

**EIRGENIX INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**MARCH 31, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of EirGenix Inc. and subsidiaries (the “Group”) as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

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

## ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EirGenix Inc. and subsidiaries as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Yu, Shu-Fen

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Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 2024

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

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

EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023		
			AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets									
1100	Cash and cash equivalents	6(1)	\$ 4,847,881	44	\$ 5,053,183	45	\$ 5,610,352	49	
1136	Current financial assets at	6(3)							
	amortised cost		900,000	8	500,000	5	1,000,000	9	
1140	Current contract assets	6(19) and 7	261,078	2	293,694	3	105,374	1	
1150	Notes receivable, net	6(4)	46	-	19	-	-	-	
1170	Accounts receivable, net	6(4)	131,044	1	253,390	2	134,662	1	
1180	Accounts receivable, net-	7							
	related parties		189	-	2,636	-	699	-	
1200	Other receivables		21,634	-	20,497	-	12,161	-	
1220	Current income tax assets		21,105	-	17,648	-	8,231	-	
130X	Inventories	6(5)	661,369	6	680,637	6	837,066	8	
1410	Prepayments	6(6)	71,993	1	93,802	1	120,337	1	
11XX	Total current assets		6,916,339	62	6,915,506	62	7,828,882	69	
Non-current assets									
1510	Non-current financial assets at	6(2) and 7							
	fair value through profit or loss		97,713	1	80,298	1	80,435	1	
1517	Non-current financial assets at	6(7)							
	fair value through other								
	comprehensive income		322,099	3	325,887	3	245,237	2	
1535	Non-current financial assets at	6(3) and 8							
	amortised cost		40,588	-	40,720	-	40,995	-	
1600	Property, plant and equipment,	6(8) and 8							
	net		3,376,450	30	3,337,685	30	2,711,638	24	
1755	Right-of-use assets	6(9)	336,014	3	329,236	3	317,999	3	
1780	Intangible assets	6(10)	27,307	-	28,269	-	23,519	-	
1990	Other non-current assets	6(8)(11) and 8	63,081	1	104,958	1	139,154	1	
15XX	Total non-current assets		4,263,252	38	4,247,053	38	3,558,977	31	
1XXX	Total assets		\$ 11,179,591	100	\$ 11,162,559	100	\$ 11,387,859	100	

(Continued)

EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(19) and 7	\$ 37,413	-	\$ 56,766	-	\$ 75,329	1
2170	Accounts payable		63,447	1	79,556	1	144,376	1
2200	Other payables	6(12)	274,163	3	530,299	5	215,792	2
2220	Other payables - related parties	7	9,473	-	7,993	-	5,988	-
2230	Current tax liabilities		1,210	-	992	-	832	-
2280	Current lease liabilities		29,795	-	28,622	-	26,915	-
2320	Long-term liabilities, current portion	6(13) and 8	20,563	-	-	-	-	-
2399	Other current liabilities		5,709	-	2,937	-	3,074	-
21XX	Total current liabilities		441,773	4	707,165	6	472,306	4
Non-current liabilities								
2540	Long-term borrowings	6(13) and 8	472,947	4	120,460	1	120,460	1
2570	Deferred tax liabilities	6(25)	1,488	-	1,380	-	974	-
2580	Non-current lease liabilities		321,918	3	316,085	3	304,930	3
2600	Other non-current liabilities		6	-	6	-	294	-
25XX	Total non-current liabilities		796,359	7	437,931	4	426,658	4
2XXX	Total liabilities		1,238,132	11	1,145,096	10	898,964	8
Equity								
	Capital	6(16)						
3110	Common stock		3,061,611	27	3,060,516	28	3,046,672	27
	Capital reserve	6(17)						
3200	Capital surplus		7,850,705	70	7,830,216	70	7,766,923	68
	Accumulated deficit	6(18)						
3350	Accumulated deficit		( 1,019,223)	( 9)	( 915,208)	( 8)	( 319,027)	( 3)
	Other equity interest							
3400	Other equity interest		48,366	1	41,939	-	( 5,673)	-
3XXX	Total equity		9,941,459	89	10,017,463	90	10,488,895	92
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 11,179,591	100	\$ 11,162,559	100	\$ 11,387,859	100

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

EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

			Three months ended March 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating Revenue	6(19) and 7	\$ 219,693	100	\$ 216,321	100
5000	Operating Costs	6(5)(10)(24) and 7	( 201,802)	( 92)	( 177,531)	( 82)
5900	Gross Profit		<u>17,891</u>	<u>8</u>	<u>38,790</u>	<u>18</u>
	Operating Expenses	6(10)(24) and 7				
6100	Sales and marketing expenses		( 14,992)	( 7)	( 13,511)	( 6)
6200	General and administrative expenses		( 62,749)	( 28)	( 55,847)	( 26)
6300	Research and development expenses		( 154,178)	( 70)	( 189,895)	( 88)
6000	Total operating expenses		( 231,919)	( 105)	( 259,253)	( 120)
6900	Operating Loss		( 214,028)	( 97)	( 220,463)	( 102)
	Non-operating Income and Expenses					
7100	Interest income	6(3)(20)	34,400	16	30,799	14
7010	Other income	6(21)	618	-	91	-
7020	Other gains and losses	6(2)(9)(22)	77,138	35	( 11,124)	( 5)
7050	Finance costs	6(9)(23)	( 1,703)	( 1)	( 2,494)	( 1)
7000	Total non-operating income and expenses		<u>110,453</u>	<u>50</u>	<u>17,272</u>	<u>8</u>
7900	Loss before Income Tax		( 103,575)	( 47)	( 203,191)	( 94)
7950	Income tax	6(25)	( 440)	-	( 296)	-
8200	Net Loss		<u>( \$ 104,015)</u>	<u>( 47)</u>	<u>( \$ 203,487)</u>	<u>( 94)</u>
	Other Comprehensive Income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(7)	( \$ 3,788)	( 2)	( \$ 34,088)	( 16)
8310	Other comprehensive loss that will not be reclassified to profit or loss		( 3,788)	( 2)	( 34,088)	( 16)
	Components of other comprehensive loss that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		59	-	76	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(25)	( 23)	-	( 12)	-
8360	Other comprehensive income that will be reclassified to profit or loss		<u>36</u>	<u>-</u>	<u>64</u>	<u>-</u>
8300	Other Comprehensive Loss		<u>( \$ 3,752)</u>	<u>( 2)</u>	<u>( \$ 34,024)</u>	<u>( 16)</u>
8500	Total Comprehensive Loss		<u>( \$ 107,767)</u>	<u>( 49)</u>	<u>( \$ 237,511)</u>	<u>( 110)</u>
	Loss per share share (in dollars)	6(26)				
9750	Loss per share		( \$ 0.34)		( \$ 0.67)	

