

Synmosa Biopharma Corporation and
subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
For the Three Months Ended March, 2023 and 2022

Address: No. 6, Gongye 1st Rd., Hukou Township, Hsinchu County
Tel.: (03) 5982-811

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Independent auditors' review report

To the Board of Directors and Shareholders of Synmosa Biopharma Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Synmosa Biopharma Corporation and its subsidiaries (Synmosa Group) as of March 31, 2023 and 2022, and the consolidated statements of Comprehensive income for the three months ended March 31, 2023 and 2022, and for the three months ended March 31, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements (including significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for those described in the paragraph of basis of qualified conclusion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. 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.

Basis of qualified conclusion

As stated in Note 13 to the consolidated financial statements, the financial statements of some non-material subsidiaries included in the above consolidated financial statements for the same periods have not been reviewed by us; as of March 31, 2023, their total assets were NTD195,501 thousand, accounting for 2% of the total consolidated assets; total liabilities NTD83,999 thousand, accounting for 2% of the total consolidated liabilities; comprehensive income (loss) for the three months ended March 31, 2023 was NTD(3,851) thousand, accounting for (5%) of the total consolidated comprehensive income (loss). As stated in Note 14 to the consolidated financial statements, as of March 31, 2023 and 2022, Synmosa Group's balance of investments accounted for using the equity method amounted to NTD79,090 thousand and NTD103,155 thousand, respectively, constituting for 1% of the consolidated total assets; the shares of profits or losses of affiliates and joint ventures recognized under the equity method for the three months ended March 31, 2023 and 2022 amounted to \$(2,545) thousand and \$(4,019) thousand, respectively, constituting (3%) and (5%) of the consolidated total comprehensive income (loss), respectively, based on the unreviewed financial statements of these investees for

the same periods. The additional disclosures in the consolidated financial statements and the aforementioned information about these investees are based on the unreviewed financial statements of said subsidiaries and investees for the same periods.

Qualified conclusion

Based on our reviews, except for the effect of adjustments, if any, as might have been made to the consolidated financial statements had the financial statements of some non-material subsidiaries and those equity-method investees been reviewed by us as described in the paragraph of basis of qualified conclusion, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the consolidated financial position of the Synmosa Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touche

CPA Ho, Jui-Hsuan

CPA Chen, Zhao-Mei

Securities and Futures Bureau Approval
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Tai-Cai-Zheng (6) Zi No. 0930128050

Securities and Futures Bureau Approval
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May 12, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

Synmosa Biopharma Corporation and subsidiaries
Consolidated Balance Sheet
March 31, 2023, December 31, 2022 and March 31, 2022

(Unit: Thousands of NTD)

Code	Assets	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 1,094,141	10	\$ 1,087,650	10	\$ 813,804	8
1110	Financial assets at fair value through profit or loss – current (Note 7 and 22)	115,623	1	20,108	-	72,501	1
1136	Financial assets measured at amortized cost – current (Note 9)	260,000	2	310,000	3	200,000	2
1140	Contract assets – current (Note 27)	-	-	-	-	1,874	-
1150	Notes receivable (Note 10 and 27)	89,381	1	128,516	1	74,747	1
1170	Accounts receivable (Note 10 and 27)	1,046,545	9	996,559	9	754,711	7
1180	Accounts receivable – related parties (Note 27 and 37)	-	-	156	-	-	-
1200	Other receivables (Note 10)	4,988	-	12,559	-	3,852	-
1210	Other receivables – related parties (Note 37)	6	-	915	-	199	-
1220	Current tax assets	7,418	-	7,388	-	7,213	-
130X	Inventory (Note 11)	1,348,599	12	1,304,384	12	1,174,716	11
1410	Prepayments (Note 20)	147,309	1	137,512	1	105,695	1
1460	Non-current assets held for sale (Note 12 and 38)	-	-	-	-	23,161	-
1476	Other financial assets – current (Note 38)	1,575	-	1,575	-	4,700	-
1479	Other current assets - Others	5,807	-	1,048	-	2,243	-
11XX	Total current assets	<u>4,121,392</u>	<u>36</u>	<u>4,008,370</u>	<u>36</u>	<u>3,239,416</u>	<u>31</u>
Noncurrent assets							
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 8)	174,565	1	139,326	1	192,091	2
1550	Investments accounted for using the equity method (Note 14)	79,090	1	83,681	1	103,155	1
1600	Property, plant and equipment (Note 15 and 38)	5,560,539	49	5,573,474	50	5,606,110	54
1755	Right-of-use assets (Note 16)	71,710	1	64,479	1	11,974	-
1760	Investment property (Note 17 and 38)	369,596	3	369,916	3	370,876	3
1805	Goodwill (Note 18)	71,080	1	71,080	1	7,273	-
1821	Other intangible assets (Note 19)	555,290	5	496,799	4	485,605	5
1840	Deferred tax assets	332,745	3	331,782	3	330,611	3
1990	Other noncurrent assets	65,921	-	63,609	-	62,075	1
15XX	Total noncurrent assets	<u>7,280,536</u>	<u>64</u>	<u>7,194,146</u>	<u>64</u>	<u>7,169,770</u>	<u>69</u>
1XXX	Total assets	<u>\$ 11,401,928</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 10,409,186</u>	<u>100</u>
Liabilities and equity							
Current liabilities							
2100	Short-term borrowings (Note 21 and 38)	\$ 642,963	6	\$ 504,242	4	\$ 619,000	6
2110	Short-term notes payable (Note 21)	79,868	1	79,838	1	69,898	1
2120	Financial assets at fair value through profit or loss – current (Note 7 and 22)	-	-	-	-	113	-
2130	Contract liabilities – current (Note 27)	262,814	2	173,426	2	144,853	1
2150	Notes payable (Note 23)	21,312	-	16,483	-	952	-
2170	Accounts payable (Note 23)	391,066	4	429,680	4	286,743	3
2180	Accounts payable – related parties (Note 37)	-	-	-	-	4,712	-
2200	Other payables (Note 24 and 32)	547,481	5	412,898	4	399,375	4
2230	Current tax liabilities	134,725	1	95,542	1	73,105	1
2280	Lease liabilities - current (Note 16)	18,304	-	16,703	-	6,329	-
2320	Current portion of long-term borrowings and bonds payable (Note 21, 22 and 28)	697,973	6	584,424	5	238,103	2
2399	Other current liabilities (Note 24)	8,371	-	9,479	-	6,447	-
21XX	Total current liabilities	<u>2,804,877</u>	<u>25</u>	<u>2,322,715</u>	<u>21</u>	<u>1,849,630</u>	<u>18</u>
Noncurrent liabilities							
2530	Corporate bonds payable (Note 22)	-	-	-	-	26,499	-
2540	Long-term borrowings (Note 21 and 38)	1,951,099	17	2,121,528	19	2,430,512	24
2570	Deferred tax liabilities	34,614	-	34,523	-	34,860	-
2580	Lease liabilities - noncurrent (Note 16)	54,364	1	48,423	1	5,695	-
2640	Net defined benefit liability - noncurrent (Note 4)	13,152	-	13,889	-	18,621	-
2670	Other noncurrent liabilities (Note 24)	12,377	-	12,617	-	886	-
25XX	Total noncurrent liabilities	<u>2,065,606</u>	<u>18</u>	<u>2,230,980</u>	<u>20</u>	<u>2,517,073</u>	<u>24</u>
2XXX	Total liabilities	<u>4,870,483</u>	<u>43</u>	<u>4,553,695</u>	<u>41</u>	<u>4,366,703</u>	<u>42</u>
Equity attributable to owners of the Parent (Note 26)							
Capital stock							
3110	Common stock	3,437,007	30	3,437,007	31	3,131,342	30
3140	Capital stock received in advance	-	-	-	-	5,500	-
3100	Total capital stock	<u>3,437,007</u>	<u>30</u>	<u>3,437,007</u>	<u>31</u>	<u>3,136,842</u>	<u>30</u>
3200	Capital surplus	1,425,274	13	1,425,348	13	1,403,082	14
Retained earnings							
3310	Legal reserve	128,585	1	128,585	1	98,196	1
3320	Special reserve	63,335	1	63,335	1	73,450	1
3350	Unappropriated earnings	742,704	6	812,678	7	445,572	4
3300	Total retained earnings	<u>934,624</u>	<u>8</u>	<u>1,004,598</u>	<u>9</u>	<u>617,218</u>	<u>6</u>
3400	Other equity	(70,738)	(1)	(68,178)	(1)	(60,739)	(1)
3500	Treasury stock	(486,960)	(4)	(486,960)	(5)	(402,617)	(4)
31XX	Total equity attributable to owners of the Parent	<u>5,239,207</u>	<u>46</u>	<u>5,311,815</u>	<u>47</u>	<u>4,693,786</u>	<u>45</u>
36XX	Non-controlling interests (Note 13, 26 and 33)	<u>1,292,238</u>	<u>11</u>	<u>1,337,006</u>	<u>12</u>	<u>1,348,697</u>	<u>13</u>
3XXX	Total equity	<u>6,531,445</u>	<u>57</u>	<u>6,648,821</u>	<u>59</u>	<u>6,042,483</u>	<u>58</u>
Total liabilities and equity		<u>\$ 11,401,928</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 10,409,186</u>	<u>100</u>

