           |
| Other comprehensive income (loss)                  | 6(7)                | -                          | -                       | -                      | -                              | -                             | -                       | -                   | 220   | 59,091  | -                     | 59,311               |
| Total comprehensive income (loss)                  |                     | -                          | -                       | -                      | -                              | -                             | -                       | ( 115,540)          | 220   | 59,091  | -                     | ( 56,229)            |
| Capital surplus used to offset accumulated deficit | 6(18)               | -                          | ( 2,971,464)            | ( 2,036)               | -                              | -                             | -                       | 2,973,500           | -   | -   | -                     | -                    |
| Compensation costs of share-based payments         | 6(15)               | -                          | -                       | -                      | 61,651                         | -                             | 871                     | -                   | -   | -   | 92,790                | 155,312              |
| Employee stock options exercised                   | 6(15)(16)           | 10,523                     | 26,467                  | ( 8,320)               | -                              | -                             | -                       | -                   | -   | -   | -                     | 28,670               |
| Issuance of employee restricted stocks             | 6(15)(16)           | 6,318                      | -                       | -                      | -                              | 47,318                        | -                       | -                   | -   | -   | ( 53,636)             | -                    |
| Redemption of employee restricted stocks           | 6(15)(16)           | ( 2,260)                   | -                       | -                      | -                              | 2,260                         | -                       | -                   | -   | -   | -                     | -                    |
| Restricted stocks vested                           |                     | -                          | 59,358                  | -                      | -                              | ( 59,358)                     | -                       | -                   | -   | -   | -                     | -                    |
| Conversion of convertible bonds                    | 6(16)               | 24,932                     | 104,904                 | -                      | ( 3,462)                       | -                             | -                       | -                   | -   | -   | -                     | 126,374              |
| Redemption of convertible bonds                    |                     | -                          | -                       | -                      | ( 5)                           | -                             | 5                       | -                   | -   | -   | -                     | -                    |
| Balance at December 31, 2022                       | <u>\$ 3,043,358</u> | <u>\$ 7,532,828</u>        | <u>\$ -</u>             | <u>\$ 95,289</u>       | <u>\$ -</u>                    | <u>\$ 105,148</u>             | <u>\$ 876</u>           | <u>(\$ 115,540)</u> | <u>(\$ 17)</u>  | <u>\$ 64,922</u>  | <u>(\$ 43,986)</u>    | <u>\$ 10,682,878</u> |
| <u>Year ended December 31, 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 2023                                  | -                   | -                          | -                       | -                      | -                              | -                             | -                       | ( 915,208)          | -   | -   | -                     | ( 915,208)           |
| Other comprehensive income (loss)                  | 6(7)                | -                          | -                       | -                      | -                              | -                             | -                       | -                   | 179   | 45,939  | -                     | 46,118               |
| Total comprehensive income (loss)                  |                     | -                          | -                       | -                      | -                              | -                             | -                       | ( 915,208)          | 179   | 45,939  | -                     | ( 869,090)           |
| Capital surplus used to offset accumulated deficit | 6(18)               | -                          | ( 114,664)              | -                      | -                              | -                             | ( 876)                  | 115,540             | -   | -   | -                     | -                    |
| Compensation costs of share-based payments         | 6(15)               | -                          | -                       | -                      | 84,285                         | -                             | -                       | -                   | -   | -   | 96,615                | 180,900              |
| Employee stock options exercised                   | 6(15)(16)           | 7,270                      | 25,769                  | ( 10,264)              | -                              | -                             | -                       | -                   | -   | -   | -                     | 22,775               |
| Employee stock options expired                     | 6(15)               | -                          | -                       | ( 1,810)               | -                              | -                             | 1,810                   | -                   | -   | -   | -                     | -                    |
| Issuance of employee restricted stocks             | 6(15)(16)           | 11,818                     | -                       | -                      | -                              | 109,895                       | -                       | -                   | -   | -   | ( 121,713)            | -                    |
| Redemption of employee restricted stocks           | 6(15)(16)           | ( 1,930)                   | -                       | -                      | -                              | 1,930                         | -                       | -                   | -   | -   | -                     | -                    |
| Restricted stocks vested                           |                     | -                          | 71,119                  | -                      | -                              | ( 71,119)                     | -                       | -                   | -   | -   | -                     | -                    |
| Balance at December 31, 2023                       | <u>\$ 3,060,516</u> | <u>\$ 7,515,052</u>        | <u>\$ -</u>             | <u>\$ 167,500</u>      | <u>\$ -</u>                    | <u>\$ 145,854</u>             | <u>\$ 1,810</u>         | <u>(\$ 915,208)</u> | <u>\$ 162</u>   | <u>\$ 110,861</u>   | <u>(\$ 69,084)</u>    | <u>\$ 10,017,463</u> |

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

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

|   |             | Year ended December 31 |                |
|---|-------------|------------------------|----------------|
|   | Notes       | 2023                   | 2022           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |             |                        |                |
| Loss before tax   |             | ( \$ 913,650 )         | ( \$ 114,315 ) |
| Adjustments   |             |                        |                |
| Adjustments to reconcile profit (loss)                              |             |                        |                |
| Depreciation  | 6(8)(9)(24) | 227,544                | 189,100        |
| Amortization  | 6(10)(24)   | 11,296                 | 16,184         |
| Net loss (gain) on financial assets or liabilities at fair value    | 6(2)(22)    | 1,122                  | ( 2,863 )      |
| Interest expense  | 6(23)       | 10,403                 | 9,639          |
| Interest income   | 6(20)       | ( 134,471 )            | ( 59,584 )     |
| Dividend income   | 6(21)       | ( 475 )                | -              |
| Compensation costs of share-based payments                          | 6(15)(24)   | 180,900                | 155,312        |
| Loss on lease modification  | 6(9)(22)    | 413                    | 709            |
| Loss on redemption of convertible bonds                             | 6(22)       | -                      | 3              |
| Reversal of credit impairment loss(expected credit impairment loss) | 12(2)       | -                      | ( 392 )        |
| Changes in operating assets and liabilities                         |             |                        |                |
| Changes in operating assets   |             |                        |                |
| Contract assets   |             | ( 59,295 )             | ( 63,802 )     |
| Notes receivable, net   |             | ( 19 )                 | 1,139          |
| Accounts receivable, net  |             | ( 220,608 )            | 46,084         |
| Accounts receivable, net-related parties                            |             | ( 2,636 )              | 546            |
| Other receivables   |             | 6,736                  | ( 13,790 )     |
| Inventories   |             | 58,826                 | ( 324,025 )    |
| Prepayments   |             | 29,640                 | ( 17,394 )     |
| Other current assets  |             | -                      | 1,555          |
| Changes in operating liabilities                                    |             |                        |                |
| Contract liabilities  |             | ( 93,709 )             | ( 93,551 )     |
| Accounts payable  |             | ( 55,051 )             | 48,151         |
| Other payables  |             | ( 5,604 )              | 33,854         |
| Other payables - related parties                                    |             | 261                    | 2,037          |
| Other current liabilities   |             | ( 167 )                | ( 1,818 )      |
| Cash outflow generated from operations                              |             | ( 958,544 )            | ( 187,221 )    |
| Interest received   |             | 132,183                | 55,231         |
| Interest paid   |             | ( 10,386 )             | ( 9,316 )      |
| Dividends received  |             | 475                    | -              |
| Income tax received   |             | 1,128                  | -              |
| Income tax paid   |             | ( 13,412 )             | ( 6,212 )      |
| Net cash flows used in operating activities                         |             | ( 848,556 )            | ( 147,518 )    |

(Continued)

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

|  |           | Year ended December 31 |               |
|--|-----------|------------------------|---------------|
|  | Notes     | 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 )                | ( 208,627 )   |
| Acquisition of financial assets at amortised cost  |           | ( 3,700,000 )          | ( 1,032,516 ) |
| Proceeds from disposal of financial assets at amortised cost                               |           | 4,200,403              | 1,636,640     |
| Acquisition of property, plant and equipment   | 6(8)(27)  | ( 575,270 )            | ( 345,792 )   |
| Acquisition of intangible assets   | 6(10)(27) | ( 15,142 )             | ( 8,652 )     |
| Decrease in other financial assets   |           | -                      | 27,334        |
| Decrease (increase) in refundable deposits (shown as other non-current assets)             |           | 56,253                 | ( 778 )       |
| Increase in prepayments for investments (shown as other non-current assets)                |           | ( 46,270 )             | ( 20,000 )    |
| Increase in prepayments for business facilities (shown as other non-current assets)        | 6(8)      | ( 138,453 )            | ( 433,952 )   |
| Increase in other non-current assets   |           | 84                     | ( 31,317 )    |
| Net cash flows used in investing activities  |           | ( 219,018 )            | ( 476,050 )   |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>  |           |                        |               |
| Repayments of bonds  | 6(28)     | -                      | ( 200 )       |
| Proceeds from long-term borrowings   | 6(28)     | -                      | 120,460       |
| Decrease (increase) in guarantee deposits received(shown as other non-current liabilities) | 6(28)     | ( 288 )                | 294           |
| Repayments of lease principal  | 6(28)     | ( 29,307 )             | ( 24,435 )    |
| Employee stock options exercised   |           | 22,775                 | 28,669        |
| Net cash flows (used in) from financing activities   |           | ( 6,820 )              | 124,788       |
| Effect of exchange rate  |           | 692                    | 281           |
| Net decrease in cash and cash equivalents  |           | ( 1,073,702 )          | ( 498,499 )   |
| Cash and cash equivalents at beginning of year   |           | 6,126,885              | 6,625,384     |
| Cash and cash equivalents at end of year   |           | \$ 5,053,183           | \$ 6,126,885  |

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

EIRGENIX INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 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, the Group has two PIC/S GMP facilities certified by the Taiwan Food and Drug Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug and commercial drug production.

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

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<sup>®</sup>”) Accounting Standards 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:

| New Standards, Interpretations and Amendments  | Effective date by<br>International<br>Accounting<br>Standards Board |
|--|---|
| Amendments to IAS 1, ‘Disclosure of accounting policies’   | January 1, 2023   |
| Amendments to IAS 8, ‘Definition of accounting estimates’  | January 1, 2023   |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities 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 IFRS Accounting Standards 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<br>International Accounting<br>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 non-current' | 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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>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<br>International Accounting<br>Standards Board |
| IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023  |
| Amendments to IAS 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 applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

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

C. EirGenix USA Inc. is a subsidiary that was established in November 2023. As of December 31, 2023, no capital has been remitted.

D. Subsidiaries not included in the consolidated financial statements: None.

E. Adjustments for subsidiaries with different balance sheet dates: None.

F. Significant restrictions: None.

G. Subsidiaries that have non-controlling interests that are material to the Group: None.

#### (4) Foreign currency translation

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

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

##### B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

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

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Inventories

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

(14) Property, plant and equipment

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

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

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

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

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

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

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

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

(16) Intangible assets

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

A. Computer software

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

B. Professional expertise

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



(17) Impairment of non-financial assets

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

(18) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

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

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

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

(22) Employee share-based payment

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

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are not required to return the dividends received if they resign during the vesting period.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Group will redeem and retire those stocks at the initial issuance price.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity

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

(24) Share capital

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

(25) Revenue recognition

A. Service revenue

- (a) The Group provides biopharmaceutical contract testing and development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments

exceed the services rendered, a contract liability is recognised.

- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

#### B. Sales revenue

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

#### C. Authorisation and cooperative development revenue

- (a) The Group's authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Group will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and development outcome at any time. Based on the Group's assessment, the Group uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Group are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time. Pharmaceutical factories pay a non-refundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Group uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer of control of services to

customers and the Group's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

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

(26) Government grants

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

(27) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment on property, plant and equipment

- (a) The Group assesses impairment based on its internal and external information and industry

characteristics and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

- (b) As of December 31, 2023, the carrying amount of property, plant and equipment was \$3,337,685.

#### B. Recognition of service revenue and authorisation and cooperative development revenue

- (a) Service revenue and authorisation and cooperative development revenue are recognised based on the stage of completion. The Group sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.

- (b) For the year ended December 31, 2023, the service revenue and authorisation and cooperative development revenue amounted to \$605,990 and \$141,472, respectively.

#### 6. Details of Significant Accounts

##### (1) Cash and cash equivalents

|                             | December 31, 2023   | December 31, 2022   |
|-----------------------------|---------------------|---------------------|
| Cash on hand and petty cash | \$ 61               | \$ 61               |
| Demand deposits             | 448,160             | 756,773             |
| Time deposits               | 4,604,962           | 5,370,051           |
|                             | <u>\$ 5,053,183</u> | <u>\$ 6,126,885</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  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Non-current items:   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |
| Profit-sharing investment in new drug development                          | \$ 58,390         | \$ 58,390         |
| Limited partnership venture capital  | 20,000            | -                 |
|  | <u>78,390</u>     | <u>58,390</u>     |
| Valuation adjustment   | 1,908             | 3,030             |
|  | <u>\$ 80,298</u>  | <u>\$ 61,420</u>  |



- A. The Group recognised net (losses) gains amounting to (\$1,122) and \$2,863 on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.
- B. On April 18, 2022, the Group entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the “Product”) with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Group at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize the product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the agreement, the Group paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2023, the Group has paid US\$2,000 thousand.

(3) Financial assets at amortised cost

| Items                 | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Current items:        |                   |                   |
| Time deposits (Note)  | \$ 500,000        | \$ 1,000,000      |
| Non-current items:    |                   |                   |
| Government bonds      | \$ 31,930         | \$ 32,452         |
| Pledged time deposits | 8,790             | 8,671             |
|                       | <u>\$ 40,720</u>  | <u>\$ 41,123</u>  |

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

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

|                 | Year ended December 31 |                 |
|-----------------|------------------------|-----------------|
|                 | 2023                   | 2022            |
| Interest income | <u>\$ 28,235</u>       | <u>\$ 1,722</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) Notes and accounts receivable

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Notes receivable                           | \$ 19             | \$ -              |
| Accounts receivable                        | \$ 253,687        | \$ 33,079         |
| Less: Allowance for uncollectible accounts | ( 297)            | ( 297)            |
|  | <u>\$ 253,390</u> | <u>\$ 32,782</u>  |

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

|                         | December 31, 2023 |                     | December 31, 2022 |                     |
|-------------------------|-------------------|---------------------|-------------------|---------------------|
|                         | Notes receivable  | Accounts receivable | Notes receivable  | Accounts receivable |
| Not past due            | \$ 19             | \$ 176,990          | \$ -              | \$ 32,782           |
| Up to 30 days past due  | -                 | 76,400              | -                 | -                   |
| 31 to 90 days past due  | -                 | -                   | -                 | -                   |
| 91 to 180 days past due | -                 | -                   | -                 | -                   |
| Over 181 days past due  | -                 | 297                 | -                 | 297                 |
|                         | <u>\$ 19</u>      | <u>\$ 253,687</u>   | <u>\$ -</u>       | <u>\$ 33,079</u>    |

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, notes receivable and 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 December 31, 2023 and 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 notes and accounts receivable (including related parties) held by the Group was \$256,045 and \$32,782, respectively.
- D. The Group did not hold any collateral.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

| December 31, 2023     |                   |                                 |                   |
|-----------------------|-------------------|---------------------------------|-------------------|
|                       | Cost              | Allowance for<br>valuation loss | Book value        |
| Raw materials         | \$ 426,217        | (\$ 51,483)                     | \$ 374,734        |
| Work in progress      | 127,143           | -                               | 127,143           |
| Finished goods        | 178,690           | (165)                           | 178,525           |
| Merchandise inventory | 235               | -                               | 235               |
|                       | <u>\$ 732,285</u> | <u>(\$ 51,648)</u>              | <u>\$ 680,637</u> |
| December 31, 2022     |                   |                                 |                   |
|                       | Cost              | Allowance for<br>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> |

The cost of inventories recognized as expense for the year:

| Year ended December 31            |                   |                   |  |
|-----------------------------------|-------------------|-------------------|--|
|                                   | 2023              | 2022              |  |
| Cost of goods used                | \$ 327,739        | \$ 199,628        |  |
| Cost of goods sold                | 149,041           | 138,672           |  |
| Loss on decline in market value   | 33,321            | 1,012             |  |
| Loss on disposal inventory        | 1,014             | -                 |  |
| (Gain) loss on physical inventory | ( 4)              | 34                |  |
|                                   | <u>\$ 511,111</u> | <u>\$ 339,346</u> |  |

(6) Prepayments

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Office supplies                                | \$ -              | \$ 9,009          |
| Prepayments for contracted<br>research expense | 17,151            | 11,310            |
| Excess business tax paid (or Net<br>Input VAT) | 24,454            | 6,267             |
| Prepayments to suppliers                       | 26,187            | 50,100            |
| Other prepaid expenses                         | 26,010            | 46,756            |
|  | <u>\$ 93,802</u>  | <u>\$ 123,442</u> |

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

| Items                        | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Non-current items:           |                   |                   |
| Equity instruments           |                   |                   |
| Emerging and unlisted stocks | \$ 215,026        | \$ 214,403        |
| Valuation adjustment         | 110,861           | 64,922            |
|                              | <u>\$ 325,887</u> | <u>\$ 279,325</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 \$325,887 and \$279,325 as at December 31, 2023 and 2022, respectively.
- B. The Group acquired equity instruments amounting to \$623 and \$208,627 for the year ended December 31, 2023 and 2022.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

|  | Year ended December 31 |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| <u>Equity instruments at fair value through other comprehensive income</u> |                        |                  |
| Fair value change recognised in other comprehensive income                 | <u>\$ 45,939</u>       | <u>\$ 59,091</u> |
| Dividend income recognised in profit or loss Held at end of period         | <u>\$ 475</u>          | <u>\$ -</u>      |

(8) Property, plant and equipment

2023

|  | Machinery and<br>equipment | Office<br>equipment | Buildings and<br>structures | Leasehold<br>improvements | Other<br>equipment | Unfinished<br>construction and<br>equipment under<br>acceptance | Total               | Prepayments for<br>business facilities<br>(shown as other<br>non-current<br>assets) |
|--|----------------------------|---------------------|-----------------------------|---------------------------|--------------------|---|---------------------|---|
| 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<br>as at January 1   | \$ 661,781                 | \$ 45,195           | \$ 1,205,417                | \$ 33,454                 | \$ 20,137          | \$ 642,864  | \$ 2,608,848        | \$ 98,273   |
| Additions                                    | 116,776                    | 6,447               | 15,263                      | 1,665                     | 5,768              | 557,083   | 703,002             | 138,453   |
| Reclassifications                            | 147,987                    | -                   | 528,357                     | -                         | -                  | ( 676,344)  | -                   | -   |
| Transfers from other non-<br>current assets  | 62,723                     | 32                  | -                           | 59                        | 1,294              | 158,129   | 222,237             | ( 222,237)  |
| Depreciation expense                         | ( 98,594)                  | ( 9,399)            | ( 78,412)                   | ( 4,809)                  | ( 5,219)           | -   | ( 196,433)          | -   |
| Net exchange differences                     | -                          | 31                  | -                           | -                         | -                  | -   | 31                  | -   |
| Closing net book amount<br>as at December 31 | <u>\$ 890,673</u>          | <u>\$ 42,306</u>    | <u>\$ 1,670,625</u>         | <u>\$ 30,369</u>          | <u>\$ 21,980</u>   | <u>\$ 681,732</u>   | <u>\$ 3,337,685</u> | <u>\$ 14,489</u>  |
| At December 31                               |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 1,301,038               | \$ 80,678           | \$ 1,978,099                | \$ 47,320                 | \$ 37,142          | \$ 681,732  | \$ 4,126,009        | \$ 14,489   |
| Accumulated depreciation                     | ( 410,365)                 | ( 38,372)           | ( 307,474)                  | ( 16,951)                 | ( 15,162)          | -   | ( 788,324)          | -   |
|  | <u>\$ 890,673</u>          | <u>\$ 42,306</u>    | <u>\$ 1,670,625</u>         | <u>\$ 30,369</u>          | <u>\$ 21,980</u>   | <u>\$ 681,732</u>   | <u>\$ 3,337,685</u> | <u>\$ 14,489</u>  |

2022

|  | Machinery and<br>equipment | Office<br>equipment | Buildings and<br>structures | Leasehold<br>improvements | Other<br>equipment | Unfinished<br>construction and<br>equipment under<br>acceptance | Total               | Prepayments for<br>business facilities<br>(shown as other<br>non-current<br>assets) |
|--|----------------------------|---------------------|-----------------------------|---------------------------|--------------------|---|---------------------|---|
| 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<br>as at January 1   | \$ 574,684                 | \$ 44,008           | \$ 1,131,692                | \$ 15,521                 | \$ 17,654          | \$ 103,265  | \$ 1,886,824        | \$ 65,456   |
| Additions                                    | 92,578                     | 8,863               | 76,679                      | 21,101                    | 6,516              | 278,775   | 484,512             | 433,952   |
| Reclassifications                            | 7,701                      | -                   | 61,890                      | -                         | -                  | ( 69,591)   | -                   | -   |
| Transfers from other non-<br>current assets  | 69,453                     | 862                 | -                           | -                         | 405                | 330,415   | 401,135             | ( 401,135)  |
| Depreciation expense                         | ( 80,909)                  | ( 8,566)            | ( 64,844)                   | ( 3,168)                  | ( 4,438)           | -   | ( 161,925)          | -   |
| Reclassified to inventories                  | ( 1,726)                   | -                   | -                           | -                         | -                  | -   | ( 1,726)            | -   |
| Net exchange differences                     | -                          | 28                  | -                           | -                         | -                  | -   | 28                  | -   |
| Closing net book amount<br>as at December 31 | <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>  |
| At December 31                               |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 978,923                 | \$ 75,921           | \$ 1,434,479                | \$ 45,596                 | \$ 32,925          | \$ 642,864  | \$ 3,210,708        | \$ 98,273   |
| Accumulated depreciation                     | ( 317,142)                 | ( 30,726)           | ( 229,062)                  | ( 12,142)                 | ( 12,788)          | -   | ( 601,860)          | -   |
|  | <u>\$ 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>  |

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

|   | December 31, 2023      | December 31, 2022    |
|---|------------------------|----------------------|
|   | Carrying amount        | Carrying amount      |
| Land  | \$ 187,939             | \$ 202,394           |
| Buildings                                       | 73,893                 | 84,031               |
| Machinery and equipment                         | 65,921                 | 35,305               |
| Transportation equipment<br>(Business vehicles) | 967                    | 2,584                |
| Office equipment<br>(Multifunction printers)    | 516                    | 1,016                |
|   | <u>\$ 329,236</u>      | <u>\$ 325,330</u>    |
|   | Year ended December 31 |                      |
|   | 2023                   | 2022                 |
|   | Depreciation expense   | Depreciation expense |
| Land  | \$ 14,648              | \$ 14,543            |
| Buildings                                       | 10,292                 | 8,288                |
| Machinery and equipment                         | 4,055                  | 2,310                |
| Transportation equipment<br>(Business vehicles) | 1,616                  | 1,640                |
| Office equipment<br>(Multifunction printers)    | 500                    | 396                  |
|   | <u>\$ 31,111</u>       | <u>\$ 27,177</u>     |

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$35,017 and \$54,767, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

|                                       |    | Year ended December 31 |          |
|---------------------------------------|----|------------------------|----------|
|                                       |    | 2023                   | 2022     |
| <u>Items affecting profit or loss</u> |    |                        |          |
| Interest expense on lease liabilities | \$ | 8,096                  | \$ 8,208 |
| Expense on short-term lease contracts |    | 27,123                 | 13,877   |
| Expense on leases of low-value assets |    | 307                    | 376      |
| Loss on lease modification            |    | 413                    | 709      |

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$64,833 and \$46,896, 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                                 |    | 3,339         | 8,159                  | 11,498           |
| Amortisation expense                      | (  | 7,129)        | ( 4,167)               | ( 11,296)        |
| Closing net book amount as at December 31 | \$ | <u>20,383</u> | \$ <u>7,886</u>        | \$ <u>28,269</u> |
| At December 31                            |    |               |                        |                  |
| Cost                                      | \$ | 49,190        | \$ 116,112             | \$ 165,302       |
| Accumulated amortisation                  | (  | 28,807)       | ( 108,226)             | ( 137,033)       |
|   | \$ | <u>20,383</u> | \$ <u>7,886</u>        | \$ <u>28,269</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                                 | 8,652            | -                      | 8,652            |
| Transfers (Note)                          | 16,046           | -                      | 16,046           |
| Amortisation expense                      | ( 5,240)         | ( 10,944)              | ( 16,184)        |
| Closing net book amount as at December 31 | <u>\$ 24,173</u> | <u>\$ 3,894</u>        | <u>\$ 28,067</u> |
| At December 31                            |                  |                        |                  |
| 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> |

Note: Transfers pertain to assets transferred from prepaid intangible assets (shown as “other non-current assets”).