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

EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						Other Equity Interest			
		Capital Reserves					Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			Unearned compensation	Total equity
Notes	Common stock	Additional paid-in capital	Employee stock options	Restricted stock to employees	Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements				
	\$ 3,043,358	\$ 7,532,828	\$ 95,289	\$ 105,148	\$ 876	(\$ 115,540 )	(\$ 17 )	\$ 64,922	(\$ 43,986 )	\$ 10,682,878	
	-	-	-	-	-	( 203,487 )	-	-	-	( 203,487 )	
6(7)	-	-	-	-	-	-	64	( 34,088 )	-	( 34,024 )	
	-	-	-	-	-	( 203,487 )	64	( 34,088 )	-	( 237,511 )	
6(15)	-	-	21,859	-	-	-	-	-	8,093	29,952	
6(15)(16)	4,045	15,705	( 6,174 )	-	-	-	-	-	-	13,576	
6(15)(16)	59	-	-	602	-	-	-	-	( 661 )	-	
6(15)(16)	( 790 )	-	-	790	-	-	-	-	-	-	
	-	1,208	-	( 1,208 )	-	-	-	-	-	-	
	\$ 3,046,672	\$ 7,549,741	\$ 110,974	\$ 105,332	\$ 876	(\$ 319,027 )	\$ 47	\$ 30,834	(\$ 36,554 )	\$ 10,488,895	
	\$ 3,060,516	\$ 7,515,052	\$ 167,500	\$ 145,854	\$ 1,810	(\$ 915,208 )	\$ 162	\$ 110,861	(\$ 69,084 )	\$ 10,017,463	
	-	-	-	-	-	( 104,015 )	-	-	-	( 104,015 )	
6(7)	-	-	-	-	-	-	36	( 3,788 )	-	( 3,752 )	
	-	-	-	-	-	( 104,015 )	36	( 3,788 )	-	( 107,767 )	
6(15)	-	-	17,920	-	-	-	-	-	10,179	28,099	
6(15)(16)	1,095	4,312	( 1,743 )	-	-	-	-	-	-	3,664	
6(15)	-	-	( 1,267 )	-	1,267	-	-	-	-	-	
	-	581	-	( 581 )	-	-	-	-	-	-	
	\$ 3,061,611	\$ 7,519,945	\$ 182,410	\$ 145,273	\$ 3,077	(\$ 1,019,223 )	\$ 198	\$ 107,073	(\$ 58,905 )	\$ 9,941,459	

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

EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 103,575 )	(\$ 203,191 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	70,880	53,024
Amortization	6(10)(24)	2,155	4,549
Net (gain) loss on financial assets or liabilities at fair value	6(2)(22)	( 2,415 )	985
Interest expense	6(23)	1,703	2,494
Interest income	6(20)	( 34,400 )	( 30,799 )
Compensation costs of share-based payments	6(15)(24)	28,099	29,952
Gains on disposal of property, plant and equipment	6(22)	( 1 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		32,616	129,025
Notes receivable, net		( 27 )	-
Accounts receivable, net		122,346	( 101,880 )
Accounts receivable, net-related parties		2,447	( 699 )
Other receivables		( 1,110 )	15,580
Inventories		19,268	( 97,603 )
Prepayments		21,809	3,105
Changes in operating liabilities			
Contract liabilities		( 19,353 )	( 75,146 )
Accounts payable		( 16,109 )	9,769
Other payables		( 56,090 )	( 74,860 )
Other payables - related parties		1,480	( 1,744 )
Other current liabilities		2,772	( 30 )
Cash inflow (outflow) generated from operations		72,495	( 337,469 )
Interest received		34,505	28,130
Interest paid		( 1,568 )	( 2,490 )
Income tax received		-	244
Income tax paid		( 3,609 )	( 2,660 )
Net cash flows from (used in) operating activities		101,823	( 314,245 )

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EIRGENIX INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 400,000 )	\$ -
Acquisition of property, plant and equipment	6(8)(27)	( 283,404 )	( 189,278 )
Proceeds from disposal of property, plant and equipment		15	-
Acquisition of intangible assets	6(10)(27)	( 3,916 )	( 1 )
Decrease (increase) in refundable deposits (shown as other non-current assets)		40	( 20 )
Decrease in prepayments for investments (shown as other non-current assets)		31,270	-
Increase in prepayments for business facilities (shown as other non-current assets)		( 20,090 )	( 19,970 )
Decrease in other non-current assets		7	67
Net cash flows used in investing activities		( 676,078 )	( 209,202 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(28)	373,050	-
Repayments of lease principal	6(28)	( 7,940 )	( 6,739 )
Employee stock options exercised		3,664	13,576
Net cash flows from financing activities		368,774	6,837
Effect of exchange rate		179	77
Net decrease in cash and cash equivalents		( 205,302 )	( 516,533 )
Cash and cash equivalents at beginning of period		5,053,183	6,126,885
Cash and cash equivalents at end of period		\$ 4,847,881	\$ 5,610,352

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

EIRGENIX INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

1. History and Organization

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

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 9, 2024.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation and basis of consolidation as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim financial reporting" that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	EirGenix Europe GmbH	Biopharmaceutical research and development as well as business development	100	100	100
The Company	EirGenix USA Inc. (Note)	Biopharmaceutical commissioned development, manufacturing services and consulting	100	100	-

Note: EirGenix USA Inc. is a subsidiary that was established in November 2023.

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

(4) 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) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

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

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

#### 6. Details of Significant Accounts

##### (1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 61	\$ 61	\$ 61
Demand deposits	547,340	448,160	1,047,370
Time deposits	4,300,480	4,604,962	4,562,921
	<u>\$ 4,847,881</u>	<u>\$ 5,053,183</u>	<u>\$ 5,610,352</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Profit-sharing investment in new drug development	\$ 58,390	\$ 58,390	\$ 58,390
Limited partnership venture capital	35,000	20,000	20,000
	<u>93,390</u>	<u>78,390</u>	<u>78,390</u>
Valuation adjustment	4,323	1,908	2,045
	<u>\$ 97,713</u>	<u>\$ 80,298</u>	<u>\$ 80,435</u>

- A. The Group recognised net gains (losses) amounting to \$2,415 and (\$985) on financial assets at fair value through profit or loss for the three months ended March 31, 2024 and 2023, respectively.
- B. On April 18, 2022, the Group entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the “Product”) with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Group at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize the product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the agreement, the Group paid a consideration amounting to US\$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of March 31, 2024, the Group has paid US\$2,000 thousand.

(3) Financial assets at amortised cost

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Time deposits (Note)	<u>\$ 900,000</u>	<u>\$ 500,000</u>	<u>\$ 1,000,000</u>
Non-current items:			
Government bonds	\$ 31,798	\$ 31,930	\$ 32,324
Pledged time deposits	<u>8,790</u>	<u>8,790</u>	<u>8,671</u>
	<u>\$ 40,588</u>	<u>\$ 40,720</u>	<u>\$ 40,995</u>

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

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

	Three months ended March 31,	
	2024	2023
Interest income	<u>\$ 2,033</u>	<u>\$ 3,899</u>

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

(4) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 46	\$ 19	\$ -
Accounts receivable	\$ 131,044	\$ 253,687	\$ 134,959
Less: Allowance for uncollectible accounts	- ( 297)	( 297)	( 297)
	<u>\$ 131,044</u>	<u>\$ 253,390</u>	<u>\$ 134,662</u>

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

	March 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 46	\$ 123,106	\$ 19	\$ 176,990
Up to 30 days past due	-	2,828	-	76,400
31 to 90 days past due	-	5,110	-	-
91 to 180 days past due	-	-	-	-
Over 181 days past due	-	-	-	297
	<u>\$ 46</u>	<u>\$ 131,044</u>	<u>\$ 19</u>	<u>\$ 253,687</u>
	March 31, 2023			
	Notes receivable	Accounts receivable		
Not past due	\$ -	\$ 78,448		
Up to 30 days past due	-	56,214		
31 to 90 days past due	-	-		
91 to 180 days past due	-	-		
Over 181 days past due	-	297		
	<u>\$ -</u>	<u>\$ 134,959</u>		