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

(Please refer to the review report of Deloitte & Touche on May 12, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

(Reviewed only, not audited in accordance with the auditing standards.)

Unit: Thousands of NTD; except for earnings per share in NTD

Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
4000	Operating revenues (Note 27)	\$ 1,257,728	100	\$ 966,668	100
5000	Operating costs (Notes 11, 19, 28 and 37)	<u>747,076</u>	<u>60</u>	<u>562,168</u>	<u>58</u>
5900	Operating gross margins	510,652	40	404,500	42
	Operating expenses (Notes 19, 25 and 28)				
6100	Selling expenses	226,719	18	171,945	18
6200	Administrative expenses	94,316	8	71,852	7
6300	Research and				
	Development expenses	55,258	4	54,416	6
6450	Expected credit impairment losses (reversal of losses) (Note 10)	<u>1,346</u>	<u>-</u>	<u>(129)</u>	<u>-</u>
6000	Total operating expenses	<u>377,639</u>	<u>30</u>	<u>298,084</u>	<u>31</u>
6900	Net operating profits	<u>133,013</u>	<u>10</u>	<u>106,416</u>	<u>11</u>
	Non-operating income and expenses				
7100	Interest income (Note 28)	1,412	-	564	-
7010	Other income (Notes 28)	3,072	-	2,091	-
7020	Other gains and losses (Note 28)	1,441	-	9,938	1
7050	Financial costs (Note 28)	(18,560)	(1)	(12,917)	(1)
7055	Expected credit impairment losses (Note 10)	(283)	-	(283)	-
7140	Bargain purchase gain (Note 32)	208	-	-	-

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Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
7060	Share of profits or losses of affiliates accounted for using the equity method (Note 14)	(\$ 2,545)	—	(\$ 4,019)	—
7000	Total non-operating income and expenses	(15,255)	(1)	(4,626)	—
7900	Net profit before taxation	117,758	9	101,790	11
7950	Income tax expense (Notes 4 and 29)	(38,796)	(3)	(18,530)	(2)
8200	Net profits for the period	<u>78,962</u>	<u>6</u>	<u>83,260</u>	<u>9</u>
	Other comprehensive income				
8310	Items not to be reclassified as profit or loss				
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income (Note 26)	(996)	-	(322)	-
8349	Income tax related to items not to be reclassified (Note 4 and 26)	(12)	—	<u>6</u>	—
		(1,008)	—	(316)	—
8360	Items that may be reclassified as profit or loss subsequently				
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	(1,755)	-	3,622	-
8399	Income tax related to items that may be reclassified (Note 4 and 26)	<u>351</u>	—	(<u>725</u>)	—
		(<u>1,404</u>)	—	<u>2,897</u>	—
8300	Other comprehensive income for the current period (net, after-tax)	(<u>2,412</u>)	—	<u>2,581</u>	—
8500	Total comprehensive income in current period	<u>\$ 76,550</u>	<u>6</u>	<u>\$ 85,841</u>	<u>9</u>

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Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
	Net profits attributable to				
8610	Shareholders of the Parent Company	\$ 126,065	10	\$ 125,133	13
8620	Non-controlling interests	(47,103)	(4)	(41,873)	(4)
8600		<u>\$ 78,962</u>	<u>6</u>	<u>\$ 83,260</u>	<u>9</u>
	Comprehensive income attributable to				
8710	Shareholders of the Parent Company	\$ 123,751	10	\$ 127,729	13
8720	Non-controlling interests	(47,201)	(4)	(41,888)	(4)
8700		<u>\$ 76,550</u>	<u>6</u>	<u>\$ 85,841</u>	<u>9</u>
	Earnings per share (Note 30)				
9710	Basic	<u>\$ 0.39</u>		<u>\$ 0.38</u>	
9810	Diluted	<u>\$ 0.39</u>		<u>\$ 0.38</u>	

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

(Please refer to the review report of Deloitte & Touche on May 12, 2023)

Chairperson: Lin, Chih-Hui Managerial officer: Lin, Chih-Hui Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022
(Reviewed only, not audited in accordance with the auditing standards.)