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

|                                     | Year ended December 31 |                  |
|-------------------------------------|------------------------|------------------|
|                                     | 2023                   | 2022             |
| Operating costs                     | \$ 5,840               | \$ 10,456        |
| General and administrative expenses | 1,193                  | 1,005            |
| Research and development expenses   | 4,156                  | 4,705            |
| Sales and marketing expenses        | 107                    | 18               |
|                                     | <u>\$ 11,296</u>       | <u>\$ 16,184</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 non-current assets

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Non-current prepayments for investments | \$ 46,270         | \$ 20,000         |
| Long-term prepayments to suppliers      | 30,000            | 30,000            |
| Prepayments for business facilities     | 14,489            | 98,273            |
| Guarantee deposits paid                 | 8,795             | 65,048            |
| Other assets                            | 5,404             | 1,844             |
|   | <u>\$ 104,958</u> | <u>\$ 215,165</u> |

(12) Other payables

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payable on equipment and intangible assets | \$ 285,960        | \$ 158,228        |
| Salary and bonus payable                   | 99,260            | 95,239            |
| Service expense payable                    | 44,882            | 52,083            |
| Payable on consumables                     | 18,604            | 25,012            |
| Payable on repairs and maintenance expense | 28,856            | 19,732            |
| Others                                     | 52,737            | 57,093            |
|  | <u>\$ 530,299</u> | <u>\$ 407,387</u> |

(13) Long-term borrowings

| Type of borrowings        | Borrowing period and repayment term   | Interest rate range | Collateral | December 31, 2023 |
|---------------------------|---|---------------------|------------|-------------------|
| Long-term bank borrowings |   |                     |            |                   |
| Credit borrowing          | Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025 | 1.7250%~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%     | "          |                   |
|                           |   |                     |            | <u>80,900</u>     |
|                           |   |                     |            | <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%~<br>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%~<br>1.8250% | "          |                   |
|                           |   |                     |            | 80,900            |
|                           |   |                     |            | <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 is provided in Note 8.

#### (14) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. EirGenix Europe GmbH contributed pension under local regulations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$20,915 and \$18,290, respectively.

(15) Share based payment

A. For the years ended December 31, 2023 and 2022, the Group's share-based payment arrangements were as follows:

| Type of arrangement                | Grant date   | Quantity granted<br>(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  | "               | "   |
| 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                                     | "               | "   |

| Type of arrangement                | Grant date   | Quantity granted<br>(shares in thousands) | Contract period | Vesting conditions     |
|------------------------------------|--------------|---|-----------------|------------------------|
| 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   | "               | "                      |
| "                                  | 2023. 11. 09 | 325                                       | "               | "                      |
| 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                                       | "               | "                      |
| "                                  | 2023. 12. 22 | 270                                       | "               | "                      |
| Restricted stocks to employees - H | 2023. 11. 09 | 826                                       | N/A             | Performance conditions |
| Restricted stocks to employees - I | 2023. 12. 22 | 26  | N/A             | Performance conditions |

- (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 above-mentioned 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<br>options<br>(shares in<br>thousands) | Weighted-<br>average<br>exercise price<br>(in dollars) | No. of<br>options<br>(shares in<br>thousands) | Weighted-<br>average<br>exercise price<br>(in dollars) |
| Options outstanding<br>at January 1   | 5,666   | \$15~146.4   | 5,282   | \$15~146.4   |
| Options granted                       | 1,855   | 100.5~120  | 2,195   | 71.6~118.5   |
| Options forfeited                     | ( 894)  | 25.2~146.4   | ( 759)  | 25.2~146.4   |
| Options exercised                     | ( 727)  | 15~51.2  | ( 1,052)                                      | 15~51.2  |
| Options outstanding<br>at December 31 | <u>5,900</u>                                  | 15~146.4   | <u>5,666</u>                                  | 15~146.4   |
| Options exercisable<br>at December 31 | <u>1,608</u>                                  |  | <u>1,238</u>                                  |  |

(b) Restricted stocks to employees

|                                      | 2023                  | 2022                  |
|--------------------------------------|-----------------------|-----------------------|
|                                      | (shares in thousands) | (shares in thousands) |
| Stocks outstanding<br>at January 1   | 2,571                 | 2,869                 |
| Stocks granted                       | 1,182                 | 632                   |
| Stocks vested                        | ( 1,167)              | ( 704)                |
| Stocks retired                       | ( 193)                | ( 226)                |
| Stocks outstanding<br>at December 31 | <u>2,393</u>          | <u>2,571</u>          |

C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2023 and 2022 were \$105.6 (in dollars) and \$99.8 (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<br>approved    Expiry date |              | December 31, 2023     |                | December 31, 2022     |                |
|----------------------------|---------------------------------------|--------------|-----------------------|----------------|-----------------------|----------------|
|                            |                                       |              | No. of shares         | Exercise price | No. of shares         | Exercise price |
|                            |                                       |              | (shares in thousands) | (in dollars)   | (shares in thousands) | (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 | 34                    | 28.7           | 103                   | 28.7           |
| "                          | 2019. 05. 13                          | 2029. 05. 12 | 94                    | 34.3           | 141                   | 34.3           |
| Employee stock options - G | 2019. 11. 12                          | 2029. 11. 11 | 207                   | 25.2           | 325                   | 25.2           |
| "                          | 2020. 04. 15                          | 2030. 04. 14 | 89                    | 28.8           | 175                   | 28.8           |
| "                          | 2020. 08. 12                          | 2030. 08. 11 | 79                    | 51.2           | 140                   | 51.2           |
| Employee stock options - H | 2020. 12. 23                          | 2030. 12. 22 | 341                   | 42.1           | 515                   | 42.1           |
| "                          | 2021. 05. 12                          | 2031. 05. 11 | 215                   | 146.4          | 235                   | 146.4          |
| "                          | 2021. 08. 12                          | 2031. 08. 11 | 250                   | 128.4          | 305                   | 128.4          |
| "                          | 2021. 10. 01                          | 2031. 09. 30 | 835                   | 117.5          | 990                   | 117.5          |

| Type of arrangement        | Issue date approved | Expiry date | December 31, 2023     |                | December 31, 2022     |                |
|----------------------------|---------------------|-------------|-----------------------|----------------|-----------------------|----------------|
|                            |                     |             | No. of shares         | Exercise price | No. of shares         | Exercise price |
|                            |                     |             | (shares in thousands) | (in dollars)   | (shares in thousands) | (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  | 440                   | 85.9           | 645                   | 85.9           |
| "                          | 2022.09.08          | 2032.09.07  | 345                   | 118.5          | 510                   | 118.5          |
| Employee stock options - J | 2022.11.08          | 2032.11.07  | 510                   | 103.5          | 615                   | 103.5          |
| "                          | 2023.03.10          | 2033.03.09  | 1,035                 | 111.5          | -                     | -              |
| "                          | 2023.05.10          | 2033.05.09  | 255                   | 120.0          | -                     | -              |
| "                          | 2023.08.08          | 2033.08.07  | 225                   | 101.5          | -                     | -              |
| "                          | 2023.12.22          | 2033.12.21  | 270                   | 100.5          | -                     | -              |

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

| Type of arrangement        | Grant date | Quantity granted (shares in thousands) | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Risk-free interest rate | Fair value per unit (in dollars) |
|----------------------------|------------|--|--------------------------|-----------------------------|---------------------------|----------------------|-------------------------|----------------------------------|
| Employee stock options - B | 2015.07.01 | 1,270                                  | \$ 14.88                 | \$ 15                       | 36.58~37.13%              | 5.5 ~ 7 years        | 1.15~1.35%              | \$5.22 ~ 6.01                    |
| "                          | 2015.07.01 | 130                                    | 14.88                    | 20                          | 36.58~37.13%              | 5.5 ~ 7 years        | 1.15~1.35%              | 3.83~4.69                        |
| "                          | 2015.07.06 | 250                                    | 14.60                    | 20                          | 37.09~37.64%              | 5.5 ~ 7 years        | 1.15~1.35%              | 3.75~4.6                         |
| "                          | 2016.01.01 | 270                                    | 16.03                    | 20                          | 40.11~40.30%              | 5.5 ~ 7 years        | 0.79~0.90%              | 4.91~5.76                        |
| Employee stock options - C | 2016.05.05 | 100                                    | 13.27                    | 29.2                        | 40.75~40.91%              | 6 ~ 7 years          | 0.70~0.77%              | 1.86 ~ 2.30                      |
| Employee stock options - D | 2016.10.12 | 515                                    | 21.42                    | 29.2                        | 39.82~39.91%              | 6 ~ 7 years          | 0.71~0.75%              | 5.19~5.93                        |
| "                          | 2016.12.29 | 85                                     | 20.40                    | 37.5                        | 39.39~39.48%              | 6 ~ 7 years          | 1.16~1.20%              | 3.49~4.18                        |

| Type of arrangement                | Grant date   | Quantity granted (shares in thousands) | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Risk-free interest rate | Fair value per unit (in dollars) |
|------------------------------------|--------------|--|--------------------------|-----------------------------|---------------------------|----------------------|-------------------------|----------------------------------|
| 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                                    | 48.60                    | -                           | -                         | -                    | -                       | 48.60                            |
| Restricted stocks to employees - D | 2020. 08. 14 | 905                                    | 55.70                    | -                           | -                         | -                    | -                       | 55.70                            |
| "                                  | 2020. 12. 10 | 94                                     | 48.60                    | -                           | -                         | -                    | -                       | 48.60                            |
| 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                      |

| Type of arrangement                   | Grant date   | Quantity granted (shares in thousands) | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Risk-free interest rate | Fair value per unit (in dollars) |
|---------------------------------------|--------------|--|--------------------------|-----------------------------|---------------------------|----------------------|-------------------------|----------------------------------|
| Restricted stocks to employees<br>- 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<br>- F | 2021. 10. 15 | 340                                    | 106.5                    | -                           | -                         | -                    | -                       | 106.5                            |
| Employee stock options<br>- I         | 2022. 03. 22 | 160                                    | 93.5                     | 93.5                        | 62.20%                    | 6 ~ 7 years          | 0.86~<br>0.87%          | 52.85~<br>56.27                  |
| "                                     | 2022. 05. 12 | 225                                    | 71.6                     | 71.6                        | 61.32%                    | 6 ~ 7 years          | 1.22~<br>1.27%          | 40.37~<br>43.04                  |
| "                                     | 2022. 08. 11 | 685                                    | 85.9                     | 85.9                        | 60.04%                    | 6 ~ 7 years          | 1.10~<br>1.14%          | 47.51~<br>50.67                  |
| "                                     | 2022. 09. 08 | 510                                    | 118.5                    | 118.5                       | 60.29%                    | 6 ~ 7 years          | 1.19~<br>1.23%          | 65.9~<br>70.28                   |
| Restricted stocks to employees<br>- 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                            |
| "                                     | 2023. 11. 09 | 325                                    | 103.0                    | -                           | -                         | -                    | -                       | 103.0                            |
| Employee stock options<br>- J         | 2022. 11. 08 | 615                                    | 103.5                    | 103.5                       | 60.00%                    | 6 ~ 7 years          | 1.63~<br>1.70%          | 57.97~<br>61.88                  |
| "                                     | 2023. 03. 10 | 1,150                                  | 111.5                    | 111.5                       | 59.15%                    | 6 ~ 7 years          | 1.12~<br>1.14%          | 60.98~<br>65.04                  |
| "                                     | 2023. 05. 10 | 255                                    | 120.0                    | 120.0                       | 58.70%                    | 6 ~ 7 years          | 1.07~<br>1.09%          | 65.15~<br>69.50                  |
| "                                     | 2023. 08. 08 | 225                                    | 101.5                    | 101.5                       | 57.40%                    | 6 ~ 7 years          | 1.10~<br>1.12%          | 54.18~<br>57.84                  |
| "                                     | 2023. 12. 22 | 270                                    | 100.5                    | 100.5                       | 55.38%                    | 6 ~ 7 years          | 1.18~<br>1.19%          | 52.26~<br>55.82                  |
| Restricted stocks to employees<br>- H | 2023. 11. 09 | 826                                    | 103.0                    | -                           | -                         | -                    | -                       | 103.0                            |
| Restricted stocks to employees<br>- I | 2023. 12. 22 | 26                                     | 100.5                    | -                           | -                         | -                    | -                       | 100.5                            |

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

|                                | Year ended December 31 |                   |
|--------------------------------|------------------------|-------------------|
|                                | 2023                   | 2022              |
| Employee stock options         | \$ 84,285              | \$ 62,522         |
| Restricted stocks to employees | 96,615                 | 92,790            |
|                                | <u>\$ 180,900</u>      | <u>\$ 155,312</u> |

(16) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,060,516 with a par value of \$10 (in dollars) per share, consisting of 306,052 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         | 727               | 1,052             |
| Issuance of employee restricted stocks   | 1,182             | 632               |
| Redemption of employee restricted stocks | ( 193)            | ( 226)            |
| Conversions of convertible bonds         | -                 | 2,493             |
| At December 31                           | <u>\$ 306,052</u> | <u>\$ 304,336</u> |

B. For the years ended December 31, 2023 and 2022, the Company issued 727 thousand and 1,052 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 \$7,270 and \$10,523, respectively.

C. For the years ended December 31, 2023 and 2022, as employee restricted stocks distributed to certain employees did not meet the vesting conditions in accordance with the terms of restricted shares, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks amounting to 193 thousand and 226 thousand 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. For the year ended December 31, 2021, the Board of Directors of the Company resolved to issue the 1st and 2nd restricted stocks to employees amounting to 797 thousand and 340 thousand shares in 2021, respectively. The Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 190 thousand shares in 2021.
- E. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement. The Board of Directors of the Company resolved the issuance price of \$91.5 (in dollars) and the total consideration of issuing common stock was \$5,032,500 on October 1, 2021, and the effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- 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 restricted stocks to employees amounting to 63 thousand shares with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 195 thousand shares with the effective date set on November 8, 2022. On March 10, 2023, the Board of Directors resolved to issue restricted stocks to employees amounting to 6 thousand shares with the effective date set on March 10, 2023. On November 9, 2023, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 325 thousand shares with the effective date set on November 9, 2023.
- G. 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. 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. On December 22, 2023, the Board of Directors of the Company resolved to. issue the 1st restricted stocks to employees amounting to 26 thousand shares in 2023, with the effective date set on December 22, 2023.
- H. 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. The Company's Board of Directors resolved not to execute the private placement on March 8, 2024.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.
- B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.
- C. 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 at their meetings 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. On March 8, 2024, the Board of Directors proposed the deficit compensation for the year ended December 31, 2023. The Company offset the accumulated deficit against the capital surplus. Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

F. As of December 31, 2023 and 2022, there was no earnings to be distributed.

(19) Operating revenue

|                                       | Year ended December 31 |              |
|---------------------------------------|------------------------|--------------|
|                                       | 2023                   | 2022         |
| Revenue from contracts with customers | \$ 1,022,653           | \$ 1,481,017 |

A. Disaggregation of revenue

The Group derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

| Year ended December 31, 2023  |  |                   |                   |                     |
|-------------------------------|--|-------------------|-------------------|---------------------|
|                               | Sales of authorisation and cooperative |                   |                   |                     |
|                               | Sales of services                      | development       | Sales of goods    | Total               |
| Timing of revenue recognition |  |                   |                   |                     |
| At a point in time            | \$ -                                   | \$ -              | \$ 161,594        | \$ 161,594          |
| Over time                     | 605,990                                | 141,472           | 113,597           | 861,059             |
|                               | <u>\$ 605,990</u>                      | <u>\$ 141,472</u> | <u>\$ 275,191</u> | <u>\$ 1,022,653</u> |
| Year ended December 31, 2022  |  |                   |                   |                     |
|                               | Sales of authorisation and cooperative |                   |                   |                     |
|                               | Sales of services                      | development       | Sales of goods    | Total               |
| Timing of revenue recognition |  |                   |                   |                     |
| At a point in time            | \$ -                                   | \$ -              | \$ 417,774        | \$ 417,774          |
| Over time                     | 757,680                                | 261,876           | 43,687            | 1,063,243           |
|                               | <u>\$ 757,680</u>                      | <u>\$ 261,876</u> | <u>\$ 461,461</u> | <u>\$ 1,481,017</u> |

## B. Contract assets and liabilities

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

|                                  | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>January 1, 2022</u> |
|----------------------------------|--------------------------|--------------------------|------------------------|
| Contract assets:                 |                          |                          |                        |
| Services                         | \$ 240,564               | \$ 213,981               | \$ 144,831             |
| Sales                            | <u>53,130</u>            | <u>20,418</u>            | <u>25,766</u>          |
|                                  | <u>\$ 293,694</u>        | <u>\$ 234,399</u>        | <u>\$ 170,597</u>      |
| Current contract liabilities     |                          |                          |                        |
| Services                         | \$ 41,739                | \$ 104,384               | \$ 102,289             |
| Authorisation and cooperative    | 15,027                   | 46,091                   | 121,678                |
| Non-current contract liabilities |                          |                          |                        |
| Authorisation and cooperative    | -                        | -                        | 20,059                 |
|                                  | <u>\$ 56,766</u>         | <u>\$ 150,475</u>        | <u>\$ 244,026</u>      |

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

|   | <u>Year ended December 31</u> |                   |
|---|-------------------------------|-------------------|
|   | <u>2023</u>                   | <u>2022</u>       |
| Revenue recognised that was included in the contract liability balance at the beginning of the year |                               |                   |
| Services  | \$ 100,624                    | \$ 92,362         |
| Authorisation and cooperative development   | <u>32,211</u>                 | <u>101,380</u>    |
|   | <u>\$ 132,835</u>             | <u>\$ 193,742</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 December 31, 2023 amounted to \$1,341,954. 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 the authorised regions. As of December 31, 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, the supply price based on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2023 and 2022, the Group recognised the revenue from authorisation and cooperative development contract amounting to \$141,472 and \$261,876, 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. On November 16, 2023, Sandoz AG received the marketing authorisation from Committee for Medicinal Products for Human Use (CHMP) for the trastuzumab biosimilar, EG12014, which was licensed by the Company for sale.

(20) Interest income

|  | Year ended December 31 |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| Interest income from bank deposits                               | \$ 106,236             | \$ 57,862        |
| Interest income from financial assets measured at amortised cost | 28,235                 | 1,722            |
|  | <u>\$ 134,471</u>      | <u>\$ 59,584</u> |

(21) Other income

|                           | Year ended December 31 |                  |
|---------------------------|------------------------|------------------|
|                           | 2023                   | 2022             |
| Government grant revenues | \$ 4,712               | \$ 37,214        |
| Dividend income           | 475                    | -                |
| Other income              | 252                    | 430              |
|                           | <u>\$ 5,439</u>        | <u>\$ 37,644</u> |

The Company received a grant for the ‘Breast Cancer Targeted Antibody similar to EG12014 Trastuzumab Biosimilar phase III clinical trial program’ from Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to \$80,000. For the years ended December 31, 2023 and 2022, the Company recognised government grants revenue of \$4,591 and \$36,994, respectively.

(22) Other gains and losses

|   | Year ended December 31 |                   |
|---|------------------------|-------------------|
|   | 2023                   | 2022              |
| Foreign exchange (losses) gains   | (\$ 9,431)             | \$ 126,788        |
| (Losses) gains on financial assets at fair value through profit or loss | ( 1,122)               | 2,863             |
| Loss on lease modification  | ( 413)                 | ( 709)            |
| Miscellaneous disbursements   | ( 214)                 | ( 24)             |
| Loss on redemption of convertible bonds                                 | -                      | ( 3)              |
|   | <u>(\$ 11,180)</u>     | <u>\$ 128,915</u> |

(23) Finance costs

|                                       | Year ended December 31 |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2023                   | 2022            |
| Interest expense on lease liabilities | \$ 8,096               | \$ 8,208        |
| Interest expense on bank borrowings   | 2,300                  | 1,205           |
| Other interest expense                | 7                      | 226             |
|                                       | <u>\$ 10,403</u>       | <u>\$ 9,639</u> |

(24) Employee benefits, depreciation and amortisation expenses

| Function<br>Nature          | Year ended December 31, 2023        |  |            | Year ended December 31, 2022        |  |            |
|-----------------------------|-------------------------------------|--|------------|-------------------------------------|--|------------|
|                             | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total      | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total      |
| Employee benefit            |                                     |  |            |                                     |  |            |
| Wages and salaries          | \$ 121,946                          | \$ 271,494                             | \$ 393,440 | \$ 147,873                          | \$ 220,847                             | \$ 368,720 |
| Share based payment         | 70,628                              | 110,272                                | 180,900    | 60,275                              | 95,037                                 | 155,312    |
| Labour and health insurance | 14,408                              | 23,704                                 | 38,112     | 13,771                              | 19,354                                 | 33,125     |
| Pension costs               | 9,257                               | 11,658                                 | 20,915     | 7,427                               | 10,863                                 | 18,290     |
| Directors' remuneration     | -                                   | 4,125                                  | 4,125      | -                                   | 3,948                                  | 3,948      |
| Other personnel expenses    | 6,358                               | 15,092                                 | 21,450     | 5,557                               | 13,245                                 | 18,802     |
| Depreciation expense        | 114,746                             | 112,799                                | 227,545    | 99,536                              | 89,564                                 | 189,100    |
| Amortisation expense        | 5,840                               | 5,456                                  | 11,296     | 10,456                              | 5,728                                  | 16,184     |

- A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2023 and 2022.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income taxes

A. Income tax expense

(a) Components of income tax expense:

|   | Year ended December 31 |          |
|---|------------------------|----------|
|   | 2023                   | 2022     |
| Current tax:                                      |                        |          |
| Current tax on profits for the year               | \$ 1,093               | \$ 1,023 |
| Prior year income tax over estimation             | -                      | (136)    |
| Total current tax                                 | 1,093                  | 887      |
| Deferred tax:                                     |                        |          |
| Origination and reversal of temporary differences | 465                    | 338      |
| Income tax expense                                | \$ 1,558               | \$ 1,225 |

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

|                                  | Year ended December 31 |      |
|----------------------------------|------------------------|------|
|                                  | 2023                   | 2022 |
| Currency translation differences | \$ 41                  | \$ - |

B. Reconciliation between income tax expense and accounting profit

|  | Year ended December 31 |             |
|--|------------------------|-------------|
|  | 2023                   | 2022        |
| Tax calculated based on loss before tax and statutory tax rate | (\$ 181,856)           | (\$ 22,863) |
| Expenses disallowed by tax regulation                          | 25                     | 49          |
| Tax exempt income by tax regulation                            | -                      | (3,099)     |
| Taxable losses not recognised as deferred tax assets           | 172,451                | 27,274      |
| Prior year income tax under (over)estimation                   | -                      | (136)       |
| Temporary differences not recognised as deferred tax assets    | 10,938                 | -           |
| Income tax expenses  | \$ 1,558               | \$ 1,225    |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:



| 2023   |               |                                 |  |                 |
|--|---------------|---------------------------------|--|-----------------|
|  | January 1     | Recognised in<br>profit or loss | Recognised in other<br>comprehensive<br>income | December 31     |
| -Deferred tax assets:  |               |                                 |  |                 |
| Share of profit (loss) of<br>associates and<br>subsidiaries accounted<br>for using the equity<br>method, net differences | \$ 874        | \$ 465                          | \$ -   | \$ 1,339        |
| Currency translation<br>differences  | -             | -                               | 41   | \$ 41           |
|  | <u>\$ 874</u> | <u>\$ 465</u>                   | <u>\$ 41</u>                                   | <u>\$ 1,380</u> |

| 2022   |           |                                 |  |             |
|--|-----------|---------------------------------|--|-------------|
|  | January 1 | Recognised in<br>profit or loss | Recognised in other<br>comprehensive<br>income | December 31 |
| -Deferred tax assets:  |           |                                 |  |             |
| Share of profit (loss) of<br>associates and<br>subsidiaries accounted<br>for using the equity<br>method, net differences | \$ 536    | \$ 338                          | \$ -   | \$ 874      |

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

| December 31, 2023           |                    |                                     |             |
|-----------------------------|--------------------|-------------------------------------|-------------|
| Qualifying items            | Unused tax credits | Unrecognised<br>deferred tax assets | Expiry year |
| Research and<br>development | \$ 960,900         | \$ 960,900                          | Note        |
| Machinery and<br>equipment  | 8,844              | 8,844                               | Note        |

| December 31, 2022           |                    |                                     |             |
|-----------------------------|--------------------|-------------------------------------|-------------|
| Qualifying items            | Unused tax credits | Unrecognised<br>deferred tax assets | Expiry year |
| Research and<br>development | \$ 887,160         | \$ 887,160                          | Note        |

