

EIRGENIX INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' 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.

Teng, Sheng-Wei

Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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

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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 Loss before Income Tax		(	<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 Net Loss		(	<u>\$ 915,208)</u>	<u>(90)</u>	<u>(\$ 115,540)</u>	<u>(8)</u>
Other Comprehensive Income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)		<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>
Components of other comprehensive income that will be reclassified to profit or loss						
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 Other Comprehensive Income			<u>\$ 46,118</u>	<u>5</u>	<u>\$ 59,311</u>	<u>4</u>
8500 Total Comprehensive Loss		(	<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				
	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	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
Year ended December 31, 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
CASH FLOWS FROM OPERATING ACTIVITIES			
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)

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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[®]”) 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 International Accounting 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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or 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 International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
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	<u>20,000</u>	<u>-</u>
	78,390	58,390
Valuation adjustment	<u>1,908</u>	<u>3,030</u>
	<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 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 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 research expense	17,151	11,310
Excess business tax paid (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 equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets)
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 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- 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 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 equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets)
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 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- 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 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 (Business vehicles)	967	2,584
Office equipment (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 (Business vehicles)	1,616	1,640
Office equipment (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 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% ~1.9500%	None	\$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.7250% ~1.9500%	"	
				80,900
				<u>\$ 120,460</u>

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

- 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 (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 (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 (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 (shares in thousands)	Weighted-average exercise price (in dollars)	No. of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	5,666	\$15~146.4	5,282	\$15~146.4
Options granted	1,855	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 (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - B	2015. 07. 01	1,270	\$ 14.88	\$ 15	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	\$5.22 ~ 6.01
"	2015. 07. 01	130	14.88	20	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	3.83~ 4.69
"	2015. 07. 06	250	14.60	20	37.09~ 37.64%	5.5 ~ 7 years	1.15~ 1.35%	3.75~ 4.60
"	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
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

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - H	2020. 12. 23	830	\$ 47.55	\$ 42.1	61.28%	6 ~ 7 years	0.22~ 0.26%	\$26.15~ 27.88
"	2021. 05. 12	315	154.5	146.4	65.02%	6 ~ 7 years	0.31~ 0.35%	89.32~ 95.02
"	2021. 08. 12	505	135.5	128.4	67.02%	6 ~ 7 years	0.32~ 0.34%	80.24~ 85.25
"	2021. 10. 01	1,185	124.0	117.5	65.78%	6 ~ 7 years	0.34~ 0.38%	72.39~ 76.99
Restricted stocks to employees - E	2021. 10. 15	613	106.5	-	-	-	-	106.5
"	2022. 01. 10	184	108.5	-	-	-	-	108.5
"	2022. 09. 08	190	118.5	-	-	-	-	118.5
Restricted stocks to employees - F	2021. 10. 15	340	106.5	-	-	-	-	106.5
Employee stock options - I	2022. 03. 22	160	93.5	93.5	62.20%	6 ~ 7 years	0.86~ 0.87%	52.85~ 56.27
"	2022. 05. 12	225	71.6	71.6	61.32%	6 ~ 7 years	1.22~ 1.27%	40.37~ 43.04
"	2022. 08. 11	685	85.9	85.9	60.04%	6 ~ 7 years	1.10~ 1.14%	47.51~ 50.67
"	2022. 09. 08	510	118.5	118.5	60.29%	6 ~ 7 years	1.19~ 1.23%	65.9~ 70.28
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~ 1.70%	57.97~ 61.88
	2023. 03. 10	1,150	111.5	111.5	59.15%	6 ~ 7 years	1.12~ 1.14%	60.98~ 65.04
"	2023. 05. 10	255	120.0	120.0	58.70%	6 ~ 7 years	1.07~ 1.09%	65.15~ 69.50
"	2023. 08. 08	225	101.5	101.5	57.40%	6 ~ 7 years	1.10~ 1.12%	54.18~ 57.84
"	2023. 12. 22	270	100.5	100.5	55.38%	6 ~ 7 years	1.18~ 1.19%	52.26~ 55.82