(Unit: Thousands of NTD)

		Equity attributable to owners of the Parent						Other equity					
		Capital stock		Retained earnings				Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total equity
Code		Common stock	Shares received in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
A1	Balance as of January 1, 2022	\$ 3,131,342	\$ 300	\$ 1,426,396	\$ 98,196	\$ 73,450	\$ 441,787	(\$ 5,902)	(\$ 57,433)	(\$ 402,617)	\$ 4,705,519	\$ 1,389,843	\$ 6,095,362
B5	Appropriation and distribution of earnings (Note 26) Cash dividends on common stock	-	-	(28,815)	-	-	(121,348)	-	-	-	(150,163)	-	(150,163)
C7	Other changes in capital surplus: (Note 26) Changes in affiliates accounted for using the equity method	-	-	(115)	-	-	-	-	-	-	(115)	-	(115)
D1	Net profits for the three months ended March 31, 2022	-	-	-	-	-	125,133	-	-	-	125,133	(41,873)	83,260
D3	Other comprehensive income for the three months ended March 31, 2022 (Note 26)	-	-	-	-	-	-	2,897	(301)	-	2,596	(15)	2,581
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	125,133	2,897	(301)	-	127,729	(41,888)	85,841
M5	Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 26)	-	-	(244)	-	-	-	-	-	-	(244)	(942)	(1,186)
M7	Changes in ownership interests in subsidiaries (Note 26)	-	-	452	-	-	-	-	-	-	452	(452)	-
N1	Share-based payment (Note 26 and 31)	-	5,200	5,408	-	-	-	-	-	-	10,608	2,136	12,744
Z1	Balance as of March 31, 2022	<u>\$ 3,131,342</u>	<u>\$ 5,500</u>	<u>\$ 1,403,082</u>	<u>\$ 98,196</u>	<u>\$ 73,450</u>	<u>\$ 445,572</u>	<u>(\$ 3,005)</u>	<u>(\$ 57,734)</u>	<u>(\$ 402,617)</u>	<u>\$ 4,693,786</u>	<u>\$ 1,348,697</u>	<u>\$ 6,042,483</u>
A1	Balance as of January 1, 2023	\$ 3,437,007	\$ -	\$ 1,425,348	\$ 128,585	\$ 63,335	\$ 812,678	\$ 4,275	(\$ 72,453)	(\$ 486,960)	\$ 5,311,815	\$ 1,337,006	\$ 6,648,821
B5	Appropriation and distribution of earnings (Note 26) Cash dividends on common stock	-	-	-	-	-	(196,285)	-	-	-	(196,285)	-	(196,285)
C7	Other changes in capital surplus: (Note 26) Changes in affiliates accounted for using the equity method	-	-	(74)	-	-	-	-	-	-	(74)	-	(74)
D1	Net profits for the three months ended March 31, 2023	-	-	-	-	-	126,065	-	-	-	126,065	(47,103)	78,962
D3	Other comprehensive income for the three months ended March 31, 2023 (Note 26)	-	-	-	-	-	-	(1,404)	(910)	-	(2,314)	(98)	(2,412)
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	126,065	(1,404)	(910)	-	123,751	(47,201)	76,550
N1	Share-based payment (Note 26 and 31)	-	-	-	-	-	-	-	-	-	-	2,433	2,433
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	246	-	(246)	-	-	-	-
Z1	Balance as of March 31, 2023	<u>\$ 3,437,007</u>	<u>\$ -</u>	<u>\$ 1,425,274</u>	<u>\$ 128,585</u>	<u>\$ 63,335</u>	<u>\$ 742,704</u>	<u>\$ 2,871</u>	<u>(\$ 73,609)</u>	<u>(\$ 486,960)</u>	<u>\$ 5,239,207</u>	<u>\$ 1,292,238</u>	<u>\$ 6,531,445</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on May 12, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

(Reviewed only, not audited in accordance with the auditing standards.)

(Unit: Thousands of NTD)

Code		January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash flows from operating activities		
A10000	Net profits before tax for the period	\$ 117,758	\$ 101,790
A20010	Income and expense items		
A20300	Expected credit impairment losses	1,629	154
A20100	Depreciation expenses	59,070	54,288
A20200	Amortization expenses	23,571	22,772
A20400	Net loss (gain) of financial assets and liabilities measured at fair value through profit or loss	1,326	(740)
A20900	Interest expense	18,560	12,917
A21200	Interest income	(1,412)	(564)
A21900	Cost of share-based remuneration	2,433	2,136
A22300	Share of loss on affiliates accounted for using the equity method	2,545	4,019
A22500	Gain on disposal of property, plant and equipment	-	(162)
A23200	Gain on disposal of investment accounted for using the equity method	(3,379)	(5,629)
A23700	Impairment loss of non-financial assets	4,658	2,987
A29900	Bargain purchase gains	(208)	-
A24100	Unrealized foreign currency exchange gain	(661)	(899)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	-	(338)
A31130	Notes receivable	40,132	15,881
A31150	Accounts receivable	(46,073)	(45,233)
A31160	Accounts receivable – related parties	156	38
A31180	Other receivables	(1,959)	(187)
A31190	Other receivables - related parties	909	647
A31200	Inventory	(48,126)	(1,820)
A31230	Prepayments	(9,680)	(15,197)
A31240	Other current assets	(4,751)	4,513
A31990	Other noncurrent assets	-	43
A32125	Contract liabilities	89,388	17,978

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Code		January 1 to March 31, 2023	January 1 to March 31, 2022
A32130	Notes payable	\$ 4,829	(\$ 59)
A32150	Accounts payable	(38,292)	37,980
A32160	Accounts payable – related parties	-	4,712
A32180	Other payables	(76,812)	(18,358)
A32230	Other current liabilities	(1,383)	(288)
A32240	Net defined benefit liability	(737)	(560)
A33000	Cash generated from operating activities	133,491	192,821
A33500	Income tax paid	(601)	-
AAAA	Net cash inflow from operating activities	<u>132,890</u>	<u>192,821</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	-	(85,000)
B00010	Purchase of financial assets measured at fair value through other comprehensive income	(39,200)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(118,050)	(69,865)
B00050	Disposal of financial assets at amortized cost	50,000	-
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	4,187	-
B00200	Disposal of financial assets at fair value through profit or loss	16,392	2,508
B01900	Disposal of long-term equity investment accounted for using equity method	5,018	9,052
B02200	Acquisition of subsidiaries (net of cash acquired) (Note 32)	(16,938)	-
B02700	Acquisition of property, plant, and equipment	(35,396)	(8,019)
B02800	Disposal of property, plant and equipment	-	162
B03700	Increase in refundable deposits	(221)	-
B03800	Decrease in refundable deposits	-	938
B04500	Acquisition of intangible assets	(48,785)	(13,961)
B04600	Disposal of intangible assets	9,200	-
B07100	Increase in prepayments for equipment	(9,973)	(13,865)
B07500	Interest received	<u>1,129</u>	<u>281</u>
BBBB	Net cash outflow from investing activities	<u>(182,637)</u>	<u>(177,769)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	138,721	15,000
C00600	Decrease in short-term notes payable	-	(90,000)
C01600	Proceeds from long-term borrowings	-	80,000