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10920401340 issued by the MOEA on February 3, 2020. Subsequently, the MOEA approved the Company's additional items pursuant to the Letter No. Jing-Shou-Gong-Zi-11120426560 on August 29, 2022. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. Additionally, the investment tax credit can be first used to offset expenditure on machinery, equipment, or systems when there is taxable business income. Any unused tax credit is available for the following two years. As of December 31, 2023, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

| December 31, 2023 |                           |                     |                        |             |
|-------------------|---------------------------|---------------------|------------------------|-------------|
| Year incurred     | Amount filed/<br>assessed | Unused amount       | deferred tax<br>assets | Expiry year |
| 2014              | Amount assessed           | \$ 131,762          | \$ 131,762             | 2024        |
| 2015              | Amount assessed           | 133,257             | 133,257                | 2025        |
| 2016              | Amount assessed           | 109,737             | 109,737                | 2026        |
| 2017              | Amount assessed           | 163,949             | 163,949                | 2027        |
| 2018              | Amount assessed           | 371,827             | 371,827                | 2028        |
| 2019              | Amount assessed           | 858,819             | 858,819                | 2029        |
| 2020              | Amount assessed           | 1,009,168           | 1,009,168              | 2030        |
| 2021              | Amount assessed           | 56,144              | 56,144                 | 2031        |
| 2022              | Amount filed              | 135,927             | 135,927                | 2032        |
| 2023              | Amount expected           | 862,256             | 862,256                | 2033        |
|                   |                           | <u>\$ 3,832,846</u> | <u>\$ 3,832,846</u>    |             |

December 31, 2022

| Year incurred | Amount filed/<br>assessed | Unused amount       | deferred tax<br>assets | Expiry year |
|---------------|---------------------------|---------------------|------------------------|-------------|
| 2013          | Amount assessed           | \$ 104,540          | \$ 104,540             | 2023        |
| 2014          | Amount assessed           | 131,762             | 131,762                | 2024        |
| 2015          | Amount assessed           | 133,257             | 133,257                | 2025        |
| 2016          | Amount assessed           | 109,737             | 109,737                | 2026        |
| 2017          | Amount assessed           | 163,949             | 163,949                | 2027        |
| 2018          | Amount assessed           | 371,827             | 371,827                | 2028        |
| 2019          | Amount assessed           | 858,819             | 858,819                | 2029        |
| 2020          | Amount assessed           | 1,009,168           | 1,009,168              | 2030        |
| 2021          | Amount filed              | 56,144              | 56,144                 | 2031        |
| 2022          | Amount expected           | 132,140             | 132,140                | 2032        |
|               |                           | <u>\$ 3,071,343</u> | <u>\$ 3,071,343</u>    |             |

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

|                                  | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | \$ <u>64,721</u>  | \$ <u>10,031</u>  |

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

(26) Loss per share

|                             | Year ended December 31, 2023 |  |                                |
|-----------------------------|------------------------------|--|--------------------------------|
|                             | Amount after tax             | Weighted average<br>number of ordinary<br>shares outstanding<br>(share in thousands) | Loss per share<br>(in dollars) |
| <u>Basic loss per share</u> |                              |  |                                |
| Loss for the year           | (\$ <u>915,208</u> )         | <u>304,888</u>   | (\$ <u>3.00</u> )              |
|                             |                              |  |                                |
|                             | Year ended December 31, 2022 |  |                                |
|                             | Amount after tax             | Weighted average<br>number of ordinary<br>shares outstanding<br>(share in thousands) | Loss per share<br>(in dollars) |
| <u>Basic loss per share</u> |                              |  |                                |
| Loss for the year           | (\$ <u>115,540</u> )         | <u>303,258</u>   | (\$ <u>0.38</u> )              |

Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2023 and 2022.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments :

|   | Year ended December 31 |                   |
|---|------------------------|-------------------|
|   | 2023                   | 2022              |
| Purchase of property, plant and equipment | \$ 703,002             | \$ 484,512        |
| Add: Opening balance of other payables    | 158,228                | 19,508            |
| Less: Ending balance of other payables    | ( 285,960)             | ( 158,228)        |
| Cash paid during the year                 | <u>\$ 575,270</u>      | <u>\$ 345,792</u> |

|  | Year ended December 31 |                 |
|--|------------------------|-----------------|
|  | 2023                   | 2022            |
| Purchase of intangible assets                                    | \$ 11,498              | \$ 8,562        |
| Add: Ending balance of prepayment for intangible assets (Note)   | 5,209                  | 1,565           |
| Less: Opening balance of prepayment for intangible assets (Note) | ( 1,565)               | ( 1,565)        |
| Cash paid during the period                                      | <u>\$ 15,142</u>       | <u>\$ 8,562</u> |

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

B. Financing activities with no cash flow effects

|                                 | Year ended December 31 |                   |
|---------------------------------|------------------------|-------------------|
|                                 | 2023                   | 2022              |
| Conversion of convertible bonds | <u>\$ -</u>            | <u>\$ 126,375</u> |

(28) Changes in liabilities from financing activities

|  | 2023                 |                   |   |   |   |
|--|----------------------|-------------------|---|---|---|
|  | Long-term borrowings | Lease liabilities | 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 | -                    | ( 29,307)         | ( 288)                                    | (   | 29,595)                                     |
| Impact of changes in foreign exchange rate     | -                    | 35,017            | -   |   | 35,017                                      |
| Changes in other non-cash items                | -                    | 413               | -   |   | 413   |
| At December 31                                 | <u>\$ 120,460</u>    | <u>\$ 344,707</u> | <u>\$ 6</u>                               | <u>\$</u>                                   | <u>465,173</u>                              |
|  | 2022                 |                   |   |   |   |
|  | Long-term borrowings | Lease liabilities | Bonds payable (including current portion) | Guarantee deposits received                 | Liabilities from financing activities-gross |
| At January 1                                   | \$ -                 | \$ 307,542        | \$ 127,070                                | \$ -  | \$ 434,612                                  |
| Changes in cash flow from financing activities | 120,460              | ( 24,435)         | ( 200)                                    | 294   | 96,119                                      |
| Changes in right-of-use assets                 | -                    | 54,767            | -   | -   | 54,767                                      |
| Impact of changes in foreign exchange rate     | -                    | 1                 | -   | -   | 1   |
| Changes in other non-cash items                | -                    | 709               | ( 126,870)                                | -   | ( 126,161)                                  |
| At December 31                                 | <u>\$ 120,460</u>    | <u>\$ 338,584</u> | <u>\$ -</u>                               | <u>\$ 294</u>                               | <u>\$ 459,338</u>                           |

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Group has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

| Names of related parties                           | Relationship with the Group |
|--|-----------------------------|
| FORMOSA LABORATORIES, INC.                         | Other related party         |
| Development Center for Biotechnology (DCB)(Note 1) | "                           |
| FORMOSA PHARMACEUTICALS, INC.                      | "                           |
| TFBS Bioscience Inc. (Note 2)                      | "                           |
| Forward BioT Venture Capital                       | "                           |

Note 1: DCB's term as a director expired after re-election of directors at the Company's shareholders' meeting on June 10, 2022. Accordingly, it became a non-related party. (The transaction amounts for the period from January 1, 2022 to June 10, 2022 are disclosed in the financial statements.)

Note 2: The Company was elected as one of the directors of TFBS Bioscience, Inc. on June 8, 2022. Accordingly, the Company became a related party. (The transaction amount for the year ended December 31, 2023 and period from June 8, 2022 to December 31, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

|                       | Year ended December 31 |                  |
|-----------------------|------------------------|------------------|
|                       | 2023                   | 2022             |
| Sales of goods:       |                        |                  |
| Other related parties | \$ 972                 | \$ 12,850        |
| Sales of services:    |                        |                  |
| Other related parties | 9,477                  | 5,622            |
|                       | <u>\$ 10,449</u>       | <u>\$ 18,472</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 December 31, 2023 and 2022, the Group has recognised the revenue-related contract assets amounting to \$1,994 and \$744, and contract liabilities amounting to \$372 and \$620, respectively.

B. Service expense (shown as 'research and development expense')

|                       | Year ended December 31 |                  |
|-----------------------|------------------------|------------------|
|                       | 2023                   | 2022             |
| Other related parties | <u>\$ 12,377</u>       | <u>\$ 17,651</u> |

It refers to service expense of contracted Biopharmaceutical research and development with other related parties. Prices and terms are determined based on mutual agreements.

C. Testing expense (shown as ‘operating costs’)

|                            | Year ended December 31 |                  |
|----------------------------|------------------------|------------------|
|                            | 2023                   | 2022             |
| Other related parties-TFBS |                        |                  |
| Bioscience Inc.            | \$ 7,517               | \$ 15,152        |
| Other related parties      | 2,627                  | 2,460            |
|                            | <u>\$ 10,144</u>       | <u>\$ 17,612</u> |

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

|                           | Year ended December 31 |          |
|---------------------------|------------------------|----------|
|                           | 2023                   | 2022     |
| Other related parties-DCB | \$ -                   | \$ 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, and the expense shall be paid before the 25th day of the first month of each quarter as specified in the contract.

E. Receivables from related parties

|                       | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Other receivables:    |                   |                   |
| Other related parties | \$ 2,636          | \$ -              |

F. Payables to related parties

|                       | December 31, 2022 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Other payables:       |                   |                   |
| Other related parties | \$ 7,993          | \$ 7,732          |

G. Property transactions

(a) Acquisition of property, plant and equipment:

|                       | Year ended December 31 |      |
|-----------------------|------------------------|------|
|                       | 2023                   | 2022 |
| Other related parties | \$ 645                 | \$ - |



(b) Acquisition of financial assets:

|   |   | Year ended December 31 |               |
|---|---|------------------------|---------------|
|   |   | 2023                   | 2022          |
|   | Accounts  | Consideration          | Consideration |
| Other related party-FORMOSA PHARMACEUTICALS, INC. | Non-current financial assets at fair value through profit or loss             | \$ -                   | \$ 58,390     |
| Other related party-TFBS Bioscience               | Non-current financial assets at fair value through other comprehensive income | \$ -                   | \$ 40,627     |
| Other related party-Forward BioT Venture Capital  | Non-current prepayments for investments                                       | \$ 15,000              | \$ -          |

Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

H. Lease transactions - lessee

(a) The Group leases plant, laboratory, instrument and equipment from DCB. Rental contract period is expected to be 20 years with initial rental period of 5 years plus the extension options. Rents are paid before the 25th day of the first month of each quarter.

(b) Right-of-use assets

As of December 31, 2023 and 2022, DCB was no longer a related party, and therefore the carrying amount of its related right-of-use assets was not disclosed.

|                         |  | Year ended December 31 |
|-------------------------|--|------------------------|
|                         |  | 2022                   |
|                         |  | Depreciation expense   |
| Land                    |  | \$ 3,061               |
| Buildings               |  | 2,279                  |
| Machinery and equipment |  | 1,022                  |
|                         |  | \$ 6,362               |

(c) Lease liabilities

i. Outstanding balance

As of December 31, 2023 and 2022, DCB was no longer a related party, and therefore the carrying amount of its related lease liabilities was not disclosed.

ii. Interest expense

|                              | <u>Year ended December 31</u> |
|------------------------------|-------------------------------|
|                              | <u>2022</u>                   |
| Other related party -<br>DCB | \$ 2,185                      |

(d) Rent expense (shown as 'operating cost' and 'operating expenses')

|                              | <u>Year ended December 31</u> |
|------------------------------|-------------------------------|
|                              | <u>2022</u>                   |
| Other related party -<br>DCB | \$ 505                        |

(4) Key management compensation

|  | <u>Year ended December 31</u> |                  |
|--|-------------------------------|------------------|
|  | <u>2023</u>                   | <u>2022</u>      |
| Salaries and other short-term<br>employee benefits | \$ 31,942                     | \$ 30,390        |
| Post-employment benefits                           | 491                           | 556              |
| Share based payment                                | 30,145                        | 31,043           |
|  | <u>\$ 62,578</u>              | <u>\$ 61,989</u> |

8. Pledged Assets

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

| <u>Pledged asset</u>  | <u>Book value</u><br><u>December 31, 2023</u> | <u>Book value</u><br><u>December 31, 2022</u> | <u>Purpose</u> |
|---|---|---|----------------|
| Pledged time deposits<br>(shown as non-current<br>financial assets at<br>amortised cost)    | <u>\$ 8,790</u>                               | <u>\$ 8,671</u>                               | Note 1         |
| Guarantee deposits paid<br>(shown as other<br>non-current assets,<br>others)                | <u>\$ 8,795</u>                               | <u>\$ 65,048</u>                              | Note 2         |
| Property, plant and<br>equipment  | <u>\$ 1,551,633</u>                           | <u>\$ 1,158,399</u>                           | Note 3         |
| Pledged government bonds<br>(shown as non-current<br>financial assets at<br>amortised cost) | <u>\$ 31,390</u>                              | <u>\$ -</u>                                   | 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: 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 December 31, 2023 and 2022, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$59,156 and \$105,637, respectively.

B. As of December 31, 2023 and 2022, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$876,590 and \$815,285, respectively.

C. The Group entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of December 31, 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. In January 2024, in response to the expansion of Zhubei production line, the Company entered into a construction contract with an engineering company for a total amount of \$1,373,643 (including tax).

B. The Board of Directors on March 8, 2024 resolved to issue the 1st restricted stocks to employees amounting to 1,400 thousand shares with no subscription price, which has not yet been resolved by the shareholders as of March 8, 2024.

C. The Board of Directors on March 8, 2024 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three instalments after the authorisation by shareholders. However, the issuance has not yet been resolved at the shareholders' meeting as of March 8, 2024.

D. As the Company's self-developed product, EG1206A, will begin phase III clinical trial according to the research and development schedule. On March 8, 2024, the Board of

Directors resolved to authorise the chairman to enter into a commissioned research project for the phase III clinical trial with a CRO and other companies.

## 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>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u>  |                          |                          |
| Financial assets at fair value through profit or loss                      |                          |                          |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 80,298                | \$ 61,420                |
| Financial assets at fair value through other comprehensive income          |                          |                          |
| Designation of equity instrument   | \$ 325,887               | \$ 279,325               |
| Financial assets at amortised cost   |                          |                          |
| Cash and cash equivalents  | \$ 5,053,183             | \$ 6,126,885             |
| Financial assets at amortised cost   | 540,720                  | 1,041,123                |
| Notes receivable   | 19                       | -                        |
| Accounts receivable  | 253,390                  | 32,782                   |
| Accounts receivable - related parties                                      | 2,636                    | -                        |
| Other receivables  | 20,497                   | 24,944                   |
| Guarantee deposits paid (shown as other non-current assets)                | 8,795                    | 65,048                   |
|  | <u>\$ 5,879,240</u>      | <u>\$ 7,290,782</u>      |

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>Financial liabilities</u>   |                   |                   |
| Financial liabilities at amortised cost                              |                   |                   |
| Accounts payable   | \$ 79,556         | \$ 134,607        |
| Other payables   | 530,299           | 407,387           |
| Other payables-related parties                                       | 7,993             | 7,732             |
| Long-term borrowings   | 120,460           | 120,460           |
| Guarantee deposits received (shown as other non-current liabilities) | 6                 | 294               |
|  | <u>\$ 738,314</u> | <u>\$ 670,480</u> |
| Lease liability (current and non-current)                            | <u>\$ 344,707</u> | <u>\$ 338,584</u> |

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### i. Exchange rate risk

- (i) The Group operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, GBP and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

- (iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| December 31, 2023            |  |        |               |                  |
|------------------------------|--|--------|---------------|------------------|
|                              | Foreign currency<br>amount (In<br>thousands) |        | Exchange rate | Book value (NTD) |
| <u>Financial assets</u>      |  |        |               |                  |
| <u>Monetary items</u>        |  |        |               |                  |
| USD:NTD                      | \$   | 53,756 | 30.71         | \$ 1,650,847     |
| EUR:NTD                      |  | 363    | 33.98         | 12,335           |
| GBP:NTD                      |  | 67     | 39.15         | 2,623            |
| JPY:NTD                      |  | 10,751 | 0.22          | 2,365            |
| <u>Financial liabilities</u> |  |        |               |                  |
| <u>Monetary items</u>        |  |        |               |                  |
| USD:NTD                      | \$   | 932    | 30.71         | \$ 28,622        |
| EUR:NTD                      |  | 546    | 33.98         | 18,553           |
| GBP:NTD                      |  | 17     | 39.15         | 666              |
| JPY:NTD                      |  | 57,505 | 0.22          | 12,651           |
| December 31, 2022            |  |        |               |                  |
|                              | Foreign currency<br>amount (In<br>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            |

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

| Year ended December 31, 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%                  | \$ 16,508                | \$ -                                 |
| EUR:NTD                      | 1%                  | 60                       | 63                                   |
| GBP:NTD                      | 1%                  | 26                       | -                                    |
| JPY:NTD                      | 1%                  | 24                       | -                                    |
| <u>Financial liabilities</u> |                     |                          |                                      |
| <u>Monetary items</u>        |                     |                          |                                      |
| USD:NTD                      | 1%                  | \$ 286                   | \$ -                                 |
| EUR:NTD                      | 1%                  | 186                      | -                                    |
| GBP:NTD                      | 1%                  | 7                        | -                                    |
| JPY:NTD                      | 1%                  | 127                      | -                                    |

| Year ended December 31, 2022 |                     |                          |                                      |
|------------------------------|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis         |                     |                          |                                      |
|                              | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u>      |                     |                          |                                      |
| <u>Monetary items</u>        |                     |                          |                                      |
| USD:NTD                      | 1%                  | \$ 13,529                | \$ -                                 |
| EUR:NTD                      | 1%                  | 8                        | 55                                   |
| GBP:NTD                      | 1%                  | 41                       | -                                    |
| JPY:NTD                      | 1%                  | 19                       | -                                    |
| <u>Financial liabilities</u> |                     |                          |                                      |
| <u>Monetary items</u>        |                     |                          |                                      |
| USD:NTD                      | 1%                  | \$ 217                   | \$ -                                 |
| EUR:NTD                      | 1%                  | 343                      | -                                    |
| GBP:NTD                      | 1%                  | 11                       | -                                    |

- (v) The total exchange (losses) gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$9,431) and \$126,788, respectively.



ii. Price risk

- (i.) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii.) The Group's investments in equity securities comprise. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$189 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$3,259 and \$2,793, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 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 their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable, and contract assets in accordance with customer types. The Group applies the modified approach using individual provision to estimate expected credit loss.
- vii. The Group's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of December 31, 2023 and 2022, the total carrying amount of notes and accounts receivable (including related parties) amounted to \$256,342 and \$33,079, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance was recognised amounting to \$297 and \$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:

|                             | Year ended December 31 |               |
|-----------------------------|------------------------|---------------|
|                             | 2023                   | 2022          |
| At January 1                | \$ 297                 | \$ 689        |
| Reversal of impairment loss | -                      | ( 392)        |
| At December 31              | <u>\$ 297</u>          | <u>\$ 297</u> |

(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:

|                          | December 31, 2023   | December 31, 2022   |
|--------------------------|---------------------|---------------------|
| Floating rate:           |                     |                     |
| Expiring within one year | \$ 1,410,000        | \$ 1,020,000        |
| Expiring beyond one year | 593,540             | 593,540             |
|                          | <u>\$ 2,003,540</u> | <u>\$ 1,613,540</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.

| December 31, 2023   | Less than<br>1 year | Between 1<br>and 5 years | Over 5 years | Total     |
|---|---------------------|--------------------------|--------------|-----------|
| <u>Non-derivative financial liabilities</u>                           |                     |                          |              |           |
| Accounts payable  | \$ 79,556           | \$ -                     | \$ -         | \$ 79,556 |
| Other payables  | 530,299             | -                        | -            | 530,299   |
| Other payables-related parties  | 7,993               | -                        | -            | 7,993     |
| Lease liabilities   | 36,273              | 118,543                  | 245,982      | 400,798   |
| Long-term borrowings  | 2,376               | 123,322                  | -            | 125,698   |
| Guarantee deposit received<br>(show as other non-current liabilities) | 6                   | -                        | -            | 6         |

| December 31, 2022  | Less than<br>1 year | Between 1<br>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-<br>related parties   | 7,732               | -                        | -            | 7,732      |
| Lease liabilities  | 34,828              | 115,926                  | 247,968      | 398,722    |
| Long-term borrowings   | 2,216               | 125,265                  | -            | 127,481    |
| Guarantee deposit<br>received<br>(show as other non-<br>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 and the call options and put options embedded in convertible bonds issued by the Group are included in Level 3.

- B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets), 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:

| December 31, 2023   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>    | <u>Total</u>      |
|---|----------------|----------------|-------------------|-------------------|
| <b>Assets</b>   |                |                |                   |                   |
| <u>Recurring fair value measurements</u>                          |                |                |                   |                   |
| Financial assets at fair value through profit or loss             |                |                |                   |                   |
| Profit-sharing investments in new drug development                | \$ -           | \$ -           | \$ 61,410         | \$ 61,410         |
| Limited partnership venture capital                               | -              | -              | 18,888            | 18,888            |
| Financial assets at fair value through other comprehensive income |                |                |                   |                   |
| Equity securities   | -              | -              | 325,887           | 325,887           |
|   | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 406,185</u> | <u>\$ 406,185</u> |
| December 31, 2022   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>    | <u>Total</u>      |
| <b>Assets</b>   |                |                |                   |                   |
| <u>Recurring fair value measurements</u>                          |                |                |                   |                   |
| Financial assets at fair value through profit or loss             |                |                |                   |                   |
| Profit-sharing investments in new drug development                | \$ -           | \$ -           | \$ 61,420         | \$ 61,420         |
| Financial assets at fair value through other comprehensive income |                |                |                   |                   |
| Equity securities   | -              | -              | 279,325           | 279,325           |
|   | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 340,745</u> | <u>\$ 340,745</u> |

(b). The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

|  | 2023               |   |                                     |                   |
|--|--------------------|---|-------------------------------------|-------------------|
|  | Equity instruments | Profit-sharing investment in new drug development | Limited partnership venture capital | Total             |
| At January 1   | \$ 279,325         | \$ 61,420   | \$ -                                | \$ 340,745        |
| Additions  | 623                | -   | 20,000                              | 20,623            |
| Gains or losses recognised in profit or loss shown as other gains and losses |                    |   |                                     |                   |
| Gains (losses) on valuation  | -                  | ( 10)   | ( 1,112)                            | ( 1,122)          |
| Gains and losses recognised in other comprehensive income                    |                    |   |                                     |                   |
| Gains (losses) on valuation  | 45,939             | -   | -                                   | 45,939            |
| At December 31   | <u>\$ 325,887</u>  | <u>\$ 61,410</u>                                  | <u>\$ 18,888</u>                    | <u>\$ 406,185</u> |

|  | 2022                   |                    |   |                   |
|--|------------------------|--------------------|---|-------------------|
|  | Derivative instruments | Equity instruments | Profit-sharing investment in new drug development | Total             |
| At January 1   | \$ 891                 | \$ 11,607          | \$ -  | \$ 12,498         |
| Additions  | -                      | 208,627            | 58,390  | 267,017           |
| Conversions of convertible bonds   | ( 723)                 | -                  | -   | ( 723)            |
| Gains or losses recognised in profit or loss shown as other gains and losses |                        |                    |   |                   |
| Gains (losses) on valuation  | ( 167)                 | -                  | 3,030   | 2,863             |
| Gains and losses recognised in other comprehensive income                    |                        |                    |   |                   |
| Gains (losses) on valuation  | -                      | 59,091             | -   | 59,091            |
| Settled during the year  | ( 1)                   | -                  | -   | ( 1)              |
| At December 31   | <u>\$ -</u>            | <u>\$ 279,325</u>  | <u>\$ 61,420</u>                                  | <u>\$ 340,745</u> |

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

|   | Fair value at<br>December 31,<br>2023 | Valuation<br>technique                            | Significant<br>unobservable<br>input                                 | Range<br>(weighted<br>average)          | Relationship of inputs<br>to fair value  |
|---|---------------------------------------|---|--|---|--|
| Non-derivative<br>equity instrument:                        |                                       |   |  |   |  |
| Unlisted shares   | \$ 8,236                              | Price-Book<br>Ratio                               | Price-to-<br>-book ratio<br>Discount for<br>lack of<br>marketability | 2.66~3.75<br>(3.67)<br>30%<br>(30%)     | The higher the multiple,<br>the higher the fair value ;<br>The higher the discount<br>for lack of marketability,<br>the lower the fair value |
| Unlisted shares   | 317,651                               | Price-Book<br>Ratio                               | Price-to-book<br>ratio<br>Discount for<br>lack of<br>marketability   | 1.24~2.54<br>(1.97)<br>7.25%<br>(7.25%) | The higher the multiple,<br>the higher the fair value;<br>The higher the discount<br>for lack of marketability,<br>the lower the fair value  |
| Profit-sharing<br>investments in<br>new drug<br>development | 61,410                                | Royalty relief<br>method of<br>income<br>approach | Discount rate<br>Market share  | 24.69%<br>2.0%~5.9%                     | The higher the<br>discount rate, the<br>lower the fair value<br>The higher the market<br>share, the higher the<br>fair value                 |
| Limited<br>partnership<br>venture capital                   | 18,888                                | Net asset<br>value                                | N/A  | N/A                                     | N/A  |



|   | Fair value at<br>December 31,<br>2022 | Valuation<br>technique                            | Significant<br>unobservable<br>input                                   | Range<br>(weighted<br>average)           | Relationship of inputs<br>to fair value  |
|---|---------------------------------------|---|--|--|--|
| Non-derivative<br>equity instrument:                        |                                       |   |  |  |  |
| Unlisted shares   | \$ 6,207                              | Price-Book<br>Ratio                               | Price-to<br>-book ratio<br>Discount for<br>lack of<br>marketability    | 1.54~8.46<br>(3.05)<br>30%<br>( 30%)     | The higher the multiple,<br>the higher the fair value ;<br>The higher the discount<br>for lack of marketability,<br>the lower the fair value |
| Unlisted shares   | 273,118                               | Price-Book<br>Ratio                               | Price-to-book<br>ratio<br><br>Discount for<br>lack of<br>marketability | 2.01~2.54<br>(2.19)<br><br>30%<br>( 30%) | The higher the multiple,<br>the higher the fair value;<br>The higher the discount<br>for lack of marketability,<br>the lower the fair value  |
| Profit-sharing<br>investments in<br>new drug<br>development | 61,420                                | Royalty relief<br>method of<br>income<br>approach | Discount rate<br><br>Market share                                      | 24.58%<br><br>1.0%~5.4%                  | The higher the<br>discount rate, the<br>lower the fair value<br><br>The higher the market<br>share, the higher the<br>fair value             |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

| December 31, 2023                                  |                       |        |                              |                   |  |                    |
|--|-----------------------|--------|------------------------------|-------------------|--|--------------------|
|  | Input                 | Change | Recognised in profit or loss |                   | Recognised in other comprehensive income |                    |
|  |                       |        | Favourable                   | Unfavourable      | Favourable                               | Unfavourable       |
|  |                       |        | change                       | change            | change                                   | change             |
| Financial assets                                   |                       |        |                              |                   |  |                    |
| Profit-sharing investments in new drug development | Discount Rate         | ±5%    | \$ 3,071                     | (\$ 3,071)        | \$ -                                     | \$ -               |
| Limited partnership venture capital                | Market Share          |        |                              |                   |  |                    |
|  | NA                    | ±5%    | 944                          | ( 944)            | -  | -                  |
| Unlisted shares                                    | Price-Book Ratio      | ±5%    | -                            | -                 | 16,294                                   | ( 16,294)          |
|  | Lack of marketability | ±5%    | -                            | -                 | 16,294                                   | ( 16,294)          |
|  |                       |        | <u>\$ 4,015</u>              | <u>(\$ 4,015)</u> | <u>\$ 32,588</u>                         | <u>(\$ 32,588)</u> |
| December 31, 2022                                  |                       |        |                              |                   |  |                    |
|  | Input                 | Change | Recognised in profit or loss |                   | Recognised in other comprehensive income |                    |
|  |                       |        | Favourable                   | Unfavourable      | Favourable                               | Unfavourable       |
|  |                       |        | change                       | change            | change                                   | change             |
| Financial assets                                   |                       |        |                              |                   |  |                    |
| Profit-sharing investments in new drug development | Discount Rate         | ±5%    | \$ 3,071                     | (\$ 3,071)        | \$ -                                     | \$ -               |
| Unlisted shares                                    | Market Share          |        |                              |                   |  |                    |
|  | 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> |

### 13. Supplementary Disclosures

#### (1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 2.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

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 GMP facilities to provide clinical trial drug and listed drug production, etc. The Group operates business only in a single industry. The Chief Operating Decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment Information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the loss before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3) 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.