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, notes receivable and accounts receivable (including related parties) were all from contracts with customers. Also, as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$32,782.
- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable (including related parties) held by the Group was \$131,279, \$256,045 and \$135,361, respectively.
- D. The Group did not hold any collateral.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 414,972	(\$ 58,789)	\$ 356,183
Work in progress	127,733	-	127,733
Finished goods	177,641	( 320)	177,321
Merchandise inventory	132	-	132
	<u>\$ 720,478</u>	<u>(\$ 59,109)</u>	<u>\$ 661,369</u>
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>
March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 490,124	(\$ 29,014)	\$ 461,110
Work in progress	233,035	-	233,035
Finished goods	142,878	-	142,878
Merchandise inventory	461	( 418)	43
	<u>\$ 866,498</u>	<u>(\$ 29,432)</u>	<u>\$ 837,066</u>

The cost of inventories recognised as expense for the period:

Three months ended March 31,			
	2024	2023	
Cost of goods used	\$ 54,687	\$ 21,044	
Cost of goods sold	31,219	43,488	
Loss on decline in market value	7,461	11,105	
	<u>\$ 93,367</u>	<u>\$ 75,637</u>	



(6) Prepayments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Office supplies	\$ -	\$ -	\$ 7,593
Prepayments for contracted research expense	-	17,151	9,587
Excess business tax paid (or Net Input VAT)	19,148	24,454	13,749
Prepayments to suppliers	23,146	26,187	50,192
Other prepaid expenses	29,699	26,010	39,216
	<u>\$ 71,993</u>	<u>\$ 93,802</u>	<u>\$ 120,337</u>

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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items:			
Equity instruments			
Emerging and unlisted stocks	\$ 215,026	\$ 215,026	\$ 214,403
Valuation adjustment	107,073	110,861	30,834
	<u>\$ 322,099</u>	<u>\$ 325,887</u>	<u>\$ 245,237</u>

A. The Group has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$322,099, \$325,887 and \$245,237 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	<u>(\$ 3,788)</u>	<u>(\$ 34,088)</u>

(8) Property, plant and equipment

2024

	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	\$ 1,301,038	\$ 80,678	\$ 1,978,099	\$ 47,320	\$ 37,142	\$ 681,732	\$ 4,126,009	\$ 14,489
Accumulated depreciation	( 410,365)	( 38,372)	( 307,474)	( 16,951)	( 15,162)	-	( 788,324)	-
	<u>\$ 890,673</u>	<u>\$ 42,306</u>	<u>\$ 1,670,625</u>	<u>\$ 30,369</u>	<u>\$ 21,980</u>	<u>\$ 681,732</u>	<u>\$ 3,337,685</u>	<u>\$ 14,489</u>
Opening net book amount as at January 1	\$ 890,673	\$ 42,306	\$ 1,670,625	\$ 30,369	\$ 21,980	\$ 681,732	\$ 3,337,685	\$ 14,489
Additions	17,116	814	-	2,149	631	63,058	83,768	20,090
Reclassifications	48,297	-	3,439	5,374	-	( 57,110)	-	-
Transfers from other non- current assets	5,893	-	-	-	-	12,480	18,373	( 18,373)
Sold during the period	-	( 14)	-	-	-	-	( 14)	-
Depreciation expense	( 31,329)	( 2,514)	( 26,776)	( 1,302)	( 1,450)	-	( 63,371)	-
Net exchange differences	-	9	-	-	-	-	9	-
Closing net book amount as at March 31	<u>\$ 930,650</u>	<u>\$ 40,601</u>	<u>\$ 1,647,288</u>	<u>\$ 36,590</u>	<u>\$ 21,161</u>	<u>\$ 700,160</u>	<u>\$ 3,376,450</u>	<u>\$ 16,206</u>
At March 31								
Cost	\$ 1,372,344	\$ 81,289	\$ 1,981,538	\$ 52,924	\$ 37,542	\$ 700,160	\$ 4,225,797	\$ 16,206
Accumulated depreciation	( 441,694)	( 40,688)	( 334,250)	( 16,334)	( 16,381)	-	( 849,347)	-
	<u>\$ 930,650</u>	<u>\$ 40,601</u>	<u>\$ 1,647,288</u>	<u>\$ 36,590</u>	<u>\$ 21,161</u>	<u>\$ 700,160</u>	<u>\$ 3,376,450</u>	<u>\$ 16,206</u>

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	\$ 75,921	\$ 1,434,479	\$ 45,596	\$ 32,925	\$ 642,864	\$ 3,210,708	\$ 98,273
Accumulated depreciation	( 317,142)	( 30,726)	( 229,062)	( 12,142)	( 12,788)	-	( 601,860)	-
	<u>\$ 661,781</u>	<u>\$ 45,195</u>	<u>\$ 1,205,417</u>	<u>\$ 33,454</u>	<u>\$ 20,137</u>	<u>\$ 642,864</u>	<u>\$ 2,608,848</u>	<u>\$ 98,273</u>
Opening net book amount as at January 1	\$ 661,781	\$ 45,195	\$ 1,205,417	\$ 33,454	\$ 20,137	\$ 642,864	\$ 2,608,848	\$ 98,273
Additions	14,272	111	685	-	342	57,129	72,539	19,970
Reclassifications	11,295	-	2,070	-	-	( 13,365)	-	-
Transfers from other non- current assets	1,954	-	-	-	-	73,980	75,934	( 75,934)
Depreciation expense	( 22,952)	( 2,318)	( 18,001)	( 1,172)	( 1,250)	-	( 45,693)	-
Net exchange differences	-	10	-	-	-	-	10	-
Closing net book amount as at March 31	<u>\$ 666,350</u>	<u>\$ 42,998</u>	<u>\$ 1,190,171</u>	<u>\$ 32,282</u>	<u>\$ 19,229</u>	<u>\$ 760,608</u>	<u>\$ 2,711,638</u>	<u>\$ 42,309</u>
At March 31								
Cost	\$ 1,005,738	\$ 74,832	\$ 1,437,234	\$ 45,595	\$ 31,083	\$ 760,608	\$ 3,355,090	\$ 42,309
Accumulated depreciation	( 339,388)	( 31,834)	( 247,063)	( 13,313)	( 11,854)	-	( 643,452)	-
	<u>\$ 666,350</u>	<u>\$ 42,998</u>	<u>\$ 1,190,171</u>	<u>\$ 32,282</u>	<u>\$ 19,229</u>	<u>\$ 760,608</u>	<u>\$ 2,711,638</u>	<u>\$ 42,309</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three months ended March 31,	
	2024	2023
Amount capitalised	\$ 702	\$ -
Range of the interest rates for capitalisation	1.850%~2.075%	-

- B. Details of the amount of depreciation charge of right-of-use assets and interest expense on lease liabilities capitalised as property, plant and equipment are provided in Note 6(9).  
C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.  
B. Short-term leases with a lease term of 12 months or less comprise certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.  
C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 195,902	\$ 187,939	\$ 198,740
Buildings	71,314	73,893	81,463
Machinery and equipment	64,764	65,921	34,726
Transportation equipment (Business vehicles)	617	967	2,179
Office equipment (Multifunction printers)	3,417	516	891
	<u>\$ 336,014</u>	<u>\$ 329,236</u>	<u>\$ 317,999</u>
	Three months ended March 31,		
	2024	2023	
	Depreciation expense	Depreciation expense	
Land	\$ 3,234	\$ 3,655	
Buildings	2,579	2,568	
Machinery and equipment	1,157	579	
Transportation equipment (Business vehicles)	350	404	
Office equipment (Multifunction printers)	189	125	
	<u>\$ 7,509</u>	<u>\$ 7,331</u>	

D. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were \$14,946 and \$0, respectively.