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Code		January 1 to March 31, 2023	January 1 to March 31, 2022
C01700	Repayments of long-term borrowings	(\$ 56,951)	(\$ 70,364)
C04020	Principal repayment of lease liabilities	(5,488)	(2,271)
C04800	Exercising employee stock option	-	10,608
C05400	Acquisition of equity in subsidiaries	-	(1,186)
C05600	Interest paid	(18,416)	(12,722)
CCCC	Net cash inflow (outflow) from financing activities	<u>57,866</u>	<u>(70,935)</u>
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(1,628)	<u>1,521</u>
EEEE	Increase (decrease) in cash and cash equivalents during the period	6,491	(54,362)
E00100	Balance of cash and cash equivalents at the beginning of period	<u>1,087,650</u>	<u>868,166</u>
E00200	Balance of cash and cash equivalents at the end of period	<u>\$1,094,141</u>	<u>\$ 813,804</u>

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

(Please refer to the review report of Deloitte & Touche on May 12, 2023)

Chairperson: Lin, Chih-Hui Managerial officer: Lin, Chih-Hui Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(Reviewed only, not audited in accordance with the auditing standards.)

(In NTD thousand, unless otherwise specified)

1. Company History

Synmosa Biopharma Corporation (hereinafter referred to as "the Company") was established in 1970 (the Company and entities controlled by the Company are hereinafter referred to as the "Consolidated Company") and its principal business covers various pharmaceutical and medical devices, cosmetics, animal drugs, chemical food additives, beverages manufacturing and sales, and environmental drugs wholesale (retail), as well as the import and export of related businesses.

The Company's shares have been listed and traded over-the-counter on the Taipei Exchange since May 2003.

On January 1, 2022 (the record date of demerger), the Consolidated Company's subsidiary, U-Liang Pharmaceutical Co., Ltd., split off and transferred the relevant operations (including assets and liabilities) of the Business Development Department to Upright Healthcare Inc. (formerly known as U-Liang Biotech Co., Ltd.) through the demerger from the existing business.

The consolidated financial statements are presented in the Company's functional currency – New Taiwan dollar.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the board of directors on May 11, 2023.

3. Application of New and Revised Standards and Interpretation

- (1) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Consolidated Company's accounting policies.

- (2) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

<u>The new/amended/revised standards or interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture.”	Undecided
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: A seller-lessee should apply the proposed amendments retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

The companies in the consolidated financial statements will continue to evaluate the effect of the amendment to the above IFRSs on the financial positions and performance of the companies in the consolidated financial statements to the date this parent company only financial statement is approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not include all IFRSs disclosures required for the full-year financial statements.

(2) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit assets or liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

- Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).

2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to owners of the parent and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

When a change in the Consolidated Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the Company..

Please refer to Note 13 and Exhibit 5 and 6 for details of subsidiaries, shareholding and principal businesses.

(4) Other significant accounting policies

Except as noted below, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

1. Defined benefit post-employment benefit

The pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the end of the previous fiscal year and is based on the beginning of the year to the end of the current period, adjusted for significant market fluctuations and significant plan amendments, settlements or other significant one-time events during the period.

2. Deferred tax expense

Income tax expense is the sum of the current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis, and is calculated using the tax rate applicable to the expected total profits for the whole year on the interim net income.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Consolidated Company adopts accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The Consolidated Company, when developing significant accounting estimates, has taken into account the recent development of COVID-19 outbreak and its possible impact on the economic environment regarding the consideration of significant accounting estimates including cash flow projections, growth rates, discounted rates, profitability. Management will continue to review estimates and underlying assumptions. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Please refer to the description of significant accounting judgments, estimates and main sources of assumption uncertainties in the consolidated financial statements for 2022 for other details.

6. Cash and Cash Equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and working capital	\$ 752	\$ 685	\$ 1,083
Bank checking accounts and demand deposits	933,389	926,965	762,721
Cash equivalents (investments with an original maturity of less than three months)			
Bank time deposits	160,000	160,000	50,000
	<u>\$ 1,094,141</u>	<u>\$ 1,087,650</u>	<u>\$ 813,804</u>

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets – current</u>			
Measured at fair value through income under compulsion			
Non-derivative financial assets			
- Domestic TWSE listed stocks	\$ 115,612	\$ 20,095	\$ 72,501
Derivative instruments (not designated as hedge)			
- Convertible bond options (Note 22)	11	13	-
	<u>\$ 115,623</u>	<u>\$ 20,108</u>	<u>\$ 72,501</u>
<u>Financial liabilities – current</u>			
Held-for-sale			
Derivative instruments (not designated as hedge)			
- Convertible bond options (Note 22)	\$ -	\$ -	\$ 113

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Noncurrent</u>			
Domestic Investment			
TPEX stocks	\$ 56,168	\$ 58,807	\$ 95,083
Non-listed stocks	<u>118,232</u>	<u>80,418</u>	<u>96,833</u>
Subtotal	174,400	139,225	191,916
Foreign investment			
Non-listed stocks	<u>165</u>	<u>101</u>	<u>175</u>
	<u>\$ 174,565</u>	<u>\$ 139,326</u>	<u>\$ 192,091</u>

The Consolidated Company invests in the mentioned equity instruments for medium- to long-term strategic purposes and expects to make profits from the long-term investments. The management of the Consolidated Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic Investment			
Time deposit with the original maturity date over three months	<u>\$ 260,000</u>	<u>\$ 310,000</u>	<u>\$ 200,000</u>

10. Notes receivable, accounts receivable and other receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total book value	\$ 89,381	\$ 128,516	\$ 74,747
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 89,381</u>	<u>\$ 128,516</u>	<u>\$ 74,747</u>
Incurred by operation			
Occurred not due to business	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 89,381</u>	<u>\$ 128,516</u>	<u>\$ 74,747</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 1,049,988	\$ 998,727	\$ 754,855
Less: Allowance for losses	<u>(3,443)</u>	<u>(2,168)</u>	<u>(144)</u>
	<u>\$ 1,046,545</u>	<u>\$ 996,559</u>	<u>\$ 754,711</u>

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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Overdue receivables (recorded under other non-current assets)</u>			
Measured at amortized cost			
Total book value	\$ 1,904	\$ 1,834	\$ 2,677
Less: Allowance for losses	(1,904)	(1,834)	(2,677)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Loan receivables			
Fixed interest rate	\$ 61,742	\$ 61,459	\$ 60,592
Less: Allowance for losses	(61,742)	(61,459)	(60,592)
Receivable from disposal of investments	852	1,222	1,244
Tax refund receivable	917	127	1,323
Amount receivable from disposal of intangible assets	-	9,200	-
Others	<u>3,219</u>	<u>2,010</u>	<u>1,285</u>
	<u>\$ 4,988</u>	<u>\$ 12,559</u>	<u>\$ 3,852</u>

(1) Notes receivable

The average number of days to cash the Consolidated Company's notes receivable ranges from 0 to 365 days.