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

The Group's revenue is mainly from biopharmaceutical contract development and manufacturing services, authorisation and cooperative development and sales. Details of revenue are as follows:

|   | Year ended December 31 |                     |
|---|------------------------|---------------------|
|   | 2023                   | 2022                |
| Service revenue                                   | \$ 605,990             | \$ 757,680          |
| Sales revenue                                     | 141,472                | 261,876             |
| Authorisation and cooperative development revenue | 275,191                | 461,461             |
|   | <u>\$ 1,022,653</u>    | <u>\$ 1,481,017</u> |

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

|                   | Year ended December 31 |                     |                     |                     |
|-------------------|------------------------|---------------------|---------------------|---------------------|
|                   | 2023                   |                     | 2022                |                     |
|                   | Revenue                | Non-current assets  | Revenue             | Non-current assets  |
| Taiwan            | \$ 474,123             | \$ 3,799,337        | \$ 746,845          | \$ 3,176,241        |
| Japan             | 186,584                | -                   | 133,023             | -                   |
| American & Canada | 119,293                | -                   | 304,969             | -                   |
| Europe            | 242,186                | 811                 | 283,327             | 1,169               |
| Others            | 467                    | -                   | 12,853              | -                   |
|                   | <u>\$ 1,022,653</u>    | <u>\$ 3,800,148</u> | <u>\$ 1,481,017</u> | <u>\$ 3,177,410</u> |

(7) Major customer information

Major customers which contributed more than 10% of the Group's total operating revenues for the years ended December 31, 2023 and 2022 are listed below:

|   | Year ended December 31 |         |            |         |
|---|------------------------|---------|------------|---------|
|   | 2023                   |         | 2022       |         |
|   | Revenue                | Segment | Revenue    | Segment |
| A | \$ 174,644             | Note    | \$ 123,081 | Note    |
| B | 144,479                | "       | 261,876    | "       |
| C | 125,354                | "       | 514,208    | "       |
| D | 113,042                | "       | 136,272    | "       |
| E | 109,280                | "       | -          | "       |

Note: The Group has only one reportable operating segment.

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

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Securities held by | Marketable securities                                | Relationship with<br>the securities issuer | General ledger account   | As of December 31, 2023 |            |           |            | Footnote |
|--------------------|--|--|--|-------------------------|------------|-----------|------------|----------|
|                    |  |  |  | Number of shares        | Book value | Ownership | Fair value |          |
| EirGenix Inc.      | Oncomatrix Biopharma S.L.<br>common stock            | None                                       | Non-current financial<br>assets at fair value through<br>other comprehensive | 31,801                  | \$ 8,236   | 0.37%     | \$ 8,236   |          |
| "                  | TFBS Bioscience, Inc.<br>common stock                | The Company' s other<br>related party      | "  | 4,942,455               | 317,651    | 14.20%    | 317,651    |          |
| "                  | Forward BioT Venture Capital<br>equity               | "  | Non-current financial assets a<br>fair value through profit or loss          | -                       | 18,888     | 5.69%     | 18,888     |          |
| "                  | 93 Central Government Bonds A<br>VI government bonds | None                                       | Non-current financial assets at<br>amortised cost                            | -                       | 31,930     | -         | 31,930     |          |

EirGenix Inc. and its subsidiaries

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| <div> <div></div> <div>If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:</div> </div> |                  |                       |                    |  |                                      |                                    |   |               |                                    |        |  |   |                   |
|---|------------------|-----------------------|--------------------|--|--------------------------------------|------------------------------------|---|---------------|------------------------------------|--------|--|---|-------------------|
| Real estate acquired by   | Real estate      | Date of the event     | Transaction Amount | Status of payment                        | Counterparty                         | Relationship with the counterparty | Original owner who sold the real estate to the counterparty | Relationships | Date of the original Transfer Date | Amount | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
| EirGenix Inc.   | Factory building | 2021/9/30<br>(Note 4) | \$ 666,130         | Based on the terms in the purchase order | Lee Ming Construction Co., Ltd.      | None                               | NA  | NA            | NA                                 | NA     | Price comparison and price negotiation       | Manufacturing purpose   | None              |
|   |                  |                       |                    |  | China Ecotek Corporation             |                                    |   |               |                                    |        |  |   |                   |
|   |                  |                       |                    |  | Getinge Group Taiwan Co., Ltd.       |                                    |   |               |                                    |        |  |   |                   |
|   |                  |                       |                    |  | Jian-Yi Biotech Co., Ltd.            |                                    |   |               |                                    |        |  |   |                   |
|   |                  |                       |                    |  | Min-Pin,Chen Architects & Associates |                                    |   |               |                                    |        |  |   |                   |

Note 1: The appraisal result should be presented in the ‘Basis or reference used in setting the price’ column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: This is the signing date of the first transaction, which is mainly arising from the construction of the factory. The Company continuously signed contracts with relevant suppliers, of which the contract amount has reached \$300,000.

EirGenix Inc. and its subsidiaries  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Company name  | Counterparty         | Relationship | General ledger account | Transaction |                   | Percentage of<br>consolidated total<br>operating revenues or<br>total assets (Note 3) |
|--------------------|---------------|----------------------|--------------|------------------------|-------------|-------------------|---|
|                    |               |                      |              |                        | Amount      | Transaction terms |   |
| 0                  | EirGenix Inc. | EirGenix Europe GmbH | (1)          | Operating expense      | \$ 72,270   | Note 4            | 7.07%   |
| 0                  | EirGenix Inc. | EirGenix Europe GmbH | (1)          | Other payables         | 12,758      | "                 | 0.11%   |

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 transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.

Note 5: Transactions between the parent company and subsidiaries are eliminated.

Note 6: Individual amounts less than \$1,000 are not disclosed.



EirGenix Inc. and its subsidiaries  
Information on investees  
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor      | Investee             | Location | Main business activities  | Initial investment amount       |                                 | Shares held as at December 31, 2023 |               |            | Net profit (loss) of the investee for the year ended December 31, 2023 | Investment income (loss) recognised by the Company for the year ended December 31, 2023 | Footnote |
|---------------|----------------------|----------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|---|----------|
|               |                      |          |   | Balance as at December 31, 2023 | Balance as at December 31, 2022 | Number of shares                    | Ownership (%) | Book value |  |   |          |
| EirGenix Inc. | EirGenix Europe GmbH | Germany  | Biopharmaceutical research and development as well as business development        | \$ 845                          | \$ 845                          | -                                   | 100.00        | \$ 7,743   | \$ 2,324   | \$ 2,324  | None     |
| EirGenix Inc. | EirGenix USA Inc.    | USA      | Biopharmaceutical commissioned development, manufacturing services and consulting | \$ -                            | \$ -                            | -                                   | 100.00        | \$ -       | \$ -   | \$ -  | None     |

EirGenix Inc. and its subsidiaries

Major shareholders information

December 31, 2023

Table 5

| Name of major shareholders        | Shares                |               |
|-----------------------------------|-----------------------|---------------|
|                                   | Number of shares held | Ownership (%) |
| Foxconn Technology Co., Ltd.      | 27,500,000            | 8.98          |
| Yonglin Capital Holding Co., Ltd. | 26,500,000            | 8.65          |
| Formosa Laboratories, Inc.        | 18,582,818            | 6.06          |

**EIRGENIX INC.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of EirGenix Inc. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

#### **Accuracy of service revenue and authorisation and cooperative development revenue**

##### **Description**

Refer to Note 4(25) for accounting policy on service revenue and authorisation and cooperative development revenue recognition, Note 5(2) for significant accounting estimates and assumptions, and Note 6(20) for details of operating revenue. The amount of service revenue and authorisation and cooperative development revenue for the year ended December 31, 2023 were NTD 605,990 thousand and NTD 141,472 thousand, respectively.

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

#### How our audit addressed the matter

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

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

#### **Impairment assessment of property, plant and equipment**

##### Description

Refer to Note 4(17) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to property, plant and equipment and Note 6(9) for description of property, plant and equipment.

On December 31, 2023, property, plant and equipment amounted to NTD 3,337,069 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have significant impact to property, plant and equipment, we considered impairment assessment of property, plant and equipment a key audit matter.

#### How our audit addressed the matter

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

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

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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Teng, Sheng-Wei

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Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

EIRGENIX INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

| Assets             |   | Notes          | December 31, 2023 |     | December 31, 2022 |     |
|--------------------|---|----------------|-------------------|-----|-------------------|-----|
|                    |   |                | AMOUNT            | %   | AMOUNT            | %   |
| Current assets     |   |                |                   |     |                   |     |
| 1100               | Cash and cash equivalents   | 6(1)           | \$ 5,048,604      | 45  | \$ 6,108,994      | 52  |
| 1136               | Current financial assets at amortised cost                                    | 6(3)           | 500,000           | 5   | 1,000,000         | 9   |
| 1140               | Current contract assets   | 6(20) and 7    | 293,694           | 3   | 234,399           | 2   |
| 1150               | Notes receivable, net   | 6(4)           | 19                | -   | -                 | -   |
| 1170               | Accounts receivable, net  | 6(4)           | 253,390           | 2   | 32,782            | -   |
| 1180               | Accounts receivable, net-related parties                                      | 7              | 2,636             | -   | -                 | -   |
| 1200               | Other receivables   |                | 20,497            | -   | 24,944            | -   |
| 1220               | Current income tax assets   |                | 17,648            | -   | 5,963             | -   |
| 130X               | Inventories   | 6(5)           | 680,637           | 6   | 739,463           | 6   |
| 1410               | Prepayments   | 6(6)           | 92,677            | 1   | 122,502           | 1   |
| 11XX               | Total current assets  |                | 6,909,802         | 62  | 8,269,047         | 70  |
| Non-current assets |   |                |                   |     |                   |     |
| 1510               | Non-current financial assets at fair value through profit or loss             | 6(2) and 7     | 80,298            | 1   | 61,420            | 1   |
| 1517               | Non-current financial assets at fair value through other comprehensive income | 6(7)           | 325,887           | 3   | 279,325           | 2   |
| 1535               | Non-current financial assets at amortised cost                                | 6(3) and 8     | 40,720            | -   | 41,123            | -   |
| 1550               | Investments accounted for using equity method                                 | 6(8)           | 7,743             | -   | 5,200             | -   |
| 1600               | Property, plant and equipment, net  | 6(9), 7 and 8  | 3,337,069         | 30  | 2,607,958         | 22  |
| 1755               | Right-of-use assets   | 6(10)          | 329,236           | 3   | 325,330           | 3   |
| 1780               | Intangible assets   | 6(11)          | 28,269            | -   | 28,067            | -   |
| 1990               | Other non-current assets  | 6(9)(12) and 8 | 104,764           | 1   | 214,887           | 2   |
| 15XX               | Total non-current assets  |                | 4,253,986         | 38  | 3,563,310         | 30  |
| 1XXX               | Total assets  |                | \$ 11,163,788     | 100 | \$ 11,832,357     | 100 |

(Continued)

EIRGENIX INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity  |  |             | December 31, 2023 |      | December 31, 2022 |      |
|-------------------------|--|-------------|-------------------|------|-------------------|------|
|                         |  |             | AMOUNT            | %    | AMOUNT            | %    |
| Current liabilities     |  |             |                   |      |                   |      |
| 2130                    | Current contract liabilities   | 6(20) and 7 | \$ 56,766         | -    | \$ 150,475        | 2    |
| 2170                    | Accounts payable   |             | 79,556            | 1    | 134,607           | 1    |
| 2200                    | Other payables   | 6(13)       | 519,762           | 5    | 384,682           | 3    |
| 2220                    | Other payables - related parties   | 7           | 20,751            | -    | 16,397            | -    |
| 2280                    | Current lease liabilities  |             | 28,622            | -    | 26,826            | -    |
| 2399                    | Other current liabilities  |             | 2,937             | -    | 3,106             | -    |
| 21XX                    | Total current liabilities  |             | 708,394           | 6    | 716,093           | 6    |
| Non-current liabilities |  |             |                   |      |                   |      |
| 2540                    | Long-term borrowings   | 6(14) and 8 | 120,460           | 1    | 120,460           | 1    |
| 2570                    | Deferred tax liabilities   | 6(26)       | 1,380             | -    | 874               | -    |
| 2580                    | Non-current lease liabilities  |             | 316,085           | 3    | 311,758           | 3    |
| 2600                    | Other non-current liabilities  |             | 6                 | -    | 294               | -    |
| 25XX                    | Total non-current liabilities  |             | 437,931           | 4    | 433,386           | 4    |
| 2XXX                    | Total liabilities  |             | 1,146,325         | 10   | 1,149,479         | 10   |
| Equity                  |  |             |                   |      |                   |      |
|                         | Capital  | 6(17)       |                   |      |                   |      |
| 3110                    | Common stock   |             | 3,060,516         | 28   | 3,043,358         | 26   |
|                         | Capital reserve  | 6(18)       |                   |      |                   |      |
| 3200                    | Capital surplus  |             | 7,830,216         | 70   | 7,734,141         | 65   |
|                         | Accumulated deficit  | 6(19)       |                   |      |                   |      |
| 3350                    | Accumulated deficit  |             | ( 915,208) (      | 8) ( | 115,540) (        | 1) ( |
|                         | Other equity interest  |             |                   |      |                   |      |
| 3400                    | Other equity interest  |             | 41,939            | -    | 20,919            | -    |
| 3XXX                    | Total equity   |             | 10,017,463        | 90   | 10,682,878        | 90   |
|                         | Significant contingent liabilities and unrecognised contract commitments | 9           |                   |      |                   |      |
|                         | Significant events after the balance sheet date                          | 11          |                   |      |                   |      |
| 3X2X                    | Total liabilities and equity   |             | \$ 11,163,788     | 100  | \$ 11,832,357     | 100  |

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for loss per share)

|   |                    |   | Year ended December 31 |               |                      |              |
|---|--------------------|---|------------------------|---------------|----------------------|--------------|
|   |                    |   | 2023                   |               | 2022                 |              |
| Items   | Notes              |   | AMOUNT                 | %             | AMOUNT               | %            |
| 4000 Operating Revenue  | 6(20) and 7        |   | \$ 1,022,653           | 100           | \$ 1,481,017         | 100          |
| 5000 Operating Costs  | 6(5)(11)(25) and 7 | ( | 785,912)               | ( 77)         | ( 724,565)           | ( 49)        |
| 5900 Gross Profit   |                    |   | <u>236,741</u>         | <u>23</u>     | <u>756,452</u>       | <u>51</u>    |
| Operating Expenses  | 6(11)(25) and 7    |   |                        |               |                      |              |
| 6100 Sales and marketing expenses   |                    | ( | 62,593)                | ( 6)          | ( 51,130)            | ( 4)         |
| 6200 General and administrative expenses  |                    | ( | 254,196)               | ( 25)         | ( 236,675)           | ( 16)        |
| 6300 Research and development expenses  |                    | ( | 955,346)               | ( 94)         | ( 802,439)           | ( 54)        |
| 6450 Reversal of credit impairment loss(expected credit impairment loss)  | 12(2)              |   | <u>-</u>               | <u>-</u>      | <u>392</u>           | <u>-</u>     |
| 6000 Total operating expenses   |                    | ( | <u>1,272,135</u> )     | <u>( 125)</u> | <u>( 1,089,852)</u>  | <u>( 74)</u> |
| 6900 Operating Loss   |                    | ( | <u>1,035,394</u> )     | <u>( 102)</u> | <u>( 333,400)</u>    | <u>( 23)</u> |
| Non-operating Income and Expenses   |                    |   |                        |               |                      |              |
| 7100 Interest income  | 6(3)(21)           |   | 134,471                | 13            | 59,584               | 4            |
| 7010 Other income   | 6(22)              |   | 5,439                  | 1             | 37,644               | 3            |
| 7020 Other gains and losses   | 6(2)(23)           | ( | 11,180)                | ( 1)          | 128,915              | 9            |
| 7050 Finance costs  | 6(10)(24) and 7    | ( | 10,403)                | ( 1)          | ( 9,635)             | ( 1)         |
| 7070 Share of profit of subsidiaries , associates and joint ventures accounted for using equity method                          | 6(8)               |   | <u>2,324</u>           | <u>-</u>      | <u>1,690</u>         | <u>-</u>     |
| 7000 Total non-operating income and expenses  |                    |   | <u>120,651</u>         | <u>12</u>     | <u>218,198</u>       | <u>15</u>    |
| 7900 <b>Loss before Income Tax</b>  |                    | ( | <u>914,743</u> )       | <u>( 90)</u>  | <u>( 115,202)</u>    | <u>( 8)</u>  |
| 7950 Income tax   | 6(26)              | ( | <u>465</u> )           | <u>-</u>      | <u>( 338)</u>        | <u>-</u>     |
| 8200 <b>Net Loss</b>  |                    | ( | <u>\$ 915,208)</u>     | <u>( 90)</u>  | <u>( \$ 115,540)</u> | <u>( 8)</u>  |
| <b>Other Comprehensive Income</b>   |                    |   |                        |               |                      |              |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                                 |                    |   |                        |               |                      |              |
| 8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(7)               |   | <u>\$ 45,939</u>       | <u>5</u>      | <u>\$ 59,091</u>     | <u>4</u>     |
| 8310 Other comprehensive income(loss) that will not be reclassified to profit or loss   |                    |   | <u>45,939</u>          | <u>5</u>      | <u>59,091</u>        | <u>4</u>     |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                                     |                    |   |                        |               |                      |              |
| 8361 Exchange differences on translation of foreign financial statements  |                    |   | 220                    | -             | 220                  | -            |
| 8399 Income tax relating to components of other comprehensive income(loss) that will be reclassified to profit or loss          | 6(26)              | ( | <u>41)</u>             | <u>-</u>      | <u>-</u>             | <u>-</u>     |
| 8360 Other comprehensive income that will be reclassified to profit or loss   |                    |   | <u>179</u>             | <u>-</u>      | <u>220</u>           | <u>-</u>     |
| 8300 <b>Other Comprehensive Income</b>  |                    |   | <u>\$ 46,118</u>       | <u>5</u>      | <u>\$ 59,311</u>     | <u>4</u>     |
| 8500 <b>Total Comprehensive Loss</b>  |                    | ( | <u>\$ 869,090)</u>     | <u>( 85)</u>  | <u>( \$ 56,229)</u>  | <u>( 4)</u>  |
| Loss per share  | 6(27)              |   |                        |               |                      |              |
| 9750 Loss per share   |                    | ( | <u>\$ 3.00)</u>        | <u>(</u>      | <u>\$ 0.38)</u>      | <u>(</u>     |

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|                              |              | Capital Reserves           |                         |                        |                                |                               |                         |                     | Other equity interest   |   |                       |               |
|------------------------------|--------------|----------------------------|-------------------------|------------------------|--------------------------------|-------------------------------|-------------------------|---------------------|---|---|-----------------------|---------------|
|                              |              |                            |                         |                        |                                |                               |                         |                     | 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  |
| Notes                        | Common stock | Additional paid-in capital | Donated assets received | Employee stock options | Capital surplus, stock options | Restricted stock to employees | Capital surplus, others | Accumulated deficit |   |   |                       |               |
| Year ended December 31, 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 |
|                              | -            | -                          | -                       | -                      | -                              | -                             | -                       | ( 115,540)          | -   | -   | -                     | ( 115,540)    |
| 6(7)                         | -            | -                          | -                       | -                      | -                              | -                             | -                       | -                   | 220   | 59,091  | -                     | 59,311        |
|                              | -            | -                          | -                       | -                      | -                              | -                             | -                       | ( 115,540)          | 220   | 59,091  | -                     | ( 56,229)     |
| 6(19)                        | -            | ( 2,971,464)               | ( 2,036)                | -                      | -                              | -                             | -                       | 2,973,500           | -   | -   | -                     | -             |
| 6(16)                        | -            | -                          | -                       | 61,651                 | -                              | -                             | 871                     | -                   | -   | -   | 92,790                | 155,312       |
| 6(16)(17)                    | 10,523       | 26,467                     | -                       | ( 8,320)               | -                              | -                             | -                       | -                   | -   | -   | -                     | 28,670        |
| 6(16)(17)                    | 6,318        | -                          | -                       | -                      | -                              | 47,318                        | -                       | -                   | -   | -   | ( 53,636)             | -             |
| 6(16)(17)                    | ( 2,260)     | -                          | -                       | -                      | -                              | 2,260                         | -                       | -                   | -   | -   | -                     | -             |
|                              | -            | 59,358                     | -                       | -                      | -                              | ( 59,358)                     | -                       | -                   | -   | -   | -                     | -             |
| 6(17)                        | 24,932       | 104,904                    | -                       | -                      | ( 3,462)                       | -                             | -                       | -                   | -   | -   | -                     | 126,374       |
|                              | -            | -                          | -                       | -                      | ( 5)                           | -                             | 5                       | -                   | -   | -   | -                     | -             |
|                              | \$ 3,043,358 | \$ 7,532,828               | \$ -                    | \$ 95,289              | \$ -                           | \$ 105,148                    | \$ 876                  | (\$ 115,540)        | (\$ 17)   | \$ 64,922   | (\$ 43,986)           | \$ 10,682,878 |
| Year ended December 31, 2023 |              |                            |                         |                        |                                |                               |                         |                     |   |   |                       |               |
|                              | \$ 3,043,358 | \$ 7,532,828               | \$ -                    | \$ 95,289              | \$ -                           | \$ 105,148                    | \$ 876                  | (\$ 115,540)        | (\$ 17)   | \$ 64,922   | (\$ 43,986)           | \$ 10,682,878 |
|                              | -            | -                          | -                       | -                      | -                              | -                             | -                       | ( 915,208)          | -   | -   | -                     | ( 915,208)    |
| 6(7)                         | -            | -                          | -                       | -                      | -                              | -                             | -                       | -                   | 179   | 45,939  | -                     | 46,118        |
|                              | -            | -                          | -                       | -                      | -                              | -                             | -                       | ( 915,208)          | 179   | 45,939  | -                     | ( 869,090)    |
| 6(19)                        | -            | ( 114,664)                 | -                       | -                      | -                              | -                             | ( 876)                  | 115,540             | -   | -   | -                     | -             |
| 6(16)                        | -            | -                          | -                       | 84,285                 | -                              | -                             | -                       | -                   | -   | -   | 96,615                | 180,900       |
| 6(16)(17)                    | 7,270        | 25,769                     | -                       | ( 10,264)              | -                              | -                             | -                       | -                   | -   | -   | -                     | 22,775        |
| 6(16)                        | -            | -                          | -                       | ( 1,810)               | -                              | -                             | 1,810                   | -                   | -   | -   | -                     | -             |
| 6(16)(17)                    | 11,818       | -                          | -                       | -                      | -                              | 109,895                       | -                       | -                   | -   | -   | ( 121,713)            | -             |
| 6(16)(17)                    | ( 1,930)     | -                          | -                       | -                      | -                              | 1,930                         | -                       | -                   | -   | -   | -                     | -             |
|                              | -            | 71,119                     | -                       | -                      | -                              | ( 71,119)                     | -                       | -                   | -   | -   | -                     | -             |
|                              | \$ 3,060,516 | \$ 7,515,052               | \$ -                    | \$ 167,500             | \$ -                           | \$ 145,854                    | \$ 1,810                | (\$ 915,208)        | \$ 162  | \$ 110,861  | (\$ 69,084)           | \$ 10,017,463 |