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

	Three months ended March 31,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,924	\$ 1,963
Expense on short-term lease contracts	2,823	7,278
Expense on leases of low-value assets	-	53
Capitalisation of depreciation charges on right-of-use assets	659	-
Capitalisation of interest expense on lease liabilities	221	-

F. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$12,687 and \$16,033, respectively.

(10) Intangible assets

	2024		
	Software	Professional expertise	Total
At January 1			
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>
Opening net book amount as at January 1	\$ 20,383	\$ 7,886	\$ 28,269
Additions	881	312	1,193
Amortisation expense	( 1,912)	( 243)	( 2,155)
Closing net book amount as at March 31	<u>\$ 19,352</u>	<u>\$ 7,955</u>	<u>\$ 27,307</u>
At March 31			
Cost	\$ 50,071	\$ 116,424	\$ 166,495
Accumulated amortisation	( 30,719)	( 108,469)	( 139,188)
	<u>\$ 19,352</u>	<u>\$ 7,955</u>	<u>\$ 27,307</u>

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

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

	Three months ended March 31,	
	2024	2023
Operating costs	\$ 1,237	\$ 2,668
General and administrative expenses	286	301
Research and development expenses	605	1,552
Sales and marketing expenses	27	28
	<u>\$ 2,155</u>	<u>\$ 4,549</u>

B. The basic information of the professional expertise that is material to the Group is as follows:

- In April 2013, the Group acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to \$92,483 from the Development Center for Biotechnology - cGMP biopharmaceutical pilot plant facility.
- In July 2013, the Group acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to \$7,143.
- In July 2013, the Group acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to \$7,485.
- In September 2023, the Group obtained an authorisation from American Type Culture Collection for the detection of cancer cell lines with a total price of \$8,159, which can be applied on the commercial implementation of the marketing and manufacturing of subsequent cancer drug products.

(11) Other non-current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current prepayments for investments	\$ -	\$ 46,270	\$ -
Long-term prepayments to suppliers	30,000	30,000	30,000
Prepayments for business facilities	16,206	14,489	42,309
Guarantee deposits paid	8,755	8,795	65,068
Other assets, others	8,120	5,404	1,777
	<u>\$ 63,081</u>	<u>\$ 104,958</u>	<u>\$ 139,154</u>

(12) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Payable on construction and equipment	\$ 84,742	\$ 285,960	\$ 41,489
Salary and bonus payable	61,449	99,260	62,592
Service expense payable	47,807	44,882	29,173
Payable on consumables	18,218	18,604	23,701
Payable on repairs and maintenance expense	27,551	28,856	18,036
Others	34,396	52,737	40,801
	<u>\$ 274,163</u>	<u>\$ 530,299</u>	<u>\$ 215,792</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2024
Long-term bank borrowings				
Credit borrowing	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.8500%~ 2.0750%	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.	1.8500%~ 2.0750%	"	80,900
	Borrowing period is from March 25, 2024 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.8500%~ 2.0750%	"	
				<u>373,050</u>
				493,510
Less: Current portion				( <u>20,563</u> )
				<u>\$ 472,947</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Credit borrowing	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.7250%~ 1.9500%	None	\$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.7250%~ 1.9500%	"	
				<u>80,900</u>
				<u>\$ 120,460</u>



Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2023
Long-term bank borrowings				
Credit borrowing	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.3500%~1.9500%	None	\$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025.	1.4750%~1.9500%	"	
				80,900
				<u>\$ 120,460</u>

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

B. On December 23, 2021, the Company entered into a \$714,000 loan agreement with Hua Nan Commercial Bank Ltd. and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations".

C. Information about assets pledged as collateral for long-term borrowings is provided in Note 8.

(14) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. EirGenix Europe GmbH contributed pension under local regulations.

C. The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$5,250 and \$5,327, respectively.

(15) Share-based payment

A. For the three months ended March 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - B	2015. 07. 01	1,270	10 years	1 to 4 years' service
"	2015. 07. 01	130	"	"
"	2015. 07. 06	250	"	"
"	2016. 01. 01	270	"	"
Employee stock options - C	2016. 05. 05	100	10 years	2 to 4 years' service
Employee stock options - D	2016. 10. 12	515	10 years	2 to 4 years' service
"	2016. 12. 29	85	"	"
Employee stock options - E	2017. 08. 08	395	10 years	2 to 4 years' service
"	2017. 12. 27	570	"	"
"	2018. 03. 23	175	"	"
Employee stock options - F	2019. 01. 25	520	10 years	2 to 4 years' service
"	2019. 05. 13	285	"	"
Restricted stocks to employees - A	2016. 11. 18	1,660	N/A	Conditions of service years and performance
"	2017. 08. 08	257	"	"
Employee stock options - G	2019. 11. 12	960	10 years	2 to 4 years' service
"	2020. 04. 15	775	"	"
"	2020. 08. 12	205	"	"
Restricted stocks to employees - B	2020. 05. 13	455	N/A	0.25 to 3 years' service
"	2020. 12. 10	144	"	"
Restricted stocks to employees - D	2020. 08. 14	905	N/A	Performance conditions
"	2020. 12. 10	94	"	"
Employee stock options - H	2020. 12. 23	830	10 years	2 to 4 years' service
"	2021. 05. 12	315	"	"
"	2021. 08. 12	505	"	"
"	2021. 10. 01	1,185	"	"
Restricted stocks to employees - E	2021. 10. 15	613	N/A	Performance conditions
"	2022. 01. 10	184	"	"
"	2022. 09. 08	190	"	"
Restricted stocks to employees - F	2021. 10. 15	340	N/A	Performance conditions

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - I	2022. 03. 22	160	10 years	2 to 4 years' service
"	2022. 05. 12	225	"	"
"	2022. 08. 11	685	"	"
"	2022. 09. 08	510	"	"
Restricted stocks to employees - G	2022. 09. 08	63	N/A	Performance conditions
"	2022. 11. 08	195	"	"
"	2023. 03. 10	6	"	"
"	2023. 11. 09	325	"	"
Employee stock options - J	2022. 11. 08	615	10 years	2 to 4 years' service
"	2023. 03. 10	1,105	"	"
"	2023. 05. 10	255	"	"
"	2023. 08. 08	225	"	"
"	2023. 12. 22	270	"	"
Restricted stocks to employees - H	2023. 11. 09	826	N/A	Performance conditions
Restricted stocks to employees - I	2023. 12. 22	26	N/A	Performance conditions

(a) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Group will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.