The Consolidated Company recognizes an allowance for losses on notes receivable based on expected credit losses over the life of the notes. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Consolidated Company did not need to accrue expected credit losses for the evaluation of notes receivable, taking into account customers' past default records and the economic conditions of the industry.

The aging analysis of notes receivable on the basis of the account establishment dates is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
1 to 60 days	\$ 74,087	\$ 100,067	\$ 50,222
61 to 90 days	4,768	8,928	6,864
91 to 120 days	6,150	5,477	9,973
121 to 365 days	<u>4,376</u>	<u>14,044</u>	<u>7,688</u>
Total	<u>\$ 89,381</u>	<u>\$ 128,516</u>	<u>\$ 74,747</u>

(2) Accounts receivable

The Consolidated Company's credit period for merchandise sales is 30 to 270 days from monthly cut-off day. To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit facility determination, credit approval and other monitoring procedures to ensure that

appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk is significantly reduced.

The Consolidated Company recognizes an allowance for losses on accounts receivable on the basis of expected credit loss over the duration of the receivables. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook. Since the Consolidated Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, the Consolidated Company shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on accounts receivable (including overdue) based on the provision matrix is as follows:

March 31, 2023

	Not overdue	Overdue 1 to 90 days	Overdue 91 to 120 days	Overdue 121 to 365 days	Overdue for more than 365 days	Total
Expected credit loss rate	0.00%	1.50%	15.88%	21.95%	100%	
Total book value	\$ 991,181	\$ 46,254	\$ 844	\$ 11,709	\$ 1,904	\$ 1,051,892
Allowance for loss (expected credit loss of the given duration)	(47)	(692)	(134)	(2,570)	(1,904)	(5,347)
Measured at amortized cost	<u>\$ 991,134</u>	<u>\$ 45,562</u>	<u>\$ 710</u>	<u>\$ 9,139</u>	<u>\$ -</u>	<u>\$ 1,046,545</u>

December 31, 2022

	Not overdue	Overdue 1 to 90 days	Overdue 91 to 120 days	Overdue 121 to 365 days	Overdue for more than 365 days	Total
Expected credit loss rate	0.00%	0.52%	12.09%	20.33%	100%	
Total book value	\$ 960,770	\$ 27,826	\$ 1,026	\$ 9,105	\$ 1,834	\$ 1,000,561
Allowance for loss (expected credit loss of the given duration)	(47)	(146)	(124)	(1,851)	(1,834)	(4,002)
Measured at amortized cost	<u>\$ 960,723</u>	<u>\$ 27,680</u>	<u>\$ 902</u>	<u>\$ 7,254</u>	<u>\$ -</u>	<u>\$ 996,559</u>

March 31, 2022

	Not overdue	Overdue 1 to 90 days	Overdue 91 to 120 days	Overdue 121 to 365 days	Overdue for more than 365 days	Total
Expected credit loss rate	0.01%	0.29%	3.33%	0.82%	100%	
Total book value	\$ 739,820	\$ 13,974	\$ 210	\$ 851	\$ 2,677	\$ 757,532
Allowance for loss (expected credit loss of the given duration)	(90)	(40)	(7)	(7)	(2,677)	(2,821)
Measured at amortized cost	<u>\$ 739,730</u>	<u>\$ 13,934</u>	<u>\$ 203</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 754,711</u>

The changes in the allowance for losses on accounts receivable (including overdue) are as follows

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance, beginning of year	\$ 4,002	\$ 3,377
Add: Allowance for losses for the period	1,346	-
Less: Reversal of allowance for losses for the period	-	(129)
Less: Actual write off during the period	-	(464)
Foreign currency translation differences	(<u>1</u>)	<u>37</u>
Balance, end of period	<u>\$ 5,347</u>	<u>\$ 2,821</u>

(3) Other receivables - Loan receivables

The interest rate risk and contractual maturities of the Consolidated Company's fixed-rate loan receivables were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fixed rate loan receivables			
No more than 1 year	\$ <u>61,742</u>	\$ <u>61,459</u>	\$ <u>60,592</u>

The effective interest rates on the Consolidated Company's loans receivable and the contractual interest rates were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fixed rate loan receivables	2.00%	2.00%	2.00%

The changes in the allowance for losses on other receivables are as follows

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance, beginning of year	\$ 61,459	\$ 60,309
Add: Allowance for losses for the period	<u>283</u>	<u>283</u>
Balance, end of period	<u>\$ 61,742</u>	<u>\$ 60,592</u>

11. Inventory

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandises	\$ 419,766	\$ 355,534	\$ 280,402
Finished goods	174,035	229,571	173,297
Work in process	196,215	136,302	155,630
Raw materials	451,532	462,976	476,406
Supplies	<u>107,051</u>	<u>120,001</u>	<u>88,981</u>
	<u>\$ 1,348,599</u>	<u>\$ 1,304,384</u>	<u>\$ 1,174,716</u>

The nature of cost of goods sold is as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Cost of inventories sold	\$ 675,764	\$ 493,107
Loss of inventory scrapped	7,100	5,671
Allowance for inventory write-down	4,658	2,987
Unallocated manufacturing expenses	59,318	59,075
Others	236	1,328
	<u>\$ 747,076</u>	<u>\$ 562,168</u>

12. Noncurrent assets held for sale

	March 31, 2023	December 31, 2022	March 31, 2022
Land held for sale	\$ -	\$ -	\$ 8,512
Houses and buildings held for sale	-	-	14,228
Equipment held for sale	-	-	421
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,161</u>

On November 29, 2021, the Consolidated Company entered into a contract for the sale of real estate with an unrelated party, Glochem Manufacturing Corporation for the sale price of NTD304,213 thousand and the gain on the disposition was NTD281,052 thousand. The transfer was completed and amount received in full in June 2022.

See Note 38 for the amount of noncurrent assets held for sale that are set as collaterals for loans.