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|   |              | Year ended December 31 |                |
|---|--------------|------------------------|----------------|
|   | Notes        | 2023                   | 2022           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |                        |                |
| Loss before tax   |              | ( \$ 914,743 )         | ( \$ 115,202 ) |
| Adjustments   |              |                        |                |
| Adjustments to reconcile profit (loss)  |              |                        |                |
| Depreciation  | 6(9)(10)(25) | 227,208                | 187,987        |
| Amortization  | 6(11)(25)    | 11,296                 | 16,184         |
| Net loss (gain) on financial assets or liabilities at fair value                                  | 6(2)(23)     | 1,122 (                | 2,863 )        |
| Interest expense  | 6(24)        | 10,403                 | 9,635          |
| Interest income   | 6(21)        | ( 134,471 )            | ( 59,584 )     |
| Dividend income   | 6(22)        | ( 475 )                | -              |
| Compensation costs of share-based payments  | 6(16)(25)    | 180,900                | 155,312        |
| Share of profit of subsidiaries 、 associates and joint ventures accounted for using equity method | 6(8)         | ( 2,324 )              | ( 1,690 )      |
| Loss on lease modification  | 6(10)(23)    | 413                    | 709            |
| Reversal of credit impairment loss (expected credit impairment loss)                              | 12(2)        | - (                    | 392 )          |
| Loss on redemption of convertible bonds   | 6(23)        | -                      | 3              |
| Changes in operating assets and liabilities   |              |                        |                |
| Changes in operating assets   |              |                        |                |
| Contract assets   |              | ( 59,295 )             | ( 63,802 )     |
| Notes receivable, net   |              | ( 19 )                 | 1,139          |
| Accounts receivable, net  |              | ( 220,608 )            | 46,084         |
| Accounts receivable, net-related parties  |              | ( 2,636 )              | 546            |
| Other receivables   |              | 6,736 (                | 13,793 )       |
| Inventories   |              | 58,826 (               | 324,025 )      |
| Prepayments   |              | 29,825 (               | 16,719 )       |
| Other current assets  |              | -                      | 1,555          |
| Changes in operating liabilities  |              |                        |                |
| Contract liabilities  |              | ( 93,709 )             | ( 93,551 )     |
| Accounts payable  |              | ( 55,051 )             | 48,151         |
| Other payables  |              | 7,338                  | 19,212         |
| Other payables - related parties  |              | 4,354                  | 5,601          |
| Other current liabilities   |              | ( 169 )                | ( 1,816 )      |
| Cash outflow generated from operations  |              | ( 945,079 )            | ( 201,319 )    |
| Interest received   |              | 132,183                | 55,232         |
| Interest paid   |              | ( 10,393 )             | ( 9,314 )      |
| Dividends received  |              | 475                    | -              |
| Income tax received   |              | 1,128                  | -              |
| Income tax paid   |              | ( 12,813 )             | ( 4,835 )      |
| Net cash flows used in operating activities   |              | ( 834,499 )            | ( 160,236 )    |

(Continued)

EIRGENIX INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

|   |            | Year ended December 31 |               |
|---|------------|------------------------|---------------|
|   | Notes      | 2023                   | 2022          |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>   |            |                        |               |
| Acquisition of financial assets at fair value through profit or loss                        | 6(2) and 7 | \$ -                   | (\$ 58,390 )  |
| Acquisition of financial assets at fair value through other comprehensive income            | 6(7)       | ( 623 )                | ( 208,627 )   |
| Acquisition of financial assets at amortised cost   |            | ( 3,700,000 )          | ( 1,032,516 ) |
| Proceeds from disposal of financial assets at amortised cost                                |            | 4,200,403              | 1,636,640     |
| Acquisition of property, plant and equipment  | 6(28)      | ( 575,239 )            | ( 345,548 )   |
| Acquisition of intangible assets  | 6(28)      | ( 15,142 )             | ( 8,652 )     |
| Decrease in other financial assets  |            | -                      | 27,334        |
| Decrease (increase) in refundable deposits (shown as other non-current assets)              |            | 56,253                 | ( 778 )       |
| Increase in prepayments for investments (shown as other non-current assets)                 |            | ( 46,270 )             | ( 20,000 )    |
| Increase in prepayments for business facilities (shown as other non-current assets)         | 6(9)       | ( 138,453 )            | ( 433,952 )   |
| Increase in other non-current assets  |            | -                      | ( 31,274 )    |
| Net cash flows used in investing activities   |            | ( 219,071 )            | ( 475,763 )   |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>   |            |                        |               |
| Repayments of bonds   | 6(29)      | -                      | ( 200 )       |
| Proceeds from long-term borrowings  | 6(29)      | -                      | 120,460       |
| Decrease (increase) in guarantee deposits received (shown as other non-current liabilities) | 6(29)      | ( 288 )                | 294           |
| Repayments of lease principal   | 6(29)      | ( 29,307 )             | ( 23,657 )    |
| Employee stock options exercised  |            | 22,775                 | 28,669        |
| Net cash flows (used in) from financing activities  |            | ( 6,820 )              | 125,566       |
| Net decrease in cash and cash equivalents   |            | ( 1,060,390 )          | ( 510,433 )   |
| Cash and cash equivalents at beginning of year  |            | 6,108,994              | 6,619,427     |
| Cash and cash equivalents at end of year  |            | \$ 5,048,604           | \$ 6,108,994  |

The accompanying notes are an integral part of these parent company only financial statements.



EIRGENIX INC.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 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 is primarily engaged in the research and development of biosimilars and new drugs, as well as biopharmaceutical contract development and manufacturing services, which included cell line construction platforms, process development platforms, analytical science and protein identification. Furthermore, the Company has two PIC/S GMP facilities certified by the Taiwan Food and Drug Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug and commercial drug production.

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

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

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<sup>®</sup>”) Accounting Standards 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:

| New Standards, Interpretations and Amendments  | Effective date by<br>International<br>Accounting<br>Standards Board |
|--|---|
| Amendments to IAS 1, 'Disclosure of accounting policies'   | January 1, 2023   |
| Amendments to IAS 8, 'Definition of accounting estimates'  | January 1, 2023   |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities 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 Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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<br>International Accounting<br>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 non-current' | 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 Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>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<br>International Accounting<br>Standards Board |
| IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023  |
| Amendments to IAS 21, 'Lack of exchangeability'   | January 1, 2025  |

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

#### 4. Summary of Material Accounting Policies

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

##### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

### (3) Foreign currency translation

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

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Inventories

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

(13) Investments accounted for using equity method - subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or

exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

- D. In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the parent company only financial statements. In addition, owner’s equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

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

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



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

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

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

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

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

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

(16) Intangible assets

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

A. Computer software

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

## B. Professional expertise

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

### (17) Impairment of non-financial assets

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

### (18) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### (19) Accounts payable

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

### (20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

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

(22) Employee share-based payment

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

B. Restricted stocks:

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

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

(23) Income tax

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

(24) Share capital

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

(25) Revenue recognition

A. Service revenue

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

B. Sales revenue

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

C. Authorisation and cooperative development revenue

- (a) The Company's authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Company will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and

development outcome at any time. Based on the Company's assessment, the Company uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Company are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time. Pharmaceutical factories pay a non-refundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Company uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer of control of services to customers and the Company's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

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

(26) Government grants

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### (1) Critical judgements in applying the Company's accounting policies

None.

### (2) Critical accounting estimates and assumptions

#### A. Impairment on property, plant and equipment

- (a) The Company assesses impairment based on its internal and external information and industry characteristics and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

- (b) As of December 31, 2023, the carrying amount of property, plant and equipment was \$3,337,069.

#### B. Recognition of service revenue and authorisation and cooperative development revenue

- (a) Service revenue and authorisation and cooperative development revenue are recognised based on the stage of completion. The Company sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.
- (b) For the year ended December 31, 2023, the service revenue and authorisation and cooperative development revenue amounted to \$605,990 and \$141,472, respectively.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

|                             | December 31, 2023   | December 31, 2022   |
|-----------------------------|---------------------|---------------------|
| Cash on hand and petty cash | \$ 61               | \$ 61               |
| Demand deposits             | 443,581             | 738,882             |
| Time deposits               | 4,604,962           | 5,370,051           |
|                             | <u>\$ 5,048,604</u> | <u>\$ 6,108,994</u> |

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

| Items  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Non-current items:   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |
| Profit-sharing investment in new drug development                          | \$ 58,390         | \$ 58,390         |
| Limited partnership venture capital  | 20,000            | -                 |
|  | 78,390            | 58,390            |
| Valuation adjustment   | 1,908             | 3,030             |
|  | <u>\$ 80,298</u>  | <u>\$ 61,420</u>  |

- A. The Company recognised net (losses) gains amounting to (\$1,122) and \$2,863 on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.
- B. On April 18, 2022, the Company entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the “Product”) with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Company at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize this product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the aforementioned agreement, the Company paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2023, the Company had paid US\$2,000 thousand.



(3) Financial assets at amortised cost

| Items                 | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Current items:        |                   |                   |
| Time deposits (Note)  | \$ 500,000        | \$ 1,000,000      |
| Non-current items:    |                   |                   |
| Government bonds      | \$ 31,930         | \$ 32,452         |
| Pledged time deposits | 8,790             | 8,671             |
|                       | \$ 40,720         | \$ 41,123         |

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

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

|                 | Year ended December 31 |          |
|-----------------|------------------------|----------|
|                 | 2023                   | 2022     |
| Interest income | \$ 28,235              | \$ 1,722 |

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(4) Notes and accounts receivable

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Notes receivable                           | \$ 19             | \$ -              |
| Accounts receivable                        | \$ 253,687        | \$ 33,079         |
| Less: Allowance for uncollectible accounts | ( 297)            | ( 297)            |
|  | \$ 253,390        | \$ 32,782         |

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

|                         | December 31, 2023 |                     | December 31, 2022 |                     |
|-------------------------|-------------------|---------------------|-------------------|---------------------|
|                         | Notes receivable  | Accounts receivable | Notes receivable  | Accounts receivable |
| Not past due            | \$ 19             | \$ 176,990          | \$ -              | \$ 32,782           |
| Up to 30 days past due  | -                 | 76,400              | -                 | -                   |
| 31 to 90 days past due  | -                 | -                   | -                 | -                   |
| 91 to 180 days past due | -                 | -                   | -                 | -                   |
| Over 181 days past due  | -                 | 297                 | -                 | 297                 |
|                         | <u>\$ 19</u>      | <u>\$ 253,687</u>   | <u>\$ -</u>       | <u>\$ 33,079</u>    |

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, notes receivable and 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 December 31, 2023 and 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 notes and accounts receivable (including related parties) held by the Company was \$256,045 and \$32,782, respectively.
- D. The Company did not hold any collateral.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

|                       | December 31, 2023 |                                 |                   |
|-----------------------|-------------------|---------------------------------|-------------------|
|                       | Cost              | Allowance for<br>valuation loss | Book value        |
| Raw materials         | \$ 426,217        | (\$ 51,483)                     | \$ 374,734        |
| Work in progress      | 127,143           | -                               | 127,143           |
| Finished goods        | 178,690           | ( 165)                          | 178,525           |
| Merchandise inventory | 235               | -                               | 235               |
|                       | <u>\$ 732,285</u> | <u>(\$ 51,648)</u>              | <u>\$ 680,637</u> |
|                       | December 31, 2022 |                                 |                   |
|                       | Cost              | Allowance for<br>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> |

The cost of inventories recognised as expense for the year:

|                                   | Year ended December 31 |                   |
|-----------------------------------|------------------------|-------------------|
|                                   | 2023                   | 2022              |
| Cost of goods used                | \$ 327,739             | \$ 199,628        |
| Cost of goods sold                | 149,041                | 138,672           |
| Loss on decline in market value   | 33,321                 | 1,012             |
| Loss on disposal inventory        | 1,014                  | -                 |
| (Gain) loss on physical inventory | ( 4)                   | 34                |
|                                   | <u>\$ 511,111</u>      | <u>\$ 339,346</u> |

(6) Prepayments

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Office supplies                                | \$ -              | \$ 9,009          |
| Prepayments for contracted<br>research expense | 17,151            | 11,310            |
| Excess business tax paid<br>(or Net Input VAT) | 24,504            | 6,106             |
| Prepayments to suppliers                       | 26,187            | 50,100            |
| Other prepaid expenses                         | 24,835            | 45,977            |
|  | <u>\$ 92,677</u>  | <u>\$ 122,502</u> |

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

| Items                        | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Non-current items:           |                   |                   |
| Equity instruments           |                   |                   |
| Emerging and unlisted stocks | \$ 215,026        | \$ 214,403        |
| Valuation adjustment         | 110,861           | 64,922            |
|                              | <u>\$ 325,887</u> | <u>\$ 279,325</u> |

- A. The Company has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$325,887 and \$279,325 as at December 31, 2023 and 2022, respectively.
- B. The Company acquired equity instruments amounting to \$623 and \$208,627 for the years ended December 31, 2023 and 2022, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

|  | Year ended December 31 |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| <u>Equity instruments at fair value through other comprehensive income</u> |                        |                  |
| Fair value change recognised in other comprehensive income                 | <u>\$ 45,939</u>       | <u>\$ 59,091</u> |
| Dividend income recognised in profit or loss Held at end of period         | <u>\$ 475</u>          | <u>\$ -</u>      |

(8) Investments accounted for using equity method

|                      | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
| Subsidiary:          |                   |                   |
| EirGenix Europe GmbH | <u>\$ 7,743</u>   | <u>\$ 5,200</u>   |

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.
- B. EirGenix USA Inc. is a subsidiary that was established in November 2023. As of December 31, 2023, no capital has been remitted.

C. Share of profit of subsidiaries, associates and joint ventures accounted for using equity method is as follows:

|                      | Year ended December 31 |                 |
|----------------------|------------------------|-----------------|
|                      | 2023                   | 2022            |
| Subsidiary:          |                        |                 |
| EirGenix Europe GmbH | \$ <u>2,324</u>        | \$ <u>1,690</u> |

(9) Property, plant and equipment

| 2023   |                            |                     |                             |                           |                    |   |                     |   |
|--|----------------------------|---------------------|-----------------------------|---------------------------|--------------------|---|---------------------|---|
|  | Machinery and<br>equipment | Office<br>equipment | Buildings and<br>structures | Leasehold<br>improvements | Other<br>equipment | Unfinished<br>construction and<br>equipment under<br>acceptance | Total               | Prepayments for<br>business facilities<br>(shown as other<br>non-current<br>assets) |
| At January 1                                 |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 978,923                 | \$ 74,309           | \$ 1,434,479                | \$ 45,596                 | \$ 32,925          | \$ 642,864  | \$ 3,209,096        | \$ 98,273   |
| Accumulated depreciation                     | ( 317,142)                 | ( 30,004)           | ( 229,062)                  | ( 12,142)                 | ( 12,788)          | -   | ( 601,138)          | -   |
|  | <u>\$ 661,781</u>          | <u>\$ 44,305</u>    | <u>\$ 1,205,417</u>         | <u>\$ 33,454</u>          | <u>\$ 20,137</u>   | <u>\$ 642,864</u>   | <u>\$ 2,607,958</u> | <u>\$ 98,273</u>  |
| Opening net book amount<br>as at January 1   | \$ 661,781                 | \$ 44,305           | \$ 1,205,417                | \$ 33,454                 | \$ 20,137          | \$ 642,864  | \$ 2,607,958        | \$ 98,273   |
| Additions                                    | 116,776                    | 6,416               | 15,263                      | 1,665                     | 5,768              | 557,083   | 702,971             | 138,453   |
| Reclassifications                            | 147,987                    | -                   | 528,357                     | -                         | -                  | ( 676,344)  | -                   | -   |
| Transfers from other non-<br>current assets  | 62,723                     | 32                  | -                           | 59                        | 1,294              | 158,129   | 222,237             | ( 222,237)  |
| Depreciation expense                         | ( 98,594)                  | ( 9,063)            | ( 78,412)                   | ( 4,809)                  | ( 5,219)           | -   | ( 196,097)          | -   |
| Closing net book amount<br>as at December 31 | <u>\$ 890,673</u>          | <u>\$ 41,690</u>    | <u>\$ 1,670,625</u>         | <u>\$ 30,369</u>          | <u>\$ 21,980</u>   | <u>\$ 681,732</u>   | <u>\$ 3,337,069</u> | <u>\$ 14,489</u>  |
| At December 31                               |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 1,301,038               | \$ 78,972           | \$ 1,978,099                | \$ 47,320                 | \$ 37,142          | \$ 681,732  | \$ 4,124,303        | \$ 14,489   |
| Accumulated depreciation                     | ( 410,365)                 | ( 37,282)           | ( 307,474)                  | ( 16,951)                 | ( 15,162)          | -   | ( 787,234)          | -   |
|  | <u>\$ 890,673</u>          | <u>\$ 41,690</u>    | <u>\$ 1,670,625</u>         | <u>\$ 30,369</u>          | <u>\$ 21,980</u>   | <u>\$ 681,732</u>   | <u>\$ 3,337,069</u> | <u>\$ 14,489</u>  |

|  | Machinery and<br>equipment | Office<br>equipment | Buildings and<br>structures | Leasehold<br>improvements | Other<br>equipment | Unfinished<br>construction and<br>equipment under<br>acceptance | Total               | Prepayments for<br>business facilities<br>(shown as other<br>non-current<br>assets) |
|--|----------------------------|---------------------|-----------------------------|---------------------------|--------------------|---|---------------------|---|
| At January 1                                 |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 813,793                 | \$ 67,037           | \$ 1,295,911                | \$ 24,495                 | \$ 26,524          | \$ 103,265  | \$ 2,331,025        | \$ 65,456   |
| Accumulated depreciation                     | ( 239,109)                 | ( 23,995)           | ( 164,219)                  | ( 8,974)                  | ( 8,870)           | -   | ( 445,167)          | -   |
|  | <u>\$ 574,684</u>          | <u>\$ 43,042</u>    | <u>\$ 1,131,692</u>         | <u>\$ 15,521</u>          | <u>\$ 17,654</u>   | <u>\$ 103,265</u>   | <u>\$ 1,885,858</u> | <u>\$ 65,456</u>  |
| Opening net book amount<br>as at January 1   | \$ 574,684                 | \$ 43,042           | \$ 1,131,692                | \$ 15,521                 | \$ 17,654          | \$ 103,265  | \$ 1,885,858        | \$ 65,456   |
| Additions                                    | 92,578                     | 8,619               | 76,679                      | 21,101                    | 6,516              | 278,775   | 484,268             | 433,952   |
| Reclassifications                            | 7,701                      | -                   | 61,890                      | -                         | -                  | ( 69,591)   | -                   | -   |
| Transfers from other non-<br>current assets  | 69,453                     | 862                 | -                           | -                         | 405                | 330,415   | 401,135             | ( 401,135)  |
| Depreciation expense                         | ( 80,909)                  | ( 8,218)            | ( 64,844)                   | ( 3,168)                  | ( 4,438)           | -   | ( 161,577)          | -   |
| Reclassified to inventories                  | ( 1,726)                   | -                   | -                           | -                         | -                  | -   | ( 1,726)            | -   |
| Closing net book amount<br>as at December 31 | <u>\$ 661,781</u>          | <u>\$ 44,305</u>    | <u>\$ 1,205,417</u>         | <u>\$ 33,454</u>          | <u>\$ 20,137</u>   | <u>\$ 642,864</u>   | <u>\$ 2,607,958</u> | <u>\$ 98,273</u>  |
| At December 31                               |                            |                     |                             |                           |                    |   |                     |   |
| Cost   | \$ 978,923                 | \$ 74,309           | \$ 1,434,479                | \$ 45,596                 | \$ 32,925          | \$ 642,864  | \$ 3,209,096        | \$ 98,273   |
| Accumulated depreciation                     | ( 317,142)                 | ( 30,004)           | ( 229,062)                  | ( 12,142)                 | ( 12,788)          | -   | ( 601,138)          | -   |
|  | <u>\$ 661,781</u>          | <u>\$ 44,305</u>    | <u>\$ 1,205,417</u>         | <u>\$ 33,454</u>          | <u>\$ 20,137</u>   | <u>\$ 642,864</u>   | <u>\$ 2,607,958</u> | <u>\$ 98,273</u>  |

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

(10) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
|   | Carrying amount   | Carrying amount   |
| Land  | \$ 187,939        | \$ 202,394        |
| Buildings                                       | 73,893            | 84,031            |
| Machinery and equipment                         | 65,921            | 35,305            |
| Transportation equipment<br>(Business vehicles) | 967               | 2,584             |
| Office equipment<br>(Multifunction printers)    | 516               | 1,016             |
|   | <u>\$ 329,236</u> | <u>\$ 325,330</u> |

|   | Year ended December 31 |                      |
|---|------------------------|----------------------|
|   | 2023                   | 2022                 |
|   | Depreciation expense   | Depreciation expense |
| Land  | \$ 14,648              | \$ 14,543            |
| Buildings                                       | 10,292                 | 7,521                |
| Machinery and equipment                         | 4,055                  | 2,310                |
| Transportation equipment<br>(Business vehicles) | 1,616                  | 1,640                |
| Office equipment<br>(Multifunction printers)    | 500                    | 396                  |
|   | <u>\$ 31,111</u>       | <u>\$ 26,410</u>     |

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$35,017 and \$54,767, respectively.



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

|                                       | Year ended December 31 |          |
|---------------------------------------|------------------------|----------|
|                                       | 2023                   | 2022     |
| <u>Items affecting profit or loss</u> |                        |          |
| Interest expense on lease liabilities | \$ 8,096               | \$ 8,204 |
| Expense on short-term lease contracts | 22,508                 | 11,889   |
| Expense on leases of low-value assets | 307                    | 376      |
| Loss on lease modification            | 413                    | 709      |

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$60,218 and \$44,126, respectively.

(11) 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                                 | 3,339            | 8,159                  | 11,498           |
| Amortisation expense                      | ( 7,129)         | ( 4,167)               | ( 11,296)        |
| Closing net book amount as at December 31 | <u>\$ 20,383</u> | <u>\$ 7,886</u>        | <u>\$ 28,269</u> |
| At December 31                            |                  |                        |                  |
| Cost                                      | \$ 49,190        | \$ 116,112             | \$ 165,302       |
| Accumulated amortisation                  | ( 28,807)        | ( 108,226)             | ( 137,033)       |
|   | <u>\$ 20,383</u> | <u>\$ 7,886</u>        | <u>\$ 28,269</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                                 | 8,652            | -                      | 8,652            |
| Transfers(Note)                           | 16,046           | -                      | 16,046           |
| Amortisation expense                      | ( 5,240)         | ( 10,944)              | ( 16,184)        |
| Closing net book amount as at December 31 | <u>\$ 24,173</u> | <u>\$ 3,894</u>        | <u>\$ 28,067</u> |
| At December 31                            |                  |                        |                  |
| 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> |

Note: Transfers pertain to the assets transferred from prepaid intangible assets (shown as 'other non-current assets').

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

|                                     | Year ended December 31 |                  |
|-------------------------------------|------------------------|------------------|
|                                     | 2023                   | 2022             |
| Operating costs                     | \$ 5,840               | \$ 10,456        |
| General and administrative expenses | 1,193                  | 1,005            |
| Research and development expenses   | 4,156                  | 4,705            |
| Sales and marketing expenses        | 107                    | 18               |
|                                     | <u>\$ 11,296</u>       | <u>\$ 16,184</u> |

B. The basic information of the professional expertise that is material to the Company is as follows:

- (a) In April 2013, the Company acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to \$92,483 from the Development Center for Biotechnology - cGMP biopharmaceutical pilot plant facility.

- (b) In July 2013, the Company acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to \$7,143.
- (c) In July 2013, the Company acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to \$7,485.
- (d) In September 2023, the Company 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.