(b) The above-mentioned share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2024		2023	
	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	5,900	\$15~146.4	5,666	\$15~146.4
Options granted	-	-	1,105	111.5
Options forfeited	( 250)	42.1~118.5	( 235)	85.9~128.4
Options exercised	( 180)	15~51.2	( 404)	20~51.2
Options expired	( 18)	117.5	-	-
Options outstanding at March 31	<u>5,452</u>	\$15~146.4	<u>6,132</u>	\$15~146.4
Options exercisable at March 31	<u>1,472</u>		<u>894</u>	

(b) Restricted stocks to employees

	2024	2023
	(shares in thousands)	(shares in thousands)
Stocks outstanding at January 1	2,393	2,571
Stocks granted	-	6
Stocks vested	( 22)	( 42)
Stocks retired	-	( 79)
Stocks outstanding at March 31	<u>2,371</u>	<u>2,456</u>

- C. The weighted-average stock prices of stock options at exercise dates for the three months ended March 31, 2024 and 2023 were \$95.5 (in dollars) and \$118.6 (in dollars), respectively.
- D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

Type of arrangement	Issue date approved	Expiry date	March 31, 2024		December 31, 2023		March 31, 2023	
			No. of shares (shares in thousands)	Exercise price (in dollars)	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	48	\$ 15	50	\$ 15	140	\$ 15
"	2015.07.01	2025.06.30	5	20	5	20	5	20
"	2015.07.06	2025.07.05	10	20	15	20	25	20
"	2016.01.01	2025.12.31	25	20	25	20	25	20
Employee stock options-C	2016.05.05	2026.05.04	10	29.2	10	29.2	10	29.2

Type of arrangement	Issue date approved	Expiry date	March 31, 2024		December 31, 2023		March 31, 2023	
			No.of shares (shares in thousands)	Exercise price (in dollars)	No.of shares (shares in thousands)	Exercise price (in dollars)	No.of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options-D	2016.10.12	2026.10.11	150	\$ 29.2	150	\$ 29.2	150	\$ 29.2
"	2016.12.29	2026.12.28	15	37.5	15	37.5	15	37.5
Employee stock options-E	2017.08.08	2027.08.07	-	29.2	4	29.2	4	29.2
"	2017.12.27	2027.12.26	59	25	79	25	79	25
"	2018.03.23	2028.03.22	48	23.5	48	23.5	48	23.5
Employee stock options-F	2019.01.25	2029.01.24	28	28.7	34	28.7	57	28.7
"	2019.05.13	2029.05.12	94	34.3	94	34.3	135	34.3
Employee stock options-G	2019.11.12	2029.11.11	162	25.2	207	25.2	270	25.2
"	2020.04.15	2030.04.14	84	28.8	89	28.8	135	28.8
"	2020.08.12	2030.08.11	70	51.2	79	51.2	115	51.2
Employee stock options-H	2020.12.23	2030.12.22	244	42.1	341	42.1	379	42.1
"	2021.05.12	2031.05.11	215	146.4	215	146.4	235	146.4
"	2021.08.12	2031.08.11	250	128.4	250	128.4	290	128.4
"	2021.10.01	2031.09.30	800	117.5	835	117.5	990	117.5
Employee stock options-I	2022.03.22	2032.03.21	80	93.5	80	93.5	130	93.5
"	2022.05.12	2032.05.11	180	71.6	195	71.6	225	71.6
"	2022.08.11	2032.08.10	440	85.9	440	85.9	575	85.9
"	2022.09.08	2032.09.07	315	118.5	345	118.5	410	118.5
Employee stock options-J	2022.11.08	2032.11.07	460	103.5	510	103.5	580	103.5
"	2023.03.10	2033.03.09	935	111.5	1,035	111.5	1,105	111.5
"	2023.05.10	2033.05.09	255	120	255	120	-	-
"	2023.08.08	2033.08.07	225	101.5	225	101.5	-	-
"	2023.12.22	2033.12.21	245	100.5	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
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:

	Three months ended March 31,	
	2024	2023
Employee stock options	\$ 17,920	\$ 21,859
Restricted stocks to employees	10,179	8,093
	<u>\$ 28,099</u>	<u>\$ 29,952</u>

(16) Share capital

- A. As of March 31, 2024, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12,000 thousand shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was \$3,061,611 with a par value of \$10 (in dollars) per share, consisting of 306,161 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):

	2024	2023
At January 1	306,052	304,336
Employee stock options exercised	109	404
Issuance of employee restricted stocks	-	6
Redemption of employee restricted stocks	-	( 79)
At March 31	306,161	304,667

- B. For the three months ended March 31, 2024 and 2023, the Company issued 180 thousand and 404 thousand ordinary shares related to the exercise of employee share options in accordance with the employee share options plan. The issued ordinary shares were 109 thousand shares and 404 thousand shares, respectively, and the ordinary shares that had not yet been issued were 71 thousand shares and 0 shares, respectively.
- C. For the three months ended March 31, 2024 and 2023, as employee restricted stocks distributed to certain employees did not meet the vesting conditions in accordance with the terms of restricted shares, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks amounting to 0 thousand and 79 thousand shares, respectively.
- D. 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.



- E. The shareholders during their meeting on June 10, 2022, resolved to issue the 1st restricted stocks to employees amounting to 850 thousand shares with no subscription price. On September 8, 2022, the Board of Directors of the Company resolved to issue 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.
- F. 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.
- G. The shareholders during their meeting on May 31, 2023 adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during their meeting. The private placement was in accordance with the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 8, 2024.
- H. 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 May 9, 2024.
- I. The Board of Directors on March 8, 2024 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three instalments after the authorization by shareholders. However, the issuance has not been resolved at the shareholders during their meeting as of May 9, 2024.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided

that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Accumulated deficit

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.
- B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.
- C. On May 31, 2023, the shareholders at their meeting resolved the deficit compensation for the year ended December 31, 2022. The Company offset the accumulated deficit by capital surplus. Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.
- D. On March 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.
- E. As of March 31, 2024 and 2023, there was no earnings to be distributed.

(19) Operating revenue

	Three months ended March 31,	
	2024	2023
Revenue from contracts with customers	\$ 219,693	\$ 216,321

A. Disaggregation of revenue

The Group derives revenue from the transfer of services and authorization over time and goods at a point in time in the following major categories:

Three months ended March 31, 2024				
	Sales of authorisation and cooperative			
	Sales of services	development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 3,023	\$ 3,023
Over time	157,541	729	58,400	216,670
	<u>\$ 157,541</u>	<u>\$ 729</u>	<u>\$ 61,423</u>	<u>\$ 219,693</u>
Three months ended March 31, 2023				
	Sales of authorisation and cooperative			
	Sales of services	development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	\$ -	\$ -	\$ 117,191	\$ 117,191
Over time	78,412	17,507	3,211	99,130
	<u>\$ 78,412</u>	<u>\$ 17,507</u>	<u>\$ 120,402</u>	<u>\$ 216,321</u>

B. Contract assets and liabilities

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

	March 31, 2024	December 31, 2023
Current contract assets:		
Services	\$ 224,473	\$ 240,564
Sales	36,605	53,130
	<u>\$ 261,078</u>	<u>\$ 293,694</u>
Current contract liabilities		
Services	\$ 22,242	\$ 41,739
Authorisation and cooperative development	14,298	15,027
Sales	873	-
	<u>\$ 37,413</u>	<u>\$ 56,766</u>

	March 31, 2023	January 1, 2023
Current contract assets:		
Services	\$ 102,023	\$ 213,981
Sales	3,351	20,418
	<u>\$ 105,374</u>	<u>\$ 234,399</u>
Current contract liabilities		
Services	\$ 46,745	\$ 104,384
Authorisation and cooperative development	28,584	46,091
	<u>\$ 75,329</u>	<u>\$ 150,475</u>

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

Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three months ended March 31,	
	2024	2023
Services	\$ 27,424	\$ 61,005
Authorisation and cooperative development	729	17,507
	<u>\$ 28,153</u>	<u>\$ 78,512</u>

(c). Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term technology service contracts, authorisation and cooperative development contracts that are partially or fully unsatisfied, and all of the milestone payment as at March 31, 2024 amounted to \$1,349,754. The management expects to recognise the amount in the future.