13. Subsidiary

(1) Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

Investor name	Subsidiary name	Business nature	Shareholding			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Achiever International Co., Ltd. (Achiever International)	Investment Holdings	100.00%	100.00%	100.00%	-
The Company	Intech Biopharm Ltd. (Intech Biopharm) (Note 33)	Biotechnology Services	40.53%	40.53%	40.77%	Note 1
The Company	Seven Star Pharmaceutical Co., Ltd. (Seven Star Pharmaceutical)	Manufacturing and trading of pharmaceutical products	77.83%	77.83%	77.83%	-
The Company	Health Chemical Pharmaceutical Co.	Manufacturing and trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	Synbest International Co., Ltd. (Synbest International)	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	CHIEN YU TRADING LIMITED	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	Purzer Pharmaceutical Co., Ltd. (Purzer Pharmaceutical)	Trading of pharmaceutical products	92.60%	92.60%	91.73%	Note 1
The Company	U-Liang Pharmaceutical Co., Ltd. (U-Liang Pharmaceutical) (Note 1)	Manufacturing and trading of pharmaceutical products	77.54%	77.54%	77.54%	-

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Investor name	Subsidiary name	Business nature	Shareholding			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Upright Healthcare Inc. (Upright Healthcare) (Note 1)	Trading of pharmaceutical products	69.17%	69.17%	73.95%	Note 1 and 2
The Company	SYNMOSA BIOPHARMA PTE. LTD.	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Achiever International	Hitpharm Pharmaceutical Company Limited	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Achiever International	Synmosa Biopharma (HK) Corporation	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Synbest International	Kunshan Jianmao Trading Co., Ltd.	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Synbest International	Amrita Pharma Corporation (Amrita Pharma) (Note 32)	Trading of pharmaceutical products	100.00%	-	-	-
U-Liang Pharmaceutical	Upright Healthcare	Trading of pharmaceutical products	2.64%	2.64%	4.65%	Note 1
Purzer Pharmaceutical	Upright Healthcare	Trading of pharmaceutical products	3.03%	3.03%	-	Note 1
Upright Healthcare	Shunli Pharmacy (Shunli Pharmacy)	Trading of pharmaceutical products	67.67%	67.67%	-	Note 3

Note 1: Please refer to Note 33 for the changes in the shareholdings.

Note 2: The Company took April 1, 2023 as the record date for the demerger to separate its Guangfu Division to Upright Healthcare.

Note 3: It is a non-material subsidiary whose financial statements were not reviewed by a CPA.

(2) Information on subsidiaries with significant non-controlling interests

Subsidiary name	Percentage of ownership interests and voting rights		
	March 31, 2023	December 31, 2022	March 31, 2022
Intech Biopharm	59.47%	59.47%	59.23%
Seven Star Pharmaceutical	22.17%	22.17%	22.17%
Purzer Pharmaceutical	7.40%	7.40%	8.27%
U-Liang Pharmaceutical	22.46%	22.46%	22.46%
Upright Healthcare	25.98%	25.98%	22.44%
Shunli Pharmacy	49.91%	49.91%	-

For the business nature, principal location of business and country information of the aforementioned subsidiaries, please refer to Exhibit 5, "Information on Investee, location, etc."

14. Investment accounted for using the equity method

Investments in affiliates

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Significant affiliates			
InnoPharmax Inc. (InnoPharmax)	<u>\$ 79,090</u>	<u>\$ 83,681</u>	<u>\$ 103,155</u>

Significant affiliates

The Consolidated Company's ownership interest and percentage of voting rights in affiliates as of the balance sheet date were as follows:

<u>Company name</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
InnoPharmax Inc.	15.09%	15.47%	16.67%

For the business nature, principal location of business and country information of the aforementioned affiliates, please refer to Exhibit 5, "Information on Investee, location, etc.".

For the three months ended March 31, 2023, the Consolidated Company sold some of its shares in InnoPharmax for a disposal price of NTD5,351 thousand, with a gain of NTD3,379 thousand, resulting in a decrease in shareholding to 15.09%.

For the three months ended March 31, 2022, the Consolidated Company sold some of its shares in InnoPharmax for a disposal price of NTD9,410 thousand, with a gain of NTD5,629 thousand, resulting in a decrease in shareholding to 16.67%.

The Consolidated Company's shareholding in InnoPharmax was less than 20% as of March 31, 2023, December 31, 2022 and March 31, 2022, but the Company has significant influence on that entity because the Consolidated Company has two seats on its board of directors.

As of March 31, 2023 and 2022, the balance of investments accounted for using the equity method amounted to NTD79,090 thousand and NTD103,155 thousand, respectively, both accounting for 1% of the consolidated total assets; the shares of profits or losses of affiliates recognized under the equity method for the three months ended March 31, 2023 and 2022 amounted to NTD(2,545) thousand and NTD(4,019) thousand, respectively, representing (3%) and (5%) of the consolidated profits or losses, respectively, based on the unreviewed financial statements of these investees for the same periods.