(12) Other non-current assets

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Non-current prepayments for investments | \$ 46,270         | \$ 20,000         |
| Long-term prepayments to suppliers      | 30,000            | 30,000            |
| Prepayments for business facilities     | 14,489            | 98,273            |
| Guarantee deposits paid                 | 8,795             | 65,048            |
| Other assets                            | 5,210             | 1,566             |
|   | <u>\$ 104,764</u> | <u>\$ 214,887</u> |

(13) Other payables

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payable on construction and equipment      | \$ 285,960        | \$ 158,228        |
| Salary and bonus payable                   | 88,898            | 87,593            |
| Service expense payable                    | 44,968            | 51,108            |
| Payable on consumables                     | 18,604            | 25,012            |
| Payable on repairs and maintenance expense | 28,856            | 19,732            |
| Others                                     | 52,476            | 43,009            |
|  | <u>\$ 519,762</u> | <u>\$ 384,682</u> |

(14) Long-term borrowings

| Type of borrowings        | Borrowing period and<br>repayment term  | Interest rate range | Collateral | December 31, 2023 |
|---------------------------|---|---------------------|------------|-------------------|
| Long-term bank borrowings |   |                     |            |                   |
| Credit borrowings         | 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%<br>~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%<br>~1.9500% | "          |                   |
|                           |   |                     |            | 80,900            |
|                           |   |                     |            | <u>\$ 120,460</u> |

| Type of borrowings        | Borrowing period and<br>repayment term  | Interest rate range | Collateral | December 31, 2022 |
|---------------------------|---|---------------------|------------|-------------------|
| Long-term bank borrowings |   |                     |            |                   |
| Credit borrowings         | 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%<br>~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%<br>~1.8250% | "          |                   |
|                           |   |                     |            | 80,900            |
|                           |   |                     |            | <u>\$ 120,460</u> |

- A. Information on the Company'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 is provided in Note 8.

(15) Pensions

- A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$17,928 and \$16,051, respectively.

(16) Share-based payment

- A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

| Type of arrangement        | Grant date   | Quantity granted<br>(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  | "               | "                     |

| Type of arrangement                | Grant date   | Quantity granted<br>(shares in thousands) | Contract period | Vesting conditions                          |
|------------------------------------|--------------|---|-----------------|---|
| 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                                     | NA              | 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                                       | NA              | 0.25 to 3 years' service                    |
| "                                  | 2020. 12. 10 | 144                                       | "               | "   |
| Restricted stocks to employees - D | 2020. 08. 14 | 905                                       | NA              | Performance conditions                      |
| "                                  | 2020. 12. 10 | 94  | "               | "   |
| Employee stock options - H         | 2020. 12. 23 | 830                                       | 10 years        | 2 to 4 years' service                       |
| "                                  | 2021. 05. 12 | 315                                       | "               | "   |
| "                                  | 2021. 08. 12 | 505                                       | "               | "   |
| "                                  | 2021. 10. 01 | 1,185                                     | "               | "   |
| Restricted stocks to employees - E | 2021. 10. 15 | 613                                       | NA              | Performance conditions                      |
| "                                  | 2022. 01. 10 | 184                                       | "               | "   |
| "                                  | 2022. 09. 08 | 190                                       | "               | "   |
| Restricted stocks to employees - F | 2021. 10. 15 | 340                                       | NA              | Performance conditions                      |
| Employee stock options - I         | 2022. 03. 22 | 160                                       | 10 years        | 2 to 4 years' service                       |
| "                                  | 2022. 05. 12 | 225                                       | "               | "   |
| "                                  | 2022. 08. 11 | 685                                       | "               | "   |
| "                                  | 2022. 09. 08 | 510                                       | "               | "   |

| Type of arrangement                | Grant date   | Quantity granted<br>(shares in thousands) | Contract period | Vesting conditions     |
|------------------------------------|--------------|---|-----------------|------------------------|
| Restricted stocks to employees - G | 2022. 09. 08 | 63  | NA              | Performance conditions |
| "                                  | 2022. 11. 08 | 195                                       | "               | "                      |
| "                                  | 2023. 03. 10 | 6   | "               | "                      |
| "                                  | 2023. 11. 09 | 325                                       | "               | "                      |
| 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                                       | "               | "                      |
| "                                  | 2023. 12. 22 | 270                                       | "               | "                      |
| Restricted stocks to employees - H | 2023. 11. 09 | 826                                       | NA              | Performance conditions |
| Restricted stocks to employees - I | 2023. 12. 22 | 26  | NA              | Performance conditions |

(a) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.

(b) The above-mentioned 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<br>(shares in thousands) | Weighted-average<br>exercise price<br>(in dollars) | No. of options<br>(shares in thousands) | Weighted-average<br>exercise price<br>(in dollars) |
| Options outstanding at January 1   | 5,666                                   | \$15~146.4   | 5,282                                   | \$15~146.4   |
| Options granted                    | 1,855                                   | 100.5~120  | 2,195                                   | 71.6~118.5   |
| Options forfeited                  | ( 894)                                  | 25.2~146.4   | ( 759)                                  | 25.2~146.4   |
| Options exercised                  | ( 727)                                  | 15~51.2  | ( 1,052)                                | 15~51.2  |
| Options outstanding at December 31 | <u>5,900</u>                            | 15~146.4   | <u>5,666</u>                            | 15~146.4   |
| Options exercisable at December 31 | <u>1,608</u>                            |  | <u>1,238</u>                            |  |

(b) Restricted stocks to employees

|                                   | 2023                  | 2022                  |
|-----------------------------------|-----------------------|-----------------------|
|                                   | (shares in thousands) | (shares in thousands) |
| Stocks outstanding at January 1   | 2,571                 | 2,869                 |
| Stocks granted                    | 1,182                 | 632                   |
| Stocks vested                     | ( 1,167)              | ( 704)                |
| Stocks retired                    | ( 193)                | ( 226)                |
| Stocks outstanding at December 31 | 2,393                 | 2,571                 |

C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2023 and 2022 were \$105.6 (in dollars) and \$99.8 (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  | December 31, 2023                   |                             | December 31, 2022                   |                             |
|----------------------------|---------------------|--------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
|                            |                     |              | No. of shares (shares in thousands) | Exercise price (in dollars) | No. of shares (shares in thousands) | Exercise price (in dollars) |
| Employee stock options - B | 2015. 07. 01        | 2025. 06. 30 | 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                        |



| Type of arrangement        | Issue date approved | Expiry date  | December 31, 2023                   |                             | December 31, 2022                   |                             |
|----------------------------|---------------------|--------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
|                            |                     |              | No. of shares (shares in thousands) | Exercise price (in dollars) | No. of shares (shares in thousands) | Exercise price (in dollars) |
| Employee stock options - F | 2019. 01. 25        | 2029. 01. 24 | 34                                  | \$ 28.7                     | 103                                 | \$ 28.7                     |
| "                          | 2019. 05. 13        | 2029. 05. 12 | 94                                  | 34.3                        | 141                                 | 34.3                        |
| Employee stock options - G | 2019. 11. 12        | 2029. 11. 11 | 207                                 | 25.2                        | 325                                 | 25.2                        |
| "                          | 2020. 04. 15        | 2030. 04. 14 | 89                                  | 28.8                        | 175                                 | 28.8                        |
| "                          | 2020. 08. 12        | 2030. 08. 11 | 79                                  | 51.2                        | 140                                 | 51.2                        |
| Employee stock options - H | 2020. 12. 23        | 2030. 12. 22 | 341                                 | 42.1                        | 515                                 | 42.1                        |
| "                          | 2021. 05. 12        | 2031. 05. 11 | 215                                 | 146.4                       | 235                                 | 146.4                       |
| "                          | 2021. 08. 12        | 2031. 08. 11 | 250                                 | 128.4                       | 305                                 | 128.4                       |
| "                          | 2021. 10. 01        | 2031. 09. 30 | 835                                 | 117.5                       | 990                                 | 117.5                       |
| 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 | 440                                 | 85.9                        | 645                                 | 85.9                        |
| "                          | 2022. 09. 08        | 2032. 09. 07 | 345                                 | 118.5                       | 510                                 | 118.5                       |
| Employee stock options - J | 2022. 11. 08        | 2032. 11. 07 | 510                                 | 103.5                       | 615                                 | 103.5                       |
| "                          | 2023. 03. 10        | 2033. 03. 09 | 1,035                               | 111.5                       | -                                   | -                           |
| "                          | 2023. 05. 10        | 2033. 05. 09 | 255                                 | 120                         | -                                   | -                           |
| "                          | 2023. 08. 08        | 2033. 08. 07 | 225                                 | 101.5                       | -                                   | -                           |
| "                          | 2023. 12. 22        | 2033. 12. 21 | 270                                 | 100.5                       | -                                   | -                           |

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<br>(shares in thousands) | Stock price<br>(in dollars) | Exercise price<br>(in dollars) | Expected price<br>volatility | Expected option<br>life | Risk-free<br>interest rate | Fair value per<br>unit (in dollars) |
|------------------------------------|--------------|---|-----------------------------|--------------------------------|------------------------------|-------------------------|----------------------------|-------------------------------------|
| Employee stock options - B         | 2015. 07. 01 | 1,270                                     | \$ 14.88                    | \$ 15                          | 36.58~<br>37.13%             | 5.5 ~ 7<br>years        | 1.15~<br>1.35%             | \$5.22 ~<br>6.01                    |
| "                                  | 2015. 07. 01 | 130                                       | 14.88                       | 20                             | 36.58~<br>37.13%             | 5.5 ~ 7<br>years        | 1.15~<br>1.35%             | 3.83~<br>4.69                       |
| "                                  | 2015. 07. 06 | 250                                       | 14.60                       | 20                             | 37.09~<br>37.64%             | 5.5 ~ 7<br>years        | 1.15~<br>1.35%             | 3.75~<br>4.60                       |
| "                                  | 2016. 01. 01 | 270                                       | 16.03                       | 20                             | 40.11~<br>40.30%             | 5.5 ~ 7<br>years        | 0.79~<br>0.90%             | 4.91~<br>5.76                       |
| Employee stock options - C         | 2016. 05. 05 | 100                                       | 13.27                       | 29.2                           | 40.75~<br>40.91%             | 6 ~ 7 years             | 0.70~<br>0.77%             | 1.86 ~<br>2.30                      |
| Employee stock options - D         | 2016. 10. 12 | 515                                       | 21.42                       | 29.2                           | 39.82~<br>39.91%             | 6 ~ 7 years             | 0.71~<br>0.75%             | 5.19~<br>5.93                       |
| "                                  | 2016. 12. 29 | 85  | 20.40                       | 37.5                           | 39.39~<br>39.48%             | 6 ~ 7 years             | 1.16~<br>1.20%             | 3.49~<br>4.18                       |
| Employee stock options - E         | 2017. 08. 08 | 395                                       | 18.75                       | 29.2                           | 38.13~<br>38.22%             | 6 ~ 7 years             | 0.82~<br>0.88%             | 3.64~<br>4.23                       |
| "                                  | 2017. 12. 27 | 570                                       | 18.07                       | 25                             | 36.97~<br>37.23%             | 6 ~ 7 years             | 0.74~<br>0.80%             | 3.81~<br>4.41                       |
| "                                  | 2018. 03. 23 | 175                                       | 19.16                       | 23.5                           | 36.87~<br>37.17%             | 6 ~ 7 years             | 0.79~<br>0.84%             | 4.71 ~<br>5.38                      |
| Employee stock options - F         | 2019. 01. 25 | 520                                       | 21.96                       | 28.7                           | 36.03~<br>36.90%             | 6 ~ 7 years             | 0.72~<br>0.78%             | 4.85~<br>5.74                       |
| "                                  | 2019. 05. 13 | 285                                       | 25.75                       | 34.3                           | 35.50%~<br>36.35%            | 6 ~ 7 years             | 0.64~<br>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~<br>0.66%             | 7.77 ~<br>8.42                      |
| "                                  | 2020. 04. 15 | 775                                       | 33.10                       | 28.8                           | 50.33%                       | 6 ~ 7 years             | 0.47~<br>0.49%             | 15.56 ~<br>16.65                    |
| "                                  | 2020. 08. 12 | 205                                       | 57.80                       | 51.2                           | 64.08%                       | 6 ~ 7 years             | 0.36~<br>0.38%             | 33.07 ~<br>35.18                    |
| Restricted stocks to employees - B | 2020. 05. 13 | 455                                       | 46.85                       | -                              | -                            | -                       | -                          | 46.85                               |
| "                                  | 2020. 12. 10 | 144                                       | 48.60                       | -                              | -                            | -                       | -                          | 48.60                               |
| Restricted stocks to employees - D | 2020. 08. 14 | 905                                       | 55.70                       | -                              | -                            | -                       | -                          | 55.70                               |
| "                                  | 2020. 12. 10 | 94  | 48.60                       | -                              | -                            | -                       | -                          | 48.60                               |

| Type of arrangement                | Grant date   | Quantity granted<br>(shares in thousands) | Stock price<br>(in dollars) | Exercise price<br>(in dollars) | Expected price<br>volatility | Expected option<br>life | Risk-free<br>interest rate | Fair value per<br>unit (in dollars) |
|------------------------------------|--------------|---|-----------------------------|--------------------------------|------------------------------|-------------------------|----------------------------|-------------------------------------|
| Employee stock options - H         | 2020. 12. 23 | 830                                       | \$ 47.55                    | \$ 42.1                        | 61.28%                       | 6 ~ 7 years             | 0.22~<br>0.26%             | \$26.15~<br>27.88                   |
| "                                  | 2021. 05. 12 | 315                                       | 154.5                       | 146.4                          | 65.02%                       | 6 ~ 7 years             | 0.31~<br>0.35%             | 89.32~<br>95.02                     |
| "                                  | 2021. 08. 12 | 505                                       | 135.5                       | 128.4                          | 67.02%                       | 6 ~ 7 years             | 0.32~<br>0.34%             | 80.24~<br>85.25                     |
| "                                  | 2021. 10. 01 | 1,185                                     | 124.0                       | 117.5                          | 65.78%                       | 6 ~ 7 years             | 0.34~<br>0.38%             | 72.39~<br>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                               |
| Employee stock options - I         | 2022. 03. 22 | 160                                       | 93.5                        | 93.5                           | 62.20%                       | 6 ~ 7 years             | 0.86~<br>0.87%             | 52.85~<br>56.27                     |
| "                                  | 2022. 05. 12 | 225                                       | 71.6                        | 71.6                           | 61.32%                       | 6 ~ 7 years             | 1.22~<br>1.27%             | 40.37~<br>43.04                     |
| "                                  | 2022. 08. 11 | 685                                       | 85.9                        | 85.9                           | 60.04%                       | 6 ~ 7 years             | 1.10~<br>1.14%             | 47.51~<br>50.67                     |
| "                                  | 2022. 09. 08 | 510                                       | 118.5                       | 118.5                          | 60.29%                       | 6 ~ 7 years             | 1.19~<br>1.23%             | 65.9~<br>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                               |
| "                                  | 2023. 11. 09 | 325                                       | 103.0                       | -                              | -                            | -                       | -                          | 103.0                               |
| Employee stock options - J         | 2022. 11. 08 | 615                                       | 103.5                       | 103.5                          | 60.00%                       | 6 ~ 7 years             | 1.63~<br>1.70%             | 57.97~<br>61.88                     |
|                                    | 2023. 03. 10 | 1,150                                     | 111.5                       | 111.5                          | 59.15%                       | 6 ~ 7 years             | 1.12~<br>1.14%             | 60.98~<br>65.04                     |
| "                                  | 2023. 05. 10 | 255                                       | 120.0                       | 120.0                          | 58.70%                       | 6 ~ 7 years             | 1.07~<br>1.09%             | 65.15~<br>69.50                     |
| "                                  | 2023. 08. 08 | 225                                       | 101.5                       | 101.5                          | 57.40%                       | 6 ~ 7 years             | 1.10~<br>1.12%             | 54.18~<br>57.84                     |
| "                                  | 2023. 12. 22 | 270                                       | 100.5                       | 100.5                          | 55.38%                       | 6 ~ 7 years             | 1.18~<br>1.19%             | 52.26~<br>55.82                     |

| Type of arrangement                | Grant date   | Quantity granted<br>(shares in thousands) | Stock price<br>(in dollars) | Exercise price<br>(in dollars) | Expected price<br>volatility | Expected option<br>life | Risk-free<br>interest rate | Fair value per<br>unit (in dollars) |
|------------------------------------|--------------|---|-----------------------------|--------------------------------|------------------------------|-------------------------|----------------------------|-------------------------------------|
| Restricted stocks to employees - H | 2023. 11. 09 | 826                                       | \$ 103.0                    | \$ -                           | -                            | -                       | -                          | \$103.0                             |
| Restricted stocks to employees - I | 2023. 12. 22 | 26  | 100.5                       | -                              | -                            | -                       | -                          | 100.5                               |

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

|                                | Year ended December 31 |                   |
|--------------------------------|------------------------|-------------------|
|                                | 2023                   | 2022              |
| Employee stock options         | \$ 84,285              | \$ 62,522         |
| Restricted stocks to employees | 96,615                 | 92,790            |
|                                | <u>\$ 180,900</u>      | <u>\$ 155,312</u> |

#### (17) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,060,516 with a par value of \$10 (in dollars) per share, consisting of 306,052 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         | 727            | 1,052          |
| Issuance of employee restricted stocks   | 1,182          | 632            |
| Redemption of employee restricted stocks | (193)          | (226)          |
| Conversion of convertible bonds          | -              | 2,493          |
| At December 31                           | <u>306,052</u> | <u>304,336</u> |

B. For the years ended December 31, 2023 and 2022, the Company issued 727 thousand and 1,052 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 \$7,270 and \$10,523, respectively.

- C. For the years ended December 31, 2023 and 2022, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks because employee restricted stocks distributed to certain employees amounting to 193 thousand shares and 226 thousand shares, respectively, did not meet the vesting conditions in accordance with the terms of restricted shares.
- 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. The Board of Directors of the Company resolved to issue the 1st and 2nd restricted stocks to employees amounting to 797 thousand and 340 thousand shares in 2021, respectively. The Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 190 thousand shares in 2021.
- E. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement. The Board of Directors of the Company resolved the issuance price of \$91.5 (in dollars) and the total consideration of issuing common stock was \$5,032,500 on October 1, 2021, and the effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- 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 restricted stocks to employees amounting to 63 thousand shares with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 195 thousand shares with the effective date set on November 8, 2022. On March 10, 2023, the Board of Directors resolved to issue restricted stocks to employees amounting to 6 thousand shares with the effective date set on March 10, 2023. On November 9, 2023, the Board of Directors of the Company resolved to issue restricted stocks to employees amounting to 325 thousand shares with the effective date set on November 9, 2023.
- G. 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. 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. On December 22, 2023, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 26 thousand shares in 2023, with the effective date set on December 22, 2023.

- H. 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 Regulations for Public Companies Conducting Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 8, 2024.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.
- B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.

- C. On June 10, 2022, the shareholders at their meetings resolved the deficit compensation for the year ended December 31, 2021. The Company offset the accumulated deficit by capital surplus. Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- 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. On March 8, 2024, the Board of Directors proposed the deficit compensation for the year ended December 31, 2023. The Company offset the accumulated deficit against the capital surplus. Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- F. As of December 31, 2023 and 2022, there was no earnings to be distributed.

(20) Operating revenue

|                                       | Year ended December 31 |              |
|---------------------------------------|------------------------|--------------|
|                                       | 2023                   | 2022         |
| Revenue from contracts with customers | \$ 1,022,653           | \$ 1,481,017 |

A. Disaggregation of revenue

The Company derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

|                               | Year ended December 31, 2023                                |            |                |              |
|-------------------------------|---|------------|----------------|--------------|
|                               | Sales of<br>authorisation<br>and cooperative<br>development |            | Sales of goods |              |
|                               | Sales of services   |            |                | Total        |
| Timing of revenue recognition |   |            |                |              |
| At a point in time            | \$ -  | \$ -       | \$ 161,594     | \$ 161,594   |
| Over time                     | 605,990   | 141,472    | 113,597        | 861,059      |
|                               | \$ 605,990  | \$ 141,472 | \$ 275,191     | \$ 1,022,653 |

| Year ended December 31, 2022  |  |                   |                   |                     |
|-------------------------------|--|-------------------|-------------------|---------------------|
|                               | Sales of<br>authorisation<br>and cooperative |                   |                   |                     |
|                               | Sales of services                            | development       | Sales of goods    | Total               |
| Timing of revenue recognition |  |                   |                   |                     |
| At a point in time            | \$ -   | \$ -              | \$ 417,774        | \$ 417,774          |
| Over time                     | 757,680                                      | 261,876           | 43,687            | 1,063,243           |
|                               | <u>\$ 757,680</u>                            | <u>\$ 261,876</u> | <u>\$ 461,461</u> | <u>\$ 1,481,017</u> |

#### B. Contract assets and liabilities

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

|   | December 31, 2023 | December 31, 2022 | January 1, 2022   |
|---|-------------------|-------------------|-------------------|
| Contract assets:                          |                   |                   |                   |
| Services                                  | \$ 240,564        | \$ 213,981        | \$ 144,831        |
| Sales                                     | 53,130            | 20,418            | 25,766            |
|   | <u>\$ 293,694</u> | <u>\$ 234,399</u> | <u>\$ 170,597</u> |
| Current contract liabilities              |                   |                   |                   |
| Services                                  | \$ 41,739         | \$ 104,384        | \$ 102,289        |
| Authorisation and cooperative             | 15,027            | 46,091            | 121,678           |
| Non-current contract liabilities          |                   |                   |                   |
| Authorisation and cooperative development | -                 | -                 | 20,059            |
|   | <u>\$ 56,766</u>  | <u>\$ 150,475</u> | <u>\$ 244,026</u> |

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

Revenue recognised that was included in the contract liability balance at the beginning of the year

|   | Year ended December 31 |                   |
|---|------------------------|-------------------|
|   | 2023                   | 2022              |
| Services                                  | \$ 100,624             | \$ 92,362         |
| Authorisation and cooperative development | 32,211                 | 101,380           |
|   | <u>\$ 132,835</u>      | <u>\$ 193,742</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 December 31, 2023 amounted to \$ 1,341,954. The management expects to recognise the amount in the future.

C. Details of authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

In April 2019, the Company entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in the authorised regions. As of December 31, 2023, the Company has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price based on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2023 and 2022, the Company recognised the revenue from authorisation and cooperative development contract amounting to \$141,472 and \$261,876, 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. On November 16, 2023, Sandoz AG received the marketing authorisation from Committee for Medicinal Products for Human Use (CHMP) for the trastuzumab biosimilar, EG12014, which was licensed by the Company for sale.

(21) Interest income

|  | Year ended December 31 |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| Interest income from bank deposits                               | \$ 106,236             | \$ 57,862        |
| Interest income from financial assets measured at amortised cost | 28,235                 | 1,722            |
|  | <u>\$ 134,471</u>      | <u>\$ 59,584</u> |

(22) Other income

|                           | Year ended December 31 |                  |
|---------------------------|------------------------|------------------|
|                           | 2023                   | 2022             |
| Government grant revenues | \$ 4,712               | \$ 37,214        |
| Dividend income           | 475                    | \$ -             |
| Other income              | 252                    | 430              |
|                           | <u>\$ 5,439</u>        | <u>\$ 37,644</u> |

The Company received a grant for the ‘Breast Cancer Targeted Antibody similar to EG12014 Trastuzumab Biosimilar phase III clinical trial program’ from Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to \$80,000. For the years ended December 31, 2023 and 2022, the Company recognised government grants revenue of \$4,591 and \$36,994, respectively.