C. Details on authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

In April 2019, the Group entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in the authorised regions. As of March 31, 2024, the Group has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price based on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could

also be collected. For the three months ended March 31, 2024 and 2023, the Group recognised the revenue from authorisation and cooperative development contract amounting to \$729 and \$17,507, respectively.

The European Medicines Agency and the US Food and Drug Administration accepted the Sandoz AG's application for marketing review in January 2022 and February 2022, respectively. Sandoz AG received a complete response letter from the US Food and Drug Administration in December 2022. Within the complete response letter (CRL):

- (a) There were no clinical or safety or biosimilarity deficiencies cited in the CRL.
- (b) The CRL cites certain drug product deficiencies related to the manufacturing facility identified by the agency during a pre-license inspection of the site.

In January 2023, the Company received an EIR (Establishment Inspection Report) from the US Food and Drug Administration, which indicated that the Company's Zhubei plant had passed the US FDA's pre-marketing drug inspection. Sandoz is in close contact with the FDA to meet the satisfactory resolution of the FDA observations in a timely manner and plans a BLA resubmission in due course.

D. In April 2023, the Company received a letter from the Taiwan Food and Drug Administration (TFDA) to which indicated that the Company had obtained the domestic active pharmaceutical ingredients "EG12014 Trastuzumab" license and a drug master file number. In September 2023, the Company received the approval by the National Health Insurance Administration with respect to its enrollment in the reimbursement system which became effective from October 1, 2023.

E. On November 16, 2023, Sandoz AG received the marketing authorisation from Committee for Medicinal Products for Human Use (CHMP) for the trastuzumab biosimilar, EG12014, which was licensed by the Company for sale.

(20) Interest income

	Three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 32,286	\$ 26,900
Interest income from financial assets measured at amortised cost	2,033	3,899
Other interest income	81	-
	<u>\$ 34,400</u>	<u>\$ 30,799</u>

(21) Other income

	Three months ended March 31,	
	2024	2023
Grant revenues	\$ 261	\$ -
Other income, others	357	91
	<u>\$ 618</u>	<u>\$ 91</u>

(22) Other gains and losses

	Three months ended March 31,	
	2024	2023
Foreign exchange gains (losses)	\$ 74,722	(\$ 10,139)
Gains (losses) on financial assets at fair value through profit or loss	2,415	( 985)
Gains on disposals of property, plant and equipment	1	-
	<u>\$ 77,138</u>	<u>(\$ 11,124)</u>

(23) Finance costs

	Three months ended March 31,	
	2024	2023
Interest expense on lease liabilities	\$ 1,924	\$ 1,963
Interest expense on bank borrowings	702	531
	2,626	2,494
Less: Capitalisation of interest expense	( 923)	-
Interest expense	<u>\$ 1,703</u>	<u>\$ 2,494</u>

(24) Employee benefits, depreciation and amortisation expenses

Function Nature	Three months ended March 31, 2024			Three months ended March 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 36,324	\$ 72,720	\$ 109,044	\$ 40,556	\$ 68,139	\$ 108,695
Share-based payment	12,881	15,218	28,099	11,120	18,832	29,952
Labour and health insurance fees	4,099	5,448	9,547	3,401	6,821	10,222
Pension costs	2,871	2,379	5,250	1,805	3,522	5,327
Directors' remuneration	-	1,005	1,005	-	1,050	1,050
Other personnel expenses	1,542	2,080	3,622	1,725	2,867	4,592
Depreciation expense	45,049	25,831	70,880	24,541	28,483	53,024
Amortisation expense	1,237	918	2,155	2,668	1,881	4,549

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the three months ended March 31, 2024 and 2023.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 238	\$ 208
Prior year income tax under estimation	116	-
Total current tax	354	208
Deferred tax:		
Origination and reversal of temporary differences	86	88
Total deferred tax	86	88
Income tax expense	\$ 440	\$ 296

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

	Three months ended March 31,	
	2024	2023
Currency translation differences	\$ 23	\$ 12

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Loss per share

Three months ended March 31, 2024		
	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Amount after tax		
<u>Basic loss per share</u>		
Loss for the period	(\$ 104,015) 306,135	(\$ 0.34)
Three months ended March 31, 2023		
	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Amount after tax		
<u>Basic loss per share</u>		
Loss for the period	(\$ 203,487) 304,503	(\$ 0.67)



Diluted loss per share would not be calculated as the Company has incurred losses for the three months ended March 31, 2024 and 2023.

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 83,768	\$ 72,539
Add: Opening balance of other payables	285,960	158,228
Less: Ending balance of other payables	( 84,742)	( 41,489)
Capitalisation of depreciation charges on right-of-use assets	( 659)	-
Capitalisation of interest expense	( 923)	-
Cash paid during the period	\$ 283,404	\$ 189,278
	Three months ended March 31,	
	2024	2023
Purchase of intangible assets	\$ 1,193	\$ 1
Add: Ending balance of prepayment for intangible assets (Note)	7,932	1,565
Less: Opening balance of prepayment for intangible assets (Note)	( 5,209)	( 1,565)
Cash paid during the period	\$ 3,916	\$ 1

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

(28) Changes in liabilities from financing activities

	2024			
	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 120,460	\$ 344,707	\$ 6	\$ 465,173
Changes in cash flow from financing activities	373,050	( 7,940)	-	365,110
Changes in right-of-use assets	-	14,946	-	14,946
At March 31	\$ 493,510	\$ 351,713	\$ 6	\$ 845,229

	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	-	( 6,739)	-	( 6,739)
At March 31	<u>\$ 120,460</u>	<u>\$ 331,845</u>	<u>\$ 294</u>	<u>\$ 452,599</u>

## 7. Related Party Transactions

### (1) Parent and ultimate controlling party

The Group has no ultimate parent company and ultimate controlling party.

### (2) Names of related parties and relationship

Names of related parties	Relationship with the Group
FORMOSA LABORATORIES, INC.	Other related party
FORMOSA PHARMACEUTICALS, INC.	"
TFBS Bioscience Inc.	"
Forward BioT Venture Capital	"

### (3) Significant related party transactions

#### A. Operating revenue

	Three months ended March 31,	
	2024	2023
Sales of goods:		
Other related parties	\$ 2,111	\$ -
Sales of services:		
Other related parties	648	2,392
	<u>\$ 2,759</u>	<u>\$ 2,392</u>

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

(b) On March 31, 2024, December 31, 2023 and March 31, 2023, the Group has recognised the revenue-related contract assets amounting to \$477, \$1,994 and \$1,264, and contract liabilities amounting to \$263, \$372 and \$207, respectively.