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 - 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 authorisation and cooperative development		Sales of goods	
	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
	\$ 605,990	\$ 141,472	\$ 275,191	\$ 1,022,653

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 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 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>

(24) Finance costs

	Year ended December 31	
	2023	2022
Interest expense on lease liabilities	\$ 8,096	\$ 8,204
Interest expense on bank 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 Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 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 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 before tax and statutory tax rate	(\$ 182,949)	(\$ 23,040)
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	26,428
Temporary differences not 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 profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax assets:				
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences	\$ 874	\$ 465	\$ -	\$ 1,339
Currency translation differences	-	-	41	41
Income tax expense	<u>\$ 874</u>	<u>\$ 465</u>	<u>\$ 41</u>	<u>\$ 1,380</u>
2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax assets:				
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, 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 tax assets	Expiry year	
Research and development	\$ 960,900	\$ 960,900	Note	
Machinery and equipment	8,844	8,844	Note	
December 31, 2022				
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year	
Research and 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/ assessed	Unused amount	Unrecognised 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/ assessed	Unused amount	Unrecognised 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 number of ordinary 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 number of ordinary 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 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)	
Changes in right-of- use assets	-	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>\$ 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	\$ -	\$ 306,765	\$ 127,070	\$ -	\$ 433,835
Changes in cash flow from financing activities	120,460	(23,657)	(200)	294	96,897
Changes in right-of- use assets	-	54,767	-	-	54,767
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 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	<u>9,477</u>	<u>5,622</u>
	<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- FORMOSA LABORATORIES, INC.	Non-current financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ 58,390</u>
Other related party- TFBS Bioscience Inc.	Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ 40,627</u>
Other related party- Forward BioT Venture Capital	Non-current prepayments 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>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 - DCB	\$	<u>2,185</u>

(d) Rent expense (shown as 'operating cost' and 'operating expenses')

	<u>Year ended December 31</u>	
	<u>2022</u>	
Other related party - DCB	\$	<u>505</u>

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term 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 (shown as non-current financial assets at amortised cost)	\$ 8,790	\$ 8,671	Note 1
Guarantee deposits paid (shown as other non-current assets)	\$ 8,795	\$ 65,048	Note 2
Property, plant and equipment	\$ 1,551,633	\$ 1,158,399	Note 3
Pledged government bonds (shown as non-current financial 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 amount (In 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		
		amount (In	Exchange rate	Book value
		thousands)		(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 1 year	Between 1 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- 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 (shown as other non- current liabilities)	6	-	-	6

December 31, 2022	Less than 1 year	Between 1 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- 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 (shown as other non- 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>
Assets				
<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
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	\$ -	\$ -	\$ 61,420	\$ 61,420
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	279,325	279,325
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,745</u>	<u>\$ 340,745</u>

(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 instruments	Equity instruments	investments 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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 8,236	Price-Book Ratio	Price-to-book ratio	2.66~3.75 (3.67)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	317,651	Price-Book Ratio	Price-to-book ratio	1.24~2.54 (1.97)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	7.25% (7.25%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,410	Royalty relief method of income approach	Discount rate	24.69%	The higher the discount rate, the lower the fair value
			Market share	2.0%~5.9%	The higher the market share, the higher the fair value
Limited partnership venture capital	18,888	Net asset value	N/A	N/A	N/A
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,207	Price-Book Ratio	Price-to-book ratio	1.54-8.46 (3.05)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	273,118	Price-Book Ratio	Price-to-book ratio	2.01-2.54 (2.19)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,420	Royalty relief method of income approach	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share	1.0%~5.4%	The higher the market share, the higher the fair value

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 (Note 4)	\$ 666,130	Based on the terms in the purchase order	Lee Ming Construction Co. Ltd. China Ecotek Corporation Getinge Group Taiwan Co., Ltd. Jian-Yi Biotech Co., Ltd. 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 (Note 1)	Company name	Counterparty	Relationship (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 certificate of deposit	Rates	Carrying Amount	Note
Time deposits at Lu Chou Branch-Chang Hwa 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 was less than 5% of the 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 was less than 5% of the 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 Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 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.