(23) Other gains and losses

|  | Year ended December 31 |                   |
|--|------------------------|-------------------|
|  | 2023                   | 2022              |
| Foreign exchange (losses) gains  | (\$ 9,431)             | \$ 126,788        |
| (Losses) gains on financial assets<br>at fair value through profit or loss | ( 1,122)               | 2,863             |
| Loss on lease modification   | ( 413)                 | ( 709)            |
| Miscellaneous disbursements  | ( 214)                 | ( 24)             |
| Loss on redemption of convertible<br>bonds                                 | -                      | ( 3)              |
|  | <u>(\$ 11,180)</u>     | <u>\$ 128,915</u> |

(24) Finance costs

|  | Year ended December 31 |                 |
|--|------------------------|-----------------|
|  | 2023                   | 2022            |
| Interest expense on lease liabilities  | \$ 8,096               | \$ 8,204        |
| Interest expense on bank<br>borrowings | 2,300                  | 1,205           |
| Other interest expense                 | 7                      | 226             |
|  | <u>\$ 10,403</u>       | <u>\$ 9,635</u> |

(25) Employee benefits, depreciation and amortisation expenses

| Function<br>Nature               | Year ended December 31, 2023        |  |            | Year ended December 31, 2022        |  |            |
|----------------------------------|-------------------------------------|--|------------|-------------------------------------|--|------------|
|                                  | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total      | Classified as<br>Operating<br>Costs | Classified as<br>Operating<br>Expenses | Total      |
| Employee benefit expense         |                                     |  |            |                                     |  |            |
| Wages and salaries               | \$ 121,946                          | \$ 224,178                             | \$ 346,124 | \$ 147,873                          | \$ 185,966                             | \$ 333,839 |
| Share based payment              | 70,628                              | 110,272                                | 180,900    | 60,275                              | 95,037                                 | 155,312    |
| Labour and health insurance fees | 14,408                              | 20,005                                 | 34,413     | 13,771                              | 16,809                                 | 30,580     |
| Pension costs                    | 9,257                               | 8,671                                  | 17,928     | 7,427                               | 8,624                                  | 16,051     |
| Directors' remuneration          | -                                   | 4,125                                  | 4,125      | -                                   | 3,948                                  | 3,948      |
| Other personnel expenses         | 6,358                               | 15,092                                 | 21,450     | 5,557                               | 13,245                                 | 18,802     |
| Depreciation expense             | 114,746                             | 112,462                                | 227,208    | 99,536                              | 88,451                                 | 187,987    |
| Amortisation expense             | 5,840                               | 5,456                                  | 11,296     | 10,456                              | 5,728                                  | 16,184     |

- A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2023 and 2022.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income taxes

A. Income tax expense

(a) Components of income tax expense:

|  | Year ended December 31 |               |
|--|------------------------|---------------|
|  | 2023                   | 2022          |
| Current tax:   |                        |               |
| Current tax on profits for the year                  | \$ -                   | \$ -          |
| Deferred tax:  |                        |               |
| Origination and reversal<br>of temporary differences | 465                    | 338           |
| Income tax expense                                   | <u>\$ 465</u>          | <u>\$ 338</u> |

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

|                                  | Year ended December 31 |             |
|----------------------------------|------------------------|-------------|
|                                  | 2023                   | 2022        |
| Currency translation differences | <u>\$ 41</u>           | <u>\$ -</u> |

B. Reconciliation between income tax expense and accounting profit:

|   | Year ended December 31 |               |
|---|------------------------|---------------|
|   | 2023                   | 2022          |
| Tax calculated based on loss<br>before tax and statutory tax rate | (\$ 182,949)           | (\$ 23,040)   |
| Expenses disallowed by tax<br>regulation                          | 25                     | 49            |
| Tax exempt income by tax<br>regulation                            | - (                    | 3,099)        |
| Taxable losses not recognised as<br>deferred tax assets           | 172,451                | 26,428        |
| Temporary differences not<br>recognised as deferred tax assets    | 10,938                 | -             |
| Income tax expenses   | <u>\$ 465</u>          | <u>\$ 338</u> |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:

| 2023  |               |                                 |   |                 |
|---|---------------|---------------------------------|---|-----------------|
|   | January 1     | Recognised in<br>profit or loss | Recognised in other<br>comprehensive income | December 31     |
| —Deferred tax assets:   |               |                                 |   |                 |
| Share of profit (loss)<br>of associates and<br>subsidiaries<br>accounted for using<br>the equity method,<br>net differences | \$ 874        | \$ 465                          | \$ -  | \$ 1,339        |
| Currency translation<br>differences   | -             | -                               | 41  | 41              |
| Income tax expense  | <u>\$ 874</u> | <u>\$ 465</u>                   | <u>\$ 41</u>                                | <u>\$ 1,380</u> |
| 2022  |               |                                 |   |                 |
|   | January 1     | Recognised in<br>profit or loss | Recognised in other<br>comprehensive income | December 31     |
| —Deferred tax assets:   |               |                                 |   |                 |
| Share of profit (loss)<br>of associates and<br>subsidiaries<br>accounted for using<br>the equity method,<br>net differences | <u>\$ 536</u> | <u>\$ 338</u>                   | <u>\$ -</u>                                 | <u>\$ 874</u>   |

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

| December 31, 2023           |                    |                                     |  |             |
|-----------------------------|--------------------|-------------------------------------|--|-------------|
| Qualifying items            | Unused tax credits | Unrecognised deferred<br>tax assets |  | Expiry year |
| Research and<br>development | \$ 960,900         | \$ 960,900                          |  | Note        |
| Machinery and<br>equipment  | 8,844              | 8,844                               |  | Note        |
| December 31, 2022           |                    |                                     |  |             |
| Qualifying items            | Unused tax credits | Unrecognised deferred<br>tax assets |  | Expiry year |
| Research and<br>development | \$ 887,160         | \$ 887,160                          |  | Note        |

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10920401340 issued by the MOEA on February 3, 2020. Subsequently, the MOEA approved the Company's additional items pursuant to the Letter No. Jing-Shou-Gong-Zi-11120426560 on August 29, 2022. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. Additionally, the investment tax credit can be first used to offset expenditure on machinery, equipment, or systems when there is taxable business income. Any unused tax credit is available for the following two years. As of December 31, 2023, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

| December 31, 2023 |                           |                     |                                     |             |  |
|-------------------|---------------------------|---------------------|-------------------------------------|-------------|--|
| Year incurred     | Amount filed/<br>assessed | Unused amount       | Unrecognised<br>deferred tax assets | Expiry year |  |
| 2014              | Amount assessed           | \$ 131,762          | \$ 131,762                          | 2024        |  |
| 2015              | Amount assessed           | 133,257             | 133,257                             | 2025        |  |
| 2016              | Amount assessed           | 109,737             | 109,737                             | 2026        |  |
| 2017              | Amount assessed           | 163,949             | 163,949                             | 2027        |  |
| 2018              | Amount assessed           | 371,827             | 371,827                             | 2028        |  |
| 2019              | Amount assessed           | 858,819             | 858,819                             | 2029        |  |
| 2020              | Amount assessed           | 1,009,168           | 1,009,168                           | 2030        |  |
| 2021              | Amount assessed           | 56,144              | 56,144                              | 2031        |  |
| 2022              | Amount filed              | 135,927             | 135,927                             | 2032        |  |
| 2023              | Amount expected           | 862,256             | 862,256                             | 2033        |  |
|                   |                           | <u>\$ 3,832,846</u> | <u>\$ 3,832,846</u>                 |             |  |

| December 31, 2022 |                           |                     |                                     |             |
|-------------------|---------------------------|---------------------|-------------------------------------|-------------|
| Year incurred     | Amount filed/<br>assessed | Unused amount       | Unrecognised<br>deferred tax assets | Expiry year |
| 2013              | Amount assessed           | \$ 104,540          | \$ 104,540                          | 2023        |
| 2014              | Amount assessed           | 131,762             | 131,762                             | 2024        |
| 2015              | Amount assessed           | 133,257             | 133,257                             | 2025        |
| 2016              | Amount assessed           | 109,737             | 109,737                             | 2026        |
| 2017              | Amount assessed           | 163,949             | 163,949                             | 2027        |
| 2018              | Amount assessed           | 371,827             | 371,827                             | 2028        |
| 2019              | Amount assessed           | 858,819             | 858,819                             | 2029        |
| 2020              | Amount assessed           | 1,009,168           | 1,009,168                           | 2030        |
| 2021              | Amount filed              | 56,144              | 56,144                              | 2031        |
| 2022              | Amount expected           | 132,140             | 132,140                             | 2032        |
|                   |                           | <u>\$ 3,071,343</u> | <u>\$ 3,071,343</u>                 |             |

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

|                                  | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | <u>\$ 64,721</u>  | <u>\$ 10,031</u>  |

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

(27) Loss per share

| Year ended December 31, 2023 |  |                |                  |
|------------------------------|--|----------------|------------------|
|                              | Weighted average<br>number of ordinary<br>shares outstanding |                | Loss per share   |
| Amount after tax             | (shares in thousands)  |                | (in dollars)     |
| <u>Basic loss per share</u>  |  |                |                  |
| Loss for the year            | <u>(\$ 915,208)</u>  | <u>304,888</u> | <u>(\$ 3.00)</u> |
| Year ended December 31, 2022 |  |                |                  |
|                              | Weighted average<br>number of ordinary<br>shares outstanding |                | Loss per share   |
| Amount after tax             | (shares in thousands)  |                | (in dollars)     |
| <u>Basic loss per share</u>  |  |                |                  |
| Loss for the year            | <u>(\$ 115,540)</u>  | <u>303,258</u> | <u>(\$ 0.38)</u> |



Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2023 and 2022.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

|   | Year ended December 31 |                   |
|---|------------------------|-------------------|
|   | 2023                   | 2022              |
| Purchase of property, plant and equipment | \$ 702,971             | \$ 484,268        |
| Add: Opening balance of other payables    | 158,228                | 19,508            |
| Less: Ending balance of other payables    | ( 285,960)             | ( 158,228)        |
| Cash paid during the year                 | <u>\$ 575,239</u>      | <u>\$ 345,548</u> |

|  | Year ended December 31 |                 |
|--|------------------------|-----------------|
|  | 2023                   | 2022            |
| Purchase of intangible assets                                    | \$ 11,498              | \$ 8,562        |
| Add: Ending balance of prepayment for intangible assets (Note)   | 5,209                  | 1,565           |
| Less: Opening balance of prepayment for intangible assets (Note) | ( 1,565)               | ( 1,565)        |
| Cash paid during the period                                      | <u>\$ 15,142</u>       | <u>\$ 8,562</u> |

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

B. Financing activities with no cash flow effects:

|                                 | Year ended December 31 |                   |
|---------------------------------|------------------------|-------------------|
|                                 | 2023                   | 2022              |
| Conversion of convertible bonds | <u>\$ -</u>            | <u>\$ 126,375</u> |

(29) Changes in liabilities from financing activities

| 2023  |                         |                   |   |   |   |
|---|-------------------------|-------------------|---|---|---|
|   | Long-term<br>borrowings | Lease liabilities | Guarantee<br>deposits received                        | Liabilities from<br>financing<br>activities-gross |   |
| At January 1                                      | \$ 120,460              | \$ 338,584        | \$ 294  | \$  | 459,338   |
| Changes in cash flow<br>from financing activities | -                       | ( 29,307)         | ( 288)  | (   | 29,595)   |
| Changes in right-of-<br>use assets                | -                       | 35,017            | -   |   | 35,017  |
| Changes in other<br>non-cash items                | -                       | 413               | -   |   | 413   |
| At December 31                                    | <u>\$ 120,460</u>       | <u>\$ 344,707</u> | <u>\$ 6</u>   | <u>\$</u>   | <u>465,173</u>  |
| 2022  |                         |                   |   |   |   |
|   | Long-term<br>borrowings | Lease liabilities | Bonds<br>payable<br>(including<br>current<br>portion) | Guarantee<br>deposits<br>received                 | Liabilities<br>from financing<br>activities-<br>gross |
| At January 1                                      | \$ -                    | \$ 306,765        | \$ 127,070  | \$ -  | \$ 433,835  |
| Changes in cash flow<br>from financing activities | 120,460                 | ( 23,657)         | ( 200)  | 294   | 96,897  |
| Changes in right-of-<br>use assets                | -                       | 54,767            | -   | -   | 54,767  |
| Changes in other<br>non-cash items                | -                       | 709               | ( 126,870)  | -   | ( 126,161)  |
| At December 31                                    | <u>\$ 120,460</u>       | <u>\$ 338,584</u> | <u>\$ -</u>   | <u>\$ 294</u>                                     | <u>\$ 459,338</u>                                     |

7. Related Party Transactions(1) Parent and ultimate controlling party

The Company 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> |
|--|------------------------------------|
| EirGenix Europe GmbH                               | Subsidiary                         |
| FORMOSA LABORATORIES, INC.                         | Other related party                |
| Development Center for Biotechnology (DCB)(Note 1) | //                                 |
| FORMOSA PHARMACEUTICALS, INC.                      | //                                 |
| TFBS Bioscience Inc.(Note 2)                       | //                                 |
| Forward BioT Venture Capital                       | //                                 |

Note 1: DCB's term as a director expired after re-election of directors at the Company's shareholders' meeting on June 10, 2022. Accordingly, it became a non-related party. (The transaction amounts for the period from January 1, 2022 to June 10, 2022 are disclosed in the financial statements.)

Note 2: The Company was elected as one of the directors of TFBS Bioscience, Inc. on June 8, 2022. Accordingly, the Company became a related party. (The transaction amount for the year ended December 31, 2023 and period from June 8, 2022 to December 31, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

|                       | <u>Year ended December 31</u> |                  |
|-----------------------|-------------------------------|------------------|
|                       | <u>2023</u>                   | <u>2022</u>      |
| Sales of goods:       |                               |                  |
| Other related parties | \$ 972                        | \$ 12,850        |
| Sales of services:    |                               |                  |
| Other related parties | 9,477                         | 5,622            |
|                       | <u>\$ 10,449</u>              | <u>\$ 18,472</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 December 31, 2023 and 2022, the Company has recognised the revenue-related contract assets amounting to \$1,994 and \$744, and contract liabilities amounting to \$372 and \$620, respectively.

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

|                                 | Year ended December 31 |                  |
|---------------------------------|------------------------|------------------|
|                                 | 2023                   | 2022             |
| Subsidiary-EirGenix Europe GmbH | \$ 72,270              | \$ 66,663        |
| Other related parties           | 12,377                 | 17,651           |
|                                 | <u>\$ 84,647</u>       | <u>\$ 84,314</u> |

It refers to service expense that the Company commissioned its subsidiaries and other related parties to perform biopharmaceutical research and development as well as business development. Prices and terms are determined based on mutual agreements.

C. Testing expense (shown as ‘operating costs’)

|  | Year ended December 31 |                  |
|--|------------------------|------------------|
|  | 2023                   | 2022             |
| Other related parties-TFBS Bioscience Inc. | \$ 7,517               | \$ 15,152        |
| Other related parties                      | 2,627                  | 2,460            |
|  | <u>\$ 10,144</u>       | <u>\$ 17,612</u> |

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

|                           | Year ended December 31 |                 |
|---------------------------|------------------------|-----------------|
|                           | 2023                   | 2022            |
| Other related parties-DCB | <u>\$ -</u>            | <u>\$ 2,463</u> |

It refers to repair and maintenance fees, based on the price specified in the contract as mutually agreed, allocated from leasing plant and lab from DCB, and the expense shall be paid before the 25th day of the first month of each quarter as specified in the contract.

E. Receivables from related parties:

|                       | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Accounts receivable:  |                   |                   |
| Other related parties | <u>\$ 2,636</u>   | <u>\$ -</u>       |

#### F. Payables to related parties

|                       | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Other payables:       |                   |                   |
| Subsidiary            | \$ 12,758         | \$ 8,665          |
| Other related parties | 7,993             | 7,732             |
|                       | <u>\$ 20,751</u>  | <u>\$ 16,397</u>  |

#### G. Property transactions

##### (a) Acquisition of property, plant and equipment:

|                       | Year ended December 31 |             |
|-----------------------|------------------------|-------------|
|                       | 2023                   | 2022        |
| Other related parties | <u>\$ 645</u>          | <u>\$ -</u> |

##### (b) Acquisition of financial assets:

|  |   | Year ended December 31 |                  |
|--|---|------------------------|------------------|
|  |   | 2023                   | 2022             |
|  | Accounts  | Consideration          | Consideration    |
| Other related party-<br>FORMOSA<br>LABORATORIES,<br>INC. | Non-current financial assets<br>at fair value through profit<br>or loss             | <u>\$ -</u>            | <u>\$ 58,390</u> |
| Other related party-<br>TFBS Bioscience<br>Inc.          | Non-current financial assets<br>at fair value through other<br>comprehensive income | <u>\$ -</u>            | <u>\$ 40,627</u> |
| Other related party-<br>Forward BioT<br>Venture Capital  | Non-current prepayments<br>for investments  | <u>\$ 15,000</u>       | <u>\$ -</u>      |

Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

#### H. Lease transactions - lessee

- (a) The Company leases plant, laboratory, instrument and equipment from DCB. Rental contract period is expected to be 20 years with initial rental period of 5 years plus the extension options. Rents are paid before the 25th day of the first month of each quarter.

(b) Right-of-use assets

As of December 31, 2023 and 2022, DCB was no longer a related party, and therefore the carrying amount of its related right-of-use assets was not disclosed.

|                         | <u>Year ended December 31</u> |              |
|-------------------------|-------------------------------|--------------|
|                         | <u>2022</u>                   |              |
|                         | <u>Depreciation expense</u>   |              |
| Land                    | \$                            | 3,061        |
| Buildings               |                               | 2,279        |
| Machinery and equipment |                               | 1,022        |
|                         | <u>\$</u>                     | <u>6,362</u> |

(c) Lease liabilities

i. Outstanding balance

As of December 31, 2023 and 2022, DCB was no longer a related party, and therefore the carrying amount of its related lease liabilities was not disclosed.

ii. Interest expense

|                              | <u>Year ended December 31</u> |       |
|------------------------------|-------------------------------|-------|
|                              | <u>2022</u>                   |       |
| Other related party -<br>DCB | \$                            | 2,185 |

(d) Rent expense (shown as 'operating cost' and 'operating expenses')

|                              | <u>Year ended December 31</u> |     |
|------------------------------|-------------------------------|-----|
|                              | <u>2022</u>                   |     |
| Other related party -<br>DCB | \$                            | 505 |

(4) Key management compensation

|  | <u>Year ended December 31</u> |                  |
|--|-------------------------------|------------------|
|  | <u>2023</u>                   | <u>2022</u>      |
| Salaries and other short-term<br>employee benefits | \$ 25,092                     | \$ 24,790        |
| Post-employment benefits                           | 216                           | 309              |
| Share based payment                                | 30,125                        | 30,244           |
|  | <u>\$ 55,433</u>              | <u>\$ 55,343</u> |

## 8. Pledged Assets

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

| Pledged asset  | Book value        |                   | Purpose |
|--|-------------------|-------------------|---------|
|  | December 31, 2023 | December 31, 2022 |         |
| Pledged time deposits<br>(shown as non-current<br>financial assets at<br>amortised cost) | \$ 8,790          | \$ 8,671          | Note 1  |
| Guarantee deposits paid<br>(shown as other non-current<br>assets)                        | \$ 8,795          | \$ 65,048         | Note 2  |
| Property, plant and<br>equipment   | \$ 1,551,633      | \$ 1,158,399      | Note 3  |
| Pledged government bonds<br>(shown as non-current financial<br>assets at amortised cost) | \$ 31,930         | \$ -              | 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: 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 December 31, 2023 and 2022, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$59,156 and \$105,637, respectively.

B. As of December 31, 2023 and 2022, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$876,590 and \$815,285, respectively.

- C. The Company entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of December 31, 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. In January 2024, in response to the expansion of Zhubei production line, the Company entered into a construction contract with an engineering company for a total amount of \$1,373,643 (including tax).
- B. The Board of Directors during its meeting on March 8, 2024 resolved to issue the 1st restricted stocks to employees amounting to 1,400 thousand shares with no subscription price, which has not yet been resolved by the shareholders as of March 8, 2024.
- C. The Board of Directors during its meeting on March 8, 2024 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three installments after the authorisation by shareholders. However, the issuance has not yet been resolved at the shareholders' meeting as of March 8, 2024.
- D. The Company's self-developed product, EG1206A, will begin phase III clinical trial according to the research and development schedule. On March 8, 2024, the Board of Directors resolved to authorise the chairman to enter into a commissioned research project for the phase III clinical trial with a CRO and other companies.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



(2) Financial instruments

A. Financial instruments by category

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| <u>Financial assets</u>   |                   |                   |
| Financial assets at fair value through profit or loss   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss on initial recognition | \$ 80,298         | \$ 61,420         |
| Financial assets at fair value through other comprehensive income                                 |                   |                   |
| Designation of equity instrument  | \$ 325,887        | \$ 279,325        |
| Financial assets at amortised cost  |                   |                   |
| Cash and cash equivalents   | \$ 5,048,604      | \$ 6,108,994      |
| Financial assets at amortised cost  | 540,720           | 1,041,123         |
| Notes receivable  | 19                | -                 |
| Accounts receivable   | 253,390           | 32,782            |
| Accounts receivable - related parties   | 2,636             | -                 |
| Other receivables   | 20,497            | 24,944            |
| Guarantee deposits paid (shown as other non-current assets)                                       | 8,795             | 65,048            |
|   | \$ 5,874,661      | \$ 7,272,891      |
|   | December 31, 2023 | December 31, 2022 |
| <u>Financial liabilities</u>  |                   |                   |
| Financial liabilities at amortised cost   |                   |                   |
| Accounts payable  | \$ 79,556         | \$ 134,607        |
| Other payables  | 519,762           | 384,682           |
| Other payables-related parties  | 20,751            | 16,397            |
| Long-term borrowings  | 120,460           | 120,460           |
| Guarantee deposits received (shown as other non-current liabilities)                              | 6                 | 294               |
|   | \$ 740,535        | \$ 656,440        |
| Lease liability   | \$ 344,707        | \$ 338,584        |

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
- i. Exchange rate risk
- (i) The Company operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, GBP, EUR, and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require Company units to manage their foreign exchange risk against their functional currency. The units are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- (iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| December 31, 2023            |  |        |               |                     |
|------------------------------|--|--------|---------------|---------------------|
|                              | Foreign currency<br>amount (In<br>thousands) |        | Exchange rate | Book value<br>(NTD) |
| <u>Financial assets</u>      |  |        |               |                     |
| <u>Monetary items</u>        |  |        |               |                     |
| USD:NTD                      | \$   | 53,756 | 30.71         | \$ 1,650,847        |
| EUR:NTD                      |  | 363    | 33.98         | 12,335              |
| GBP:NTD                      |  | 67     | 39.15         | 2,623               |
| JPY:NTD                      |  | 10,751 | 0.22          | 2,365               |
| <u>Financial liabilities</u> |  |        |               |                     |
| <u>Monetary items</u>        |  |        |               |                     |
| USD:NTD                      | \$   | 932    | 30.71         | \$ 28,622           |
| EUR:NTD                      |  | 546    | 33.98         | 18,553              |
| GBP:NTD                      |  | 17     | 39.15         | 666                 |
| JPY:NTD                      |  | 57,505 | 0.22          | 12,651              |

| December 31, 2022            |    |                  |               |              |
|------------------------------|----|------------------|---------------|--------------|
|                              |    | Foreign currency |               |              |
|                              |    | amount (In       |               | Book value   |
|                              |    | thousands)       | Exchange rate | (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        |

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

| Year ended December 31, 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%                  | \$ 16,508                | \$                                   | -  |
| EUR:NTD                      | 1%                  | 60                       |                                      | 63 |
| GBP:NTD                      | 1%                  | 26                       |                                      | -  |
| JPY:NTD                      | 1%                  | 24                       |                                      | -  |
| <u>Financial liabilities</u> |                     |                          |                                      |    |
| <u>Monetary items</u>        |                     |                          |                                      |    |
| USD:NTD                      | 1%                  | \$ 286                   | \$                                   | -  |
| EUR:NTD                      | 1%                  | 186                      |                                      | -  |
| GBP:NTD                      | 1%                  | 7                        |                                      | -  |
| JPY:NTD                      | 1%                  | 127                      |                                      | -  |

|                              | Year ended December 31, 2022 |                          |                                      |    |
|------------------------------|------------------------------|--------------------------|--------------------------------------|----|
|                              | Sensitivity analysis         |                          |                                      |    |
|                              | Degree of variation          | Effect on profit or loss | Effect on other comprehensive income |    |
| <u>Financial assets</u>      |                              |                          |                                      |    |
| <u>Monetary items</u>        |                              |                          |                                      |    |
| USD:NTD                      | 1%                           | \$ 13,529                | \$                                   | -  |
| EUR:NTD                      | 1%                           | 8                        |                                      | 55 |
| GBP:NTD                      | 1%                           | 41                       |                                      | -  |
| JPY:NTD                      | 1%                           | 19                       |                                      | -  |
| <u>Financial liabilities</u> |                              |                          |                                      |    |
| <u>Monetary items</u>        |                              |                          |                                      |    |
| USD:NTD                      | 1%                           | \$ 217                   | \$                                   | -  |
| EUR:NTD                      | 1%                           | 343                      |                                      | -  |
| GBP:NTD                      | 1%                           | 11                       |                                      | -  |

(v) The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$9,431) and \$126,788, respectively.