#### B. Service expense (shown as 'research and development expense')

	Three months ended March 31,	
	2024	2023
Other related parties	<u>\$ 4,885</u>	<u>\$ 3,627</u>

It refers to service expense of contracted Biopharmaceutical research and development with

other related parties. Prices and terms are determined based on mutual agreements.

C. Testing expense (shown as ‘operating costs’)

	Three months ended March 31,	
	2024	2023
Other related party-TFBS		
Bioscience Inc.	\$ 3,589	\$ 600
Other related parties	40	386
	<u>\$ 3,629</u>	<u>\$ 986</u>

D. Receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
Other related parties	<u>\$ 189</u>	<u>\$ 2,636</u>	<u>\$ 699</u>

E. Payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Other payables:			
Other related parties	<u>\$ 9,473</u>	<u>\$ 7,993</u>	<u>\$ 5,988</u>

(4) Key management compensation

	Three months ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 7,947	\$ 8,049
Post-employment benefits	126	120
Share-based payment	7,570	36
	<u>\$ 15,643</u>	<u>\$ 8,205</u>

## 8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Pledged time deposits (shown as non-current financial assets at amortised cost)	<u>\$ 8,790</u>	<u>\$ 8,790</u>	<u>\$ 8,671</u>	Note 1
Guarantee deposits paid (shown as other non- current assets)	<u>\$ 8,755</u>	<u>\$ 8,795</u>	<u>\$ 95,068</u>	Note 2
Property, plant and equipment	<u>\$ 1,531,531</u>	<u>\$ 1,551,633</u>	<u>\$ 1,144,639</u>	Note 3
Pledged government bonds (shown as non- current financial assets at amortised cost)	<u>\$ 31,798</u>	<u>\$ 31,390</u>	<u>\$ 32,324</u>	Note 4

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

Note 2: It refers to deposits for research commissioned contract, equipment and office, guarantee for gas meter as well as certificates of deposit for customs post-release duty payment.

Note 3: In April 2022, the Company terminated the syndicated loan agreement with 6 financial institutions including Taiwan Business Bank. However, the guarantee for the pledged buildings has not yet been released.

Note 4: It refers to guarantee for investment.

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

A. As of March 31, 2024, December 31, 2023 and March 31, 2023, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to \$66,238, \$59,156 and \$75,011, respectively.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to \$2,036,093, \$876,590 and \$728,105, respectively.

C. The Group entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to \$30,000. As of March 31, 2024, the aforementioned amount was shown as other non-current assets of \$30,000.

## 10. Significant Disaster Loss

None.

# 11. Significant Events after the Balance Sheet Date

- A. On May 9, 2024, the Board of Directors resolved to grant 225 thousand shares of stock options to employees for the year 2022. The issuance of employee stock options is in accordance with the terms of employee stock options.
- B. 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, and relevant procedures are done subsequently.

# 12. Others

## (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## (2) Financial instruments

### A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 97,713	\$ 80,298	\$ 80,435
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 322,099	\$ 325,887	\$ 245,237
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,847,881	\$ 5,053,183	\$ 5,610,352
Financial assets at amortised cost	940,588	540,720	1,040,995
Notes receivable	46	19	-
Accounts receivable	131,044	253,390	134,662
Accounts receivable - related parties	189	2,636	699
Other receivables	21,634	20,497	12,161
Guarantee deposits paid (shown as other non-current assets)	8,755	8,795	95,068
	<u>\$ 5,950,137</u>	<u>\$ 5,879,240</u>	<u>\$ 6,893,937</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable	\$ 63,447	\$ 79,556	\$ 144,376
Other payables	274,163	530,299	215,792
Other payables-related parties	9,473	7,993	5,988
Long-term borrowings (including current portion)	493,510	120,460	120,460
Guarantee deposits received (shown as other current and non-current liabilities)	6	6	294
	<u>\$ 840,599</u>	<u>\$ 738,314</u>	<u>\$ 486,910</u>
Lease liability	<u>\$ 351,713</u>	<u>\$ 344,707</u>	<u>\$ 331,845</u>

#### B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### i. Exchange rate risk

- (i) The Group operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, GBP and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- (iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 55,389	32.00	\$ 1,772,448
EUR:NTD	1,212	34.46	41,766
GBP:NTD	254	40.39	10,259
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,021	32.00	\$ 32,672
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
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 932	30.71	\$ 28,622
EUR:NTD	546	33.98	18,553
JPY:NTD	57,505	0.22	12,651
March 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,959	30.45	\$ 1,399,452
EUR:NTD	1,356	33.15	44,951
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 533	30.45	\$ 16,230
EUR:NTD	322	33.15	10,674

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

Three months ended March 31, 2024			
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%	\$ 17,724	\$ -
EUR:NTD	1%	354	64
GBP:NTD	1%	103	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 327	\$ -
Three months ended March 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%	\$ 13,995	\$ -
EUR:NTD	1%	394	56
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 162	\$ -
EUR:NTD	1%	107	-

- (v) The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$74,722 and (\$10,139), respectively.

ii. Price risk

- (i.) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii.) The Group's investments in equity securities comprise shares issued by the domestic companies. 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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$337 and \$195, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$3,221 and \$2,453, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i.) The Group's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. For the three months ended March 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- (ii.) For the three months ended March 31, 2024 and 2023, if the borrowing interest rate had changed by 1% with all other variables held constant, profit, net of tax for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$3,948 and \$964, respectively. The main factor is that decreases or increases in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the modified approach using individual provision to estimate expected credit loss.
- vii. The Group's notes and accounts receivable (including related parties) were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of March 31, 2024, December 31, 2023 and March 31, 2023, the total carrying amount of notes and accounts receivable (including related parties) amounted to \$131,279, \$256,342 and \$135,658, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance was recognised amounting to \$0, \$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:

	Three months ended March 31,	
	2024	2023
At January 1	\$ 297	\$ 297
Write-offs	( 297)	-
At March 31	<u>\$ -</u>	<u>\$ 297</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient

headroom as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Floating rate:			
Expiring within one year	\$ 1,150,000	\$ 1,410,000	\$ 1,140,000
Expiring beyond one year	<u>220,490</u>	<u>593,540</u>	<u>593,540</u>
	<u>\$ 1,370,490</u>	<u>\$ 2,003,540</u>	<u>\$ 1,733,540</u>

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>March 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 63,447	\$ -	\$ -	\$ 63,447
Other payables	274,163	-	-	274,163
Other payables-related parties	9,473	-	-	9,473
Lease liabilities	37,108	122,272	244,576	403,956
Long-term borrowings (including current portion)	30,382	482,648	-	513,030
Guarantee deposit received (shown as other non-current liabilities)	6	-	-	6
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>				
Accounts payable	\$ 79,556	\$ -	\$ -	\$ 79,556
Other payables	530,299	-	-	530,299
Other payables-related parties	7,993	-	-	7,993
Lease liabilities	36,273	118,543	245,982	400,798
Long-term borrowings	2,376	123,322	-	125,698
Guarantee deposit received (shown as other non-current liabilities)	6	-	-	6