15. Property, plant, and equipment

	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Instruments	Other equipment	Uncompleted construction and equipment pending inspection	Total
Costs										
Balance as of January 1, 2023	\$ 3,558,240	\$ 1,557,834	\$ 1,106,608	\$ 6,878	\$ 35,831	\$ 78,957	\$ 301,050	\$ 339,882	\$ 9,744	\$ 6,995,024
Addition	-	7,132	14,523	-	2,905	1,153	50	6,035	254	32,052
Reclassification (Note)	-	5,127	4,793	-	2,243	-	-	367	(4,556)	7,974
Disposal	-	-	(2,173)	-	-	-	(524)	(16)	-	(2,713)
Net exchange differences	-	-	-	-	-	(64)	-	-	-	(64)
Balance as of March 31, 2023	<u>\$ 3,558,240</u>	<u>\$ 1,570,093</u>	<u>\$ 1,123,751</u>	<u>\$ 6,878</u>	<u>\$ 40,979</u>	<u>\$ 80,056</u>	<u>\$ 300,576</u>	<u>\$ 346,268</u>	<u>\$ 5,442</u>	<u>\$ 7,032,283</u>
Accumulated depreciation										
Balance as of January 1, 2023	\$ -	\$ 470,569	\$ 484,740	\$ 5,094	\$ 29,529	\$ 12,109	\$ 201,781	\$ 217,728	\$ -	\$ 1,421,550
Disposal	-	-	(2,173)	-	-	-	(524)	(16)	-	(2,713)
Depreciation expenses	-	18,556	17,870	122	524	1,506	6,526	7,844	-	52,948
Net exchange differences	-	-	-	-	-	(41)	-	-	-	(41)
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 489,125</u>	<u>\$ 500,437</u>	<u>\$ 5,216</u>	<u>\$ 30,053</u>	<u>\$ 13,574</u>	<u>\$ 207,783</u>	<u>\$ 225,556</u>	<u>\$ -</u>	<u>\$ 1,471,744</u>
Net as of March 31, 2023	<u>\$ 3,558,240</u>	<u>\$ 1,080,968</u>	<u>\$ 623,314</u>	<u>\$ 1,662</u>	<u>\$ 10,926</u>	<u>\$ 66,482</u>	<u>\$ 92,793</u>	<u>\$ 120,712</u>	<u>\$ 5,442</u>	<u>\$ 5,560,539</u>
Net as of December 31, 2022 and January 1, 2023	<u>\$ 3,558,240</u>	<u>\$ 1,087,265</u>	<u>\$ 621,868</u>	<u>\$ 1,784</u>	<u>\$ 6,302</u>	<u>\$ 66,848</u>	<u>\$ 99,269</u>	<u>\$ 122,154</u>	<u>\$ 9,744</u>	<u>\$ 5,573,474</u>
Costs										
Balance as of January 1, 2022	\$ 3,558,240	\$ 1,542,327	\$ 1,063,851	\$ 6,335	\$ 30,390	\$ 22,619	\$ 292,981	\$ 302,574	\$ 62,510	\$ 6,881,827
Addition	-	1,330	1,065	-	-	-	745	4,049	106	7,295
Reclassification (Note)	-	11,591	41,957	-	-	-	150	6,076	(58,154)	1,620
Disposal	-	-	(3,285)	(977)	-	-	(999)	(1,323)	-	(6,584)
Net exchange differences	-	-	-	-	-	99	-	-	-	99
Balance as of March 31, 2022	<u>\$ 3,558,240</u>	<u>\$ 1,555,248</u>	<u>\$ 1,103,588</u>	<u>\$ 5,358</u>	<u>\$ 30,390</u>	<u>\$ 22,718</u>	<u>\$ 292,877</u>	<u>\$ 311,376</u>	<u>\$ 4,462</u>	<u>\$ 6,884,257</u>
Accumulated depreciation										
Balance as of January 1, 2022	\$ -	\$ 399,414	\$ 427,098	\$ 5,680	\$ 26,803	\$ 6,512	\$ 176,765	\$ 190,690	\$ -	\$ 1,232,962
Disposal	-	-	(3,285)	(977)	-	-	(999)	(1,323)	-	(6,584)
Depreciation expenses	-	18,315	18,188	126	496	328	7,009	7,247	-	51,709
Net exchange differences	-	-	-	-	-	60	-	-	-	60
Balance as of March 31, 2022	<u>\$ -</u>	<u>\$ 417,729</u>	<u>\$ 442,001</u>	<u>\$ 4,829</u>	<u>\$ 27,299</u>	<u>\$ 6,900</u>	<u>\$ 182,775</u>	<u>\$ 196,614</u>	<u>\$ -</u>	<u>\$ 1,278,147</u>
Net as of March 31, 2022	<u>\$ 3,558,240</u>	<u>\$ 1,137,519</u>	<u>\$ 661,587</u>	<u>\$ 529</u>	<u>\$ 3,091</u>	<u>\$ 15,818</u>	<u>\$ 110,102</u>	<u>\$ 114,762</u>	<u>\$ 4,462</u>	<u>\$ 5,606,110</u>

Note: The amount was transferred from the prepayments for equipment.

The Consolidated Company conducted impairment assessments for the three months ended March 31, 2023 and 2022 and assessed that there was no impairment loss that should be recorded.

Depreciation expense is provided for based on a straight-line method over the following useful lives:

Houses and buildings	
Plant main building	5 to 60 years
Auxiliary equipment	2 to 20 years
Machinery equipment	2 to 20 years
Transportation equipment	5 years
Office equipment	2 to 10 years
Leasehold improvements	2 to 7 years
Instruments	2 to 15 years
Other equipment	2 to 16 years

For the amount of property, plant and equipment pledged as collateral for loans, please refer to Note 38.

16. Lease agreement

(1) Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of right-of-use assets			
Building	\$ 68,097	\$ 60,358	\$ 7,385
Transportation equipment	3,613	4,121	4,589
	<u>\$ 71,710</u>	<u>\$ 64,479</u>	<u>\$ 11,974</u>

	January 1 to March 31, 2023	January 1 to March 31, 2022
Addition of right-of-use assets	<u>\$ 13,281</u>	<u>\$ 626</u>
Depreciation expenses of right-of-use assets		
Building	\$ 5,294	\$ 1,829
Transportation equipment	<u>508</u>	<u>430</u>
	<u>\$ 5,802</u>	<u>\$ 2,259</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Consolidated Company's right-of-use assets during the three months ended March 31, 2023 and 2022.

(2) Lease liability

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of lease liability			
Current	<u>\$ 18,304</u>	<u>\$ 16,703</u>	<u>\$ 6,329</u>
Noncurrent	<u>\$ 54,364</u>	<u>\$ 48,423</u>	<u>\$ 5,695</u>

The discount rate range for lease liabilities is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Building	1.44%~2.18%	1.44%~2.00%	1.23%~1.55%
Transportation equipment	1.38%~2.00%	1.38%~2.00%	1.38%

(3) Other lease information

	January 1 to March 31, 2023	January 1 to March 31, 2022
Short-term lease expenses	<u>\$ 1,027</u>	<u>\$ 627</u>
Low-value asset lease expenses	<u>\$ 423</u>	<u>\$ 289</u>
Total cash (outflow) from lease	<u>(\$ 7,323)</u>	<u>(\$ 3,233)</u>

All lease commitments for the lease period commencing after the balance sheet date are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Lease commitments	<u>\$ 25,212</u>	<u>\$ 13,360</u>	<u>\$ -</u>

17. Investment property

	<u>Completed investment Property</u>
<u>Costs</u>	
Balance as of January 1, 2023	<u>\$ 383,652</u>
Balance as of March 31, 2023	<u>\$ 383,652</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 13,736
Depreciation expenses	<u>320</u>
Balance as of March 31, 2023	<u>\$ 14,056</u>
Net as of March 31, 2023	<u>\$ 369,596</u>
Net as of December 31, 2022 and January 1, 2023	<u>\$ 369,916</u>
<u>Costs</u>	
Balance as of January 1, 2022	<u>\$ 383,652</u>
Balance as of March 31, 2022	<u>\$ 383,652</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ 12,456
Depreciation expenses	<u>320</u>
Balance as of March 31, 2022	<u>\$ 12,776</u>
Net as of March 31, 2022	<u>\$ 370,876</u>

Other than the above depreciation expense recognized, there were no significant addition or disposal of the Consolidated Company's investment properties during the three months ended March 31, 2023 and 2022. Investment property is depreciated on a straight-line basis over the following useful lives:

Houses and buildings	
Plant main building	28 to 50 years
Auxiliary equipment	5 to 50 years

The fair value of investment properties as of December 31, 2022 and 2021 was NTD608,147 thousand and NTD560,216 thousand. As evaluated by the management of the Consolidated Company, there was no significant change in fair value as of March 31, 2023 and 2022 compared to December 31, 2022 and 2021.