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments 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 years ended December 31, 2023 and 2022 would have increased/decreased by \$189 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 \$3,259 and \$2,793, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable, and contract assets in accordance with customer types. The Company applies the modified approach using individual provision to estimate expected credit loss.

vii. The Company's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of December 31, 2023 and 2022, the carrying amount of notes and accounts receivable (including related parties) amounted to \$256,342 and \$33,079, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance amounted to \$297 and \$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:

|                             | Year ended December 31 |               |
|-----------------------------|------------------------|---------------|
|                             | 2023                   | 2022          |
| At January 1                | \$ 297                 | \$ 689        |
| Reversal of impairment loss | -                      | (392)         |
| At December 31              | <u>\$ 297</u>          | <u>\$ 297</u> |

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

|                          | December 31, 2023   | December 31, 2022   |
|--------------------------|---------------------|---------------------|
| Floating rate:           |                     |                     |
| Expiring within one year | \$ 1,410,000        | \$ 1,020,000        |
| Expiring beyond one year | <u>593,540</u>      | <u>593,540</u>      |
|                          | <u>\$ 2,003,540</u> | <u>\$ 1,613,540</u> |

- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2023   | Less than<br>1 year | Between 1<br>and 5 years | Over 5 years | Total     |
|---|---------------------|--------------------------|--------------|-----------|
| <u>Non-derivative</u>   |                     |                          |              |           |
| <u>financial liabilities</u>  |                     |                          |              |           |
| Accounts payable  | \$ 79,556           | \$ -                     | \$ -         | \$ 79,556 |
| Other payables  | 519,762             | -                        | -            | 519,762   |
| Other payables-<br>related parties  | 20,751              | -                        | -            | 20,751    |
| Lease liabilities   | 36,273              | 118,543                  | 245,982      | 400,798   |
| Long-term borrowings  | 2,376               | 123,322                  | -            | 125,698   |
| Guarantee deposits received<br>(shown as other non-<br>current liabilities) | 6                   | -                        | -            | 6         |

| December 31, 2022   | Less than<br>1 year | Between 1<br>and 5 years | Over 5 years | Total      |
|---|---------------------|--------------------------|--------------|------------|
| <u>Non-derivative</u>   |                     |                          |              |            |
| <u>financial liabilities</u>  |                     |                          |              |            |
| Accounts payable  | \$ 134,607          | \$ -                     | \$ -         | \$ 134,607 |
| Other payables  | 384,682             | -                        | -            | 384,682    |
| Other payables-<br>related parties  | 16,397              | -                        | -            | 16,397     |
| Lease liabilities   | 34,828              | 115,926                  | 247,968      | 398,722    |
| Long-term borrowings  | 2,216               | 125,265                  | -            | 127,481    |
| Guarantee deposits received<br>(shown as other non-<br>current liabilities) | 294                 | -                        | -            | 294        |

- v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and the call options and put options embedded in convertible bonds issued by the Company are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets), 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:

| December 31, 2023   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>    | <u>Total</u>      |
|---|----------------|----------------|-------------------|-------------------|
| <b>Assets</b>   |                |                |                   |                   |
| <u>Recurring fair value measurements</u>                          |                |                |                   |                   |
| Financial assets at fair value through profit or loss             |                |                |                   |                   |
| Profit-sharing investments in new drug development                | \$ -           | \$ -           | \$ 61,410         | \$ 61,410         |
| Limited partnership venture capital                               | -              | -              | 18,888            | 18,888            |
| Financial assets at fair value through other comprehensive income |                |                |                   |                   |
| Equity securities   | -              | -              | 325,887           | 325,887           |
|   | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 406,185</u> | <u>\$ 406,185</u> |



| December 31, 2022   | Level 1     | Level 2     | Level 3           | Total             |
|---|-------------|-------------|-------------------|-------------------|
| <b>Assets</b>   |             |             |                   |                   |
| <u>Recurring fair value measurements</u>                          |             |             |                   |                   |
| Financial assets at fair value through profit or loss             |             |             |                   |                   |
| Profit-sharing investments in new drug development                | \$ -        | \$ -        | \$ 61,420         | \$ 61,420         |
| Financial assets at fair value through other comprehensive income |             |             |                   |                   |
| Equity securities   | -           | -           | 279,325           | 279,325           |
|   | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 340,745</u> | <u>\$ 340,745</u> |

(b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

|  | 2023               |   |                                     |                   |
|--|--------------------|---|-------------------------------------|-------------------|
|  | Equity instruments | sharing investments in new drug development | Limited partnership venture capital | Total             |
| At January 1   | \$ 279,325         | \$ 61,420                                   | \$ -                                | \$ 340,745        |
| Additions  | 623                | -   | 20,000                              | 20,623            |
| Gains or losses recognised in profit or loss shown as other gains and losses |                    |   |                                     |                   |
| Gains (losses) on valuation  | -                  | ( 10)                                       | ( 1,112)                            | ( 1,122)          |
| Gains and losses recognised in other comprehensive income                    |                    |   |                                     |                   |
| Gains (losses) on valuation  | 45,939             | -   | -                                   | 45,939            |
| At December 31   | <u>\$ 325,887</u>  | <u>\$ 61,410</u>                            | <u>\$ 18,888</u>                    | <u>\$ 406,185</u> |

|  | 2022                      |                       |   |                   |
|--|---------------------------|-----------------------|---|-------------------|
|  | Derivative<br>instruments | Equity<br>instruments | investments in<br>new drug<br>development | Total             |
| At January 1   | \$ 891                    | \$ 11,607             | \$ -                                      | \$ 12,498         |
| Additions  | -                         | 208,627               | 58,390                                    | 267,017           |
| Conversions of convertible bonds   | ( 723)                    | -                     | -   | ( 723)            |
| Gains or losses recognised in<br>profit or loss shown as other<br>gains and losses |                           |                       |   |                   |
| Gains (losses) on valuation  | ( 167)                    | -                     | 3,030                                     | 2,863             |
| Gains and losses recognised in<br>other comprehensive income                       |                           |                       |   |                   |
| Gains (losses) on valuation  | -                         | 59,091                | -   | 59,091            |
| Settled during the year  | ( 1)                      | -                     | -   | ( 1)              |
| At December 31   | <u>\$ -</u>               | <u>\$ 279,325</u>     | <u>\$ 61,420</u>                          | <u>\$ 340,745</u> |

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

|   | Fair value at<br>December 31,<br>2023 | Valuation<br>technique                         | Significant<br>unobservable<br>input  | Range<br>(weighted<br>average) | Relationship of inputs to<br>fair value   |
|---|---------------------------------------|--|---------------------------------------|--------------------------------|---|
| Non-derivative<br>equity instrument:                        |                                       |  |                                       |                                |   |
| Unlisted shares   | \$ 8,236                              | Price-Book Ratio                               | Price-to-book ratio                   | 2.66~3.75<br>(3.67)            | The higher the multiple, the<br>higher the fair value                             |
|   |                                       |  | Discount for lack<br>of marketability | 30%<br>(30%)                   | The higher the discount for<br>lack of marketability, the<br>lower the fair value |
| Unlisted shares   | 317,651                               | Price-Book Ratio                               | Price-to-book ratio                   | 1.24~2.54<br>(1.97)            | The higher the multiple, the<br>higher the fair value                             |
|   |                                       |  | Discount for lack<br>of marketability | 7.25%<br>(7.25%)               | The higher the discount for<br>lack of marketability, the<br>lower the fair value |
| Profit-sharing<br>investments<br>in new drug<br>development | 61,410                                | Royalty relief<br>method of income<br>approach | Discount rate                         | 24.69%                         | The higher the discount<br>rate, the lower the fair<br>value                      |
|   |                                       |  | Market share                          | 2.0%~5.9%                      | The higher the market<br>share, the higher the fair<br>value                      |
| Limited partnership<br>venture capital                      | 18,888                                | Net asset value                                | N/A                                   | N/A                            | N/A   |
|   | Fair value at<br>December 31,<br>2022 | Valuation<br>technique                         | Significant<br>unobservable<br>input  | Range<br>(weighted<br>average) | Relationship of inputs to<br>fair value   |
| Non-derivative<br>equity instrument:                        |                                       |  |                                       |                                |   |
| Unlisted shares   | \$ 6,207                              | Price-Book Ratio                               | Price-to-book ratio                   | 1.54-8.46<br>(3.05)            | The higher the multiple, the<br>higher the fair value                             |
|   |                                       |  | Discount for lack<br>of marketability | 30%<br>(30%)                   | The higher the discount for<br>lack of marketability, the<br>lower the fair value |
| Unlisted shares   | 273,118                               | Price-Book Ratio                               | Price-to-book ratio                   | 2.01-2.54<br>(2.19)            | The higher the multiple, the<br>higher the fair value                             |
|   |                                       |  | Discount for lack<br>of marketability | 30%<br>(30%)                   | The higher the discount for<br>lack of marketability, the<br>lower the fair value |
| Profit-sharing<br>investments<br>in new drug<br>development | 61,420                                | Royalty relief<br>method of income<br>approach | Discount rate                         | 24.58%                         | The higher the discount<br>rate, the lower the fair<br>value                      |
|   |                                       |  | Market share                          | 1.0%~5.4%                      | The higher the market<br>share, the higher the fair<br>value                      |

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have

changed:

|  |                       |        | December 31, 2023            |                     |  |                     |
|--|-----------------------|--------|------------------------------|---------------------|--|---------------------|
|  |                       |        | Recognised in profit or loss |                     | Recognised in other comprehensive income |                     |
|  |                       |        | Favourable change            | Unfavourable change | Favourable change                        | Unfavourable change |
|  | Input                 | Change |                              |                     |  |                     |
| Financial assets                                   |                       |        |                              |                     |  |                     |
| Profit-sharing investments in new drug development | Discount rate         | ±5%    | \$ 3,071                     | (\$ 3,071)          | \$ -                                     | \$ -                |
|  | Market share          |        |                              |                     |  |                     |
| Limited partnership venture capital                | N/A                   | ±5%    | 944                          | ( 944)              | -  | -                   |
| Unlisted shares                                    | Price-Book Ratio      | ±5%    | -                            | -                   | 16,294                                   | ( 16,294)           |
|  | Lack of marketability | ±5%    | -                            | -                   | 16,294                                   | ( 16,294)           |
|  |                       |        | <u>\$ 4,015</u>              | <u>(\$ 4,015)</u>   | <u>\$ 32,588</u>                         | <u>(\$ 32,588)</u>  |
|  |                       |        | December 31, 2022            |                     |  |                     |
|  |                       |        | Recognised in profit or loss |                     | Recognised in other comprehensive income |                     |
|  |                       |        | Favourable change            | Unfavourable change | Favourable change                        | Unfavourable change |
|  | Input                 | 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>  |

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others : None.
- B. Provision of endorsements and guarantees to others : None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital : None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

#### (3) Information on investments in Mainland China

None.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 5.

### 14. Segment Information

None.

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

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

|                    |   |   |  | As of December 31, 2023 |            |           |            |          |
|--------------------|---|---|--|-------------------------|------------|-----------|------------|----------|
| Securities held by | Marketable securities                             | Relationship with the securities issuer | General ledger account   | Number of shares        | Book value | Ownership | Fair value | Footnote |
| EirGenix Inc.      | Oncomatrix Biopharma S.L. common stock            | None                                    | Non-current financial assets at fair value through other comprehensive | 31,801                  | \$ 8,236   | 0.37%     | \$ 8,236   |          |
| "                  | TFBS Bioscience, Inc. common stock                | The Company's other related party       | "  | 4,942,455               | 317,651    | 14.20%    | 317,651    |          |
| "                  | Forward BioT Venture Capital equity               | "                                       | Non-current financial assets at fair value through profit or loss      | -                       | 18,888     | 5.69%     | 18,888     |          |
| "                  | 93 Central Government Bonds A VI government bonds | None                                    | Non-current financial assets at amortised cost                         | -                       | 31,930     | -         | 31,930     |          |

EirGenix Inc. and its subsidiaries  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Real estate acquired by | Real estate      | Date of the event     | Transaction Amount | Status of payment                        | Counterparty  | Relationship with the counterparty | If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: |  |               |                                    | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real | Other commitments |
|-------------------------|------------------|-----------------------|--------------------|--|---|------------------------------------|---|--|---------------|------------------------------------|--|--|-------------------|
|                         |                  |                       |                    |  |   |                                    | Original owner  | who sold the real estate to the counterparty | Relationships | Date of the original Transfer Date | Amount                                       |  |                   |
| EirGenix Inc.           | Factory building | 2021/9/30<br>(Note 4) | \$ 666,130         | Based on the terms in the purchase order | Lee Ming Construction Co. Ltd.<br><br>China Ecotek Corporation<br><br>Getinge Group Taiwan Co., Ltd.<br><br>Jian-Yi Biotech Co., Ltd.<br><br>Min-Pin,Chen Architects & Associates | None                               | NA  | NA   | NA            | NA                                 | Price comparison and price negotiation       | Manufacturing purpose  | None              |

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: This is the signing date of the first transaction, which is mainly arising from the construction of the factory. The Company continuously signed contracts with relevant suppliers, of which the contract amount has reached \$300,000.

EirGenix Inc.  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Company name  | Counterparty         | Relationship<br>(Note 2) | Transaction            |           |                   |  |
|--------------------|---------------|----------------------|--------------------------|------------------------|-----------|-------------------|--|
|                    |               |                      |                          | General ledger account | Amount    | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0                  | EirGenix Inc. | EirGenix Europe GmbH | (1)                      | Operating expense      | \$ 72,270 | Note 4            | 7.07%  |
| 0                  | EirGenix Inc. | EirGenix Europe GmbH | (1)                      | Other payables         | 12,758    | Note 4            | 0.11%  |

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 between subsidiaries 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 transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):  
(1) Parent company to subsidiary.  
(2) Subsidiary to parent company.  
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.

Note 5: Transactions between the parent company and subsidiaries are eliminated.

Note 6: Individual amounts less than \$1,000 are not disclosed.



EirGenix Inc.  
Information on investees  
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor      | Investee             | Location | Main business activities  | Initial investment amount |                   | Shares held as at December 31, 2023 |           |            | Net profit (loss)                    | Investment income                                | Footnote |
|---------------|----------------------|----------|---|---------------------------|-------------------|-------------------------------------|-----------|------------|--------------------------------------|--|----------|
|               |                      |          |   | Balance as at             | Balance as at     | Number of                           | Ownership | Book value | of the investee                      | (loss) recognised by                             |          |
|               |                      |          |   | December 31, 2023         | December 31, 2022 |                                     |           |            | for the year ended December 31, 2023 | the Company for the year ended December 31, 2023 |          |
| EirGenix Inc. | EirGenix Europe GmbH | Germany  | Biopharmaceutical research and development as well as business development        | \$ 845                    | \$ 845            | -                                   | 100.00    | \$ 7,743   | \$ 2,324                             | \$ 2,324   | None     |
| EirGenix Inc. | EirGenix USA Inc.    | U.S.A    | Biopharmaceutical commissioned development, manufacturing services and consulting | -                         | -                 | -                                   | 100.00    | \$ -       | \$ -                                 | \$ -   | None     |

EirGenix Inc.  
Major shareholders information  
December 31, 2023

Table 5

| Name of major shareholders        | Shares                |               |
|-----------------------------------|-----------------------|---------------|
|                                   | Number of shares held | Ownership (%) |
| Foxconn Technology Co., Ltd       | 27,500,000            | 8.98          |
| Yonglin Capital Holding Co., Ltd. | 26,500,000            | 8.65          |
| Formosa Laboratories, Inc.        | 18,552,818            | 6.06          |

EIRGENIX INC.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 1

| Item                        | Description                             | Amount              |
|-----------------------------|---|---------------------|
| Cash on hand and petty cash |   | \$ 61               |
| Demand deposit-             |   | 347,726             |
| Deposit of NTD              |   |                     |
| Demand deposit-             |   |                     |
| Deposit of foreign currency | USD 2,765 thousand Exchange rate 30.71  | 84,887              |
|                             | GBP 67 thousand Exchange rate 39.15     | 2,621               |
|                             | JPY 10,751 thousand Exchange rate 0.22  | 2,335               |
|                             | ERU 177 thousand Exchange rate 33.98    | 6,009               |
|                             | Others                                  | 3                   |
| Time deposits-              |   | 3,300,000           |
| Deposit of NTD              |   |                     |
| Time deposits-              |   |                     |
| Deposit of foreign currency | USD 42,500 thousand Exchange rate 30.71 | 1,304,962           |
|                             |   | <u>\$ 5,048,604</u> |

The above mentioned time deposits are all maturing in three months with interest rate of 1.38%~6.20%.

EIRGENIX INC.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 2

| Name   | Description           | Amount of<br>certificate of<br>deposit | Rates | Carrying<br>Amount | Note |
|--|-----------------------|--|-------|--------------------|------|
| Time deposits at Lu Chou Branch-Chang Hwa<br>Commercial Bank, Ltd. | 2023/11/06~2024/04/06 | 1                                      | 1.50% | <u>\$ 500,000</u>  |      |

EIRGENIX INC.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 3

| Item  | Amount     |                      | Note  |
|---|------------|----------------------|---|
|   | Cost       | Net Realizable Value |   |
| Raw material                                    | \$ 426,217 | \$ 434,464           | Replacement cost is based on the market value     |
| Work in progress                                | 127,143    | 542,431              | Net realisable value is based on the market value |
| Finished goods                                  | 178,690    | 696,837              |   |
| Merchandise inventory                           | 235        | 237                  |   |
|   | 732,285    | \$ 1,673,969         |   |
| Less : Allowance for inventory Valuation losses | ( 51,648)  |                      |   |
|   | \$ 680,637 |                      |   |

EIRGENIX INC.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 4

| Item  | Description | Total    |
|---|-------------|----------|
| Raw materials at January 1                          | \$          | 377,424  |
| Add: Raw materials purchased during the year        |             | 422,982  |
| Surplus of raw materials                            |             | 4        |
| Less: Raw materials at December 31                  | (           | 426,217) |
| Raw materials deficit                               | (           | 1,014)   |
| Raw materials reclassified to merchandise inventory | (           | 48,966)  |
| Reclassified to research and development expenses   | (           | 198,101) |
| Labor cost used for the year                        | (           | 66,006)  |
| Raw materials during the year                       |             | 60,106   |
| Direct labor  |             | 2,030    |
| Manufacturing expense                               |             | 17,963   |
| Manufacturing cost                                  |             | 80,099   |
| Add: Beginning work in progress                     |             | 281,739  |
| Processing cost                                     |             | 8,984    |
| Less: Ending work in progress                       | (           | 127,143) |
| Reclassified to research and development expenses   | (           | 40,442)  |
| Cost of finished goods                              |             | 203,237  |
| Add: Beginning finished goods                       |             | 98,150   |
| Less: Ending finished goods                         | (           | 178,690) |
| Reclassified to research and development expenses   | (           | 22,767)  |
| Cost of goods manufactured and sold                 |             | 99,930   |
| Merchandise inventory at January 1                  |             | 477      |
| Add: Purchase during the year                       |             | 326      |
| Raw materials reclassified to merchandise inventory |             | 48,966   |
| Less: Merchandise inventory at December 31          | (           | 235)     |
| Reclassified to research and development expenses   | (           | 423)     |
| Cost of goods sold for the merchandise inventory    |             | 49,111   |
| Other operating costs                               |             | 602,540  |
| Gain on physical inventory                          | (           | 4)       |
| Loss on disposal inventory                          |             | 1,014    |
| Loss on decline in market value of inventory        |             | 33,321   |
| Operating costs                                     | \$          | 785,912  |

EIRGENIX INC.  
STATEMENT OF MANUFACTURING EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 5

| Item                            | Amount           | Note   |
|---------------------------------|------------------|--|
| Inspection fees                 | \$ 5,001         |  |
| Depreciation expense            | 2,961            |  |
| Consumables                     | 2,263            |  |
| Rent expense                    | 1,744            |  |
| Wages and salaries              | 1,294            |  |
| Repairs and maintenance expense | 1,004            |  |
| Service fees                    | 1,072            |  |
| Other expenses                  | 2,624            | Each of the account<br>was less than 5% of the<br>total account balance. |
|                                 | <u>\$ 17,963</u> |  |

EIRGENIX INC.  
STATEMENT OF OTHER OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 6

| Item                           | Amount            | Note   |
|--------------------------------|-------------------|--|
| Wages and salaries             | \$ 118,622        |  |
| Depreciation expense           | 111,785           |  |
| Share-based payments           | 70,628            |  |
| Raw materials used             | 66,006            |  |
| Repair and maintenance expense | 49,630            |  |
| Consumables                    | 46,279            |  |
| Utilities expense              | 40,426            |  |
| Inspection fees                | 36,391            |  |
| Other expenses                 | 62,773            | Each of the account<br>was less than 5% of the<br>total account balance. |
|                                | <u>\$ 602,540</u> |  |



EIRGENIX INC.  
STATEMENT OF SALES AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 7

| Item                  | Amount           | Note   |
|-----------------------|------------------|--|
| Wages and salaries    | \$ 23,521        |  |
| Share-based payments  | 12,555           |  |
| Service fees          | 10,984           |  |
| Advertisement expense | 6,001            |  |
| Other expenses        | 9,532            | Each of the account was less than 5% of the total account balance. |
|                       | <u>\$ 62,593</u> |  |

EIRGENIX INC.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 8

| Item                 | Amount            | Note   |
|----------------------|-------------------|--|
| Wages and salaries   | \$ 82,165         |  |
| Share-based payments | 55,877            |  |
| Depreciation expense | 24,063            |  |
| Utilities expense    | 11,975            |  |
| Insurance expense    | 11,665            |  |
| Other expenses       | 68,451            | Each of the account was less than 5% of the total account balance. |
|                      | <u>\$ 254,196</u> |  |

EIRGENIX INC.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 9

| Item                 | Amount            | Note   |
|----------------------|-------------------|--|
| Consumables          | \$ 340,477        |  |
| Service fees         | 242,647           |  |
| Wages and salaries   | 118,492           |  |
| Depreciation expense | 86,999            |  |
| Other expenses       | 166,731           | Each of the account was less than 5% of the total account balance. |
|                      | <u>\$ 955,346</u> |  |

EIRGENIX INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 10

| Function<br>Nature               | Year ended December 31, 2023     |  |            | Year ended December 31, 2022     |  |            |
|----------------------------------|----------------------------------|--|------------|----------------------------------|--|------------|
|                                  | Classified as<br>Operating Costs | Classified as<br>Operating<br>Expenses | Total      | Classified as<br>Operating Costs | Classified as<br>Operating<br>Expenses | Total      |
| Employee Benefit Expense         |                                  |  |            |                                  |  |            |
| Wages and salaries               | \$ 121,946                       | \$ 224,178                             | \$ 346,124 | \$ 147,873                       | \$ 185,966                             | \$ 333,839 |
| Share based payment              | 70,628                           | 110,272                                | 180,900    | 60,275                           | 95,037                                 | 155,312    |
| Labour and health insurance fees | 14,408                           | 20,005                                 | 34,413     | 13,771                           | 16,809                                 | 30,580     |
| Pension costs                    | 9,257                            | 8,671                                  | 17,928     | 7,427                            | 8,624                                  | 16,051     |
| Directors' remuneration          | -                                | 4,125                                  | 4,125      | -                                | 3,948                                  | 3,948      |
| Other personnel expenses         | 6,358                            | 15,092                                 | 21,450     | 5,557                            | 13,245                                 | 18,802     |
| Depreciation Expense             | 114,746                          | 112,462                                | 227,208    | 99,536                           | 88,451                                 | 187,987    |
| Amortisation Expense             | 5,840                            | 5,456                                  | 11,296     | 10,456                           | 5,728                                  | 16,184     |

Note:

A. As at December 31, 2023 and 2022, the Company had 400 and 369 employees, both including 9 non-employee directors, respectively.

B. The Company's stock is listed for trading on the over-the-counter securities exchange and shall additionally disclose the following information:

- (a) Average employee benefit expense were \$1,537 and \$1,541 for the years ended December 31, 2023 and 2022, respectively.
- (b) Average employee salaries were \$1,348 and \$1,359 for the years ended December 31, 2023 and 2022, respectively.
- (c) Adjustment of average employee salaries was (0.81%).
- (d) The Company has no supervisors' remuneration as it set up the audit committees.

C. The Company' salary and compensation policy:

(a) Directors

In accordance with the Articles of Incorporation of the Company, the Board of Directors shall propose a ratio not higher than 3% of distributable profit of directors' remuneration, and the distribution shall be approved by a resolution adopted by a majority vote at a meeting and the distribution shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The Company did not distribute directors' remuneration in the previous two years. The directors only receive the transportation allowance for the professional practice execution, while the independent directors additionally receive the fixed remuneration for the professional practice execution. The rest of the director's emolument is the salary expenses of the director who concurrently acts as an employee. The above directors' transportation allowance and the independent directors' remuneration for the professional practice execution have been reviewed by the Company's remuneration committee and approved by the Board of Directors.

EIRGENIX INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Statement 10

(b) The president and vice presidents

The remuneration for the president and vice presidents is the employees' compensation distributed from retained earnings. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. Distribution of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The emolument of the president and vice presidents of the Company shall be determined according to the position, contribution to the Company and by reference to the general pay levels of the industry, and shall be reviewed by the remuneration committee and approved by the Board of Directors. The Company did not distribute employee compensation in the previous two years.

(c) Employees:

The salary and compensation package of the Company's employees consists of three parts: basic fixed salary, bonus and welfare; the payment standard: the basic fixed salary is determined based on the time devoted in and the responsibilities undertaken for the position, and by reference to the salary situation in the industry; bonus is awarded based on the achievement of employee and department goals as well as the Company's operation performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees. Employee reward system is based on the individual performance, contribution to the Company and the market value of the position, which are positively associated with the operation performance. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements.



**EirGenix, Inc.**

**President: Lee-Cheng Liu**

Address: No.101, Lane 169, Kangning St., Xizhi Dist., New Taipei City

Tel: +886-2-7708-0123

Fax: +886-2-7708-1666