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

- v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets), accounts payable, other payables (including related parties), long-term borrowings (including current portion), guarantee deposits received (shown as other non-current liabilities) and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	\$ -	\$ -	\$ 64,000	\$ 64,000
Limited partnership venture capital	-	-	33,713	33,713
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	322,099	322,099
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,812</u>	<u>\$ 419,812</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	\$ -	\$ -	\$ 61,410	\$ 61,410
Limited partnership venture capital	-	-	18,888	18,888
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	325,887	325,887
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,185</u>	<u>\$ 406,185</u>

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

(b). The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

	2024			
	Equity instruments	Profit-sharing investment in new drug development	Limited partnership venture capital	Total
At January 1	\$ 325,887	\$ 61,410	\$ 18,888	\$ 406,185
Additions	-	-	15,000	15,000
Gains or losses recognised in profit or loss shown as other gains and losses				
Gains (losses) on valuation	-	2,590	( 175)	2,415
Gains and losses recognised in other comprehensive income				
Losses on valuation	( 3,788)	-	-	( 3,788)
At March 31	<u>\$ 322,099</u>	<u>\$ 64,000</u>	<u>\$ 33,713</u>	<u>\$ 419,812</u>

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

- E. For the three months ended March 31, 2024 and 2023, 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 to ensure the valuation results are reasonable.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 8,352	Price-Book Ratio	Price-to-book ratio Discount for lack of marketability	2.66~3.75 (3.67) 30% (30%)	The higher the multiple, the higher the fair value ; The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	313,747	Price-Book Ratio	Price-to-book ratio Discount for lack of marketability	1.5~2.5 (1.95) 10.00% (10.00%)	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	64,000	Royalty relief method of income approach	Discount rate Market share	24.69% 2.0%~5.9%	The higher the discount rate, the lower the fair value The higher the market share, the higher the fair value
Limited partnership venture capital	33,713	Net asset value	N/A	N/A	N/A



	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 Discount for lack of marketability	2.66~3.75 (3.67) 30% (30%)	The higher the multiple, the higher the fair value ; The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	317,651	Price-Book Ratio	Price-to-book ratio Discount for lack of marketability	1.24~2.54 (1.97) 7.25% (7.25%)	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,410	Royalty relief method of income approach	Discount rate Market share	24.69% 2.0%~5.9%	The higher the discount rate, the lower the fair value 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 March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,289	Price-Book Ratio	Price-to -book ratio  Discount for lack of marketability	1.54~8.46 (3.05)  30% ( 30%)	The higher the multiple, the higher the fair value ; The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	238,948	Price-Book Ratio	Price-to-book ratio  Discount for lack of marketability	1.71~2.02 (1.92)  30% ( 30%)	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	60,900	Royalty relief method of income approach	Discount rate   Market share	24.58%   1.0%~5.4%	The higher the discount rate, the lower the fair value  The higher the market share, the higher the fair value
Limited partnership venture capital	19,535	Net asset value	N/A	N/A	N/A

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

March 31, 2024						
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets						
Profit-sharing investments in new drug development	Discount Rate	±5%	\$ 3,200	(\$ 3,200)	\$ -	\$ -
	Market Share					
Limited partnership venture capital	NA	±5%	1,686	( 1,686)	-	-
Unlisted shares	Price-Book Ratio	±5%	-	-	16,105	( 16,105)
	Lack of marketability	±5%	-	-	16,105	( 16,105)
			<u>\$ 4,886</u>	<u>(\$ 4,886)</u>	<u>\$ 32,210</u>	<u>(\$ 32,210)</u>
December 31, 2023						
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets						
Profit-sharing investments in new drug development	Discount Rate	±5%	\$ 3,071	(\$ 3,071)	\$ -	\$ -
	Market Share					
	NA	±5%	944	( 944)	-	-
Limited partnership	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>

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

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 2.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

#### (3) Information on investments in Mainland China

None.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 5.

#### 14. Segment Information

##### (1) General information

The Group is primarily engaged in the biosimilar and new drug research and development as well as biopharmaceutical contract development and manufacturing services, including cell line construction platforms, process development platforms, analytical science and protein characterisation, as well as PIC/S GMP facilities to provide clinical trial drug and listed drug production, etc. The Group operates business only in a single industry. The Chief Operating Decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

##### (2) Segment Information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4 in the consolidated financial statements for the year ended December 31, 2023. The Group's segment profit (loss) is measured with the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

##### (3) Information about segment profit or loss, assets and liabilities

The Group has only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements for the year ended December 31, 2023.

##### (4) Reconciliation for segment income (loss)

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

EirGenix Inc. and its subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
March 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2024				Footnote
				Number of shares	Book value	Ownership	Fair value	
EirGenix Inc.	Oncomatryx Biopharma S.L. common stock	None	Non-current financial assets at fair value through other comprehensive	31,801	\$ 8,352	0.37%	\$ 8,352	
"	TFBS Bioscience, Inc. common stock	The Company' s other related party	"	4,942,455	313,747	14.20%	313,747	
"	Forward BioT Venture Capital equity	"	Non-current financial assets at fair value through profit or loss	-	33,713	5.60%	33,713	
"	93 Central Government Bonds A VI government bonds	None	Non-current financial assets at amortised cost	-	31,798	-	31,798	

EirGenix Inc. and its subsidiaries

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate	Date of the event	Transaction Amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationships	Date of the original transfer Date	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
EirGenix Inc.	Factory building	2021/9/30 (Note 4)	\$ 2,057,273 (Note 5)	Based on the terms in the purchase order	Lee Ming Construction Co., Ltd.	None	NA	NA	NA	NA	Price comparison	Manufacturing	None
					China Ecotek Corporation								
					Getinge Group Taiwan Co., Ltd.								
					Jian-Yi Biotech Co., Ltd.								
					Min-Pin,Chen Architects & Associates								

Note 1: The appraisal result should be presented in the ‘Basis or reference used in setting the price’ column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: This is the signing date of the first transaction, which is mainly arising from the construction of the factory. The Company continuously signed contracts with relevant suppliers, of which the contract amount has reached \$300,000.

Note 5: It was aggregated based on the contracted amount.

EirGenix Inc. and its subsidiaries  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2024

Table 3

							Expressed in thousands of NTD (Except as otherwise indicated)
Transaction							
Number (Note 1)	Company name	Counterparty	Relationship	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	\$ 14,994	Note 4	6.83%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables	10,634	"	0.10%
0	EirGenix Inc.	EirGenix USA Inc.	(1)	Other receivables	4,576	Note 5	0.04%

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 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 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 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: It pertained to payment on behalf of others.

Note 6: Transactions between the parent company and subsidiaries are eliminated.

Note 7: Individual amounts less than \$1,000 are not disclosed.



EirGenix Inc. and its subsidiaries  
Information on investees  
Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024		Footnote
				Balance as at March 31, 2024	Balance as at March 31, 2023	Number of shares	Ownership (%)	Book value				
EirGenix Inc.	EirGenix Europe GmbH	Germany	Biopharmaceutical research and development as well as business development	\$ 845	\$ 845	-	100.00	\$ 8,284	\$ 428	\$	428	None
EirGenix Inc.	EirGenix USA Inc.	USA	Biopharmaceutical commissioned development, manufacturing services and consulting	\$ 3	\$ -	10,000,000	100.00	(\$ 3,167)	(\$ 3,116)	(\$	3,116)	None

EirGenix Inc. and its subsidiaries

Major shareholders information

March 31, 2024

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	6.05