See Note 38 for the amount of investment property that is set as collaterals for loans.

18. Goodwill

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<u>Costs</u>		
Balance, beginning of year	\$ 71,080	\$ 74,040
Net exchange differences	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ 71,080</u>	<u>\$ 74,040</u>
<u>Accumulated impairment losses</u>		
Balance, beginning of year	\$ -	\$ 66,767
Provisions of impairment losses for the period	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ -</u>	<u>\$ 66,767</u>
Net, end of period	<u>\$ 71,080</u>	<u>\$ 7,273</u>

19. Other Intangible assets

	<u>Trademark</u>	<u>Patent rights</u>	<u>Computer software</u>	<u>Franchise relationship</u>	<u>Other Intangible assets</u>	<u>Total</u>
<u>Costs</u>						
Balance as of January 1, 2023	\$ 11,211	\$ 914,894	\$ 66,068	\$ 47,237	\$ 9,000	\$ 1,048,410
Acquired separately	-	51,955	2,080	-	-	54,035
Acquired through business merger	-	28,208	-	-	-	28,208
Net exchange differences	<u>-</u>	<u>(357)</u>	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>(387)</u>
Balance as of March 31, 2023	<u>\$ 11,211</u>	<u>\$ 994,700</u>	<u>\$ 68,118</u>	<u>\$ 47,237</u>	<u>\$ 9,000</u>	<u>\$ 1,130,266</u>
<u>Accumulated amortization and impairment</u>						
Balance as of January 1, 2023	\$ 11,134	\$ 492,792	\$ 37,167	\$ 1,968	\$ 8,550	\$ 551,611
Amortization expenses	6	21,052	1,304	984	225	23,571
Net exchange differences	<u>-</u>	<u>(191)</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>(206)</u>
Balance as of March 31, 2023	<u>\$ 11,140</u>	<u>\$ 513,653</u>	<u>\$ 38,456</u>	<u>\$ 2,952</u>	<u>\$ 8,775</u>	<u>\$ 574,976</u>
Net as of March 31, 2023	<u>\$ 71</u>	<u>\$ 481,047</u>	<u>\$ 29,662</u>	<u>\$ 44,285</u>	<u>\$ 225</u>	<u>\$ 555,290</u>
Net as of December 31, 2022 and January 1, 2023	<u>\$ 77</u>	<u>\$ 422,102</u>	<u>\$ 28,901</u>	<u>\$ 45,269</u>	<u>\$ 450</u>	<u>\$ 496,799</u>
<u>Costs</u>						
Balance as of January 1, 2022	\$ 11,211	\$ 867,642	\$ 59,122	\$ -	\$ 9,000	\$ 946,975
Acquired separately	-	12,867	1,094	-	-	13,961
Disposal	-	(1,060)	(72)	-	-	(1,132)
Net exchange differences	<u>-</u>	<u>647</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>700</u>
Balance as of March 31, 2022	<u>\$ 11,211</u>	<u>\$ 880,096</u>	<u>\$ 60,197</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 960,504</u>
<u>Accumulated amortization and impairment</u>						
Balance as of January 1, 2022	\$ 11,054	\$ 401,750	\$ 32,488	\$ -	\$ 7,650	\$ 452,942
Amortization expenses	34	21,387	1,126	-	225	22,772
Disposal	-	(1,060)	(72)	-	-	(1,132)
Net exchange differences	<u>-</u>	<u>295</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>317</u>
Balance as of March 31, 2022	<u>\$ 11,088</u>	<u>\$ 422,372</u>	<u>\$ 33,564</u>	<u>\$ -</u>	<u>\$ 7,875</u>	<u>\$ 474,899</u>
Net as of March 31, 2022	<u>\$ 123</u>	<u>\$ 457,724</u>	<u>\$ 26,633</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 485,605</u>

Amortization expense is provided for based on a straight-line method over the following useful lives:

Trademark	10 years
Patent rights	2 to 15 years
Computer software	2 to 10 years
Franchise relationship	12 years
Other Intangible assets	10 years

The aggregate amortization expenses by functions are as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Operating costs	\$ 151	\$ 108
Selling expenses	22,199	21,520
Administrative expenses	1,179	1,102
Research and Development expenses	<u>42</u>	<u>42</u>
	<u>\$ 23,571</u>	<u>\$ 22,772</u>

20. Prepayments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepayments for goods	\$ 80,675	\$ 79,304	\$ 51,344
Other prepaid expenses	<u>66,634</u>	<u>58,208</u>	<u>54,351</u>
	<u>\$ 147,309</u>	<u>\$ 137,512</u>	<u>\$ 105,695</u>

21. Borrowings

(1) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 527,963	\$ 489,242	\$ 444,000
<u>Unsecured loans</u>			
Credit facility borrowings	<u>115,000</u>	<u>15,000</u>	<u>175,000</u>
	<u>\$ 642,963</u>	<u>\$ 504,242</u>	<u>\$ 619,000</u>

The interest rates on the above bank loans ranged from 1.71%-2.60%, 1.65%-2.28%, and 0.37%-1.94% as of March 31, 2023, December 31 and March 31, 2022, respectively.

(2) Short-term notes payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Commercial papers payable	\$ 80,000	\$ 80,000	\$ 70,000
Less: Discount on short-term notes payable	(<u>132</u>)	(<u>162</u>)	(<u>102</u>)
	<u>\$ 79,868</u>	<u>\$ 79,838</u>	<u>\$ 69,898</u>

The interest rates on commercial paper payables ranged from 2.14%-2.20%, 2.14%-2.28%, and 1.44%-1.49% as of March 31, 2023, December 31 and March 31, 2022, respectively.

(3) Long-term borrowings/long-term borrowings with maturity of less than one year

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 2,542,426	\$ 2,599,377	\$ 2,588,615
Less: Long-term borrowings with maturity of less than one year (Note)	(<u>591,327</u>)	(<u>557,849</u>)	(<u>238,103</u>)
Subtotal	<u>1,951,099</u>	<u>2,041,528</u>	<u>2,350,512</u>
<u>Unsecured loans</u>			
Credit facility borrowings	80,000	80,000	80,000
Less: Long-term borrowings with Borrowings	(<u>80,000</u>)	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Long-term borrowings	<u>\$ 1,951,099</u>	<u>\$ 2,121,528</u>	<u>\$ 2,430,512</u>

Note: In May 2022 and January 2022, the Consolidated Company entered into a forbearance supplementary agreement with First Commercial Bank and Hua Nan Bank Ltd., respectively, to allow the principal to be repaid starting from June 2023 and May 2024, respectively, according to the agreement.

The interest rates on the above bank loans ranged from 1.96% to 2.61%, 1.71% to 2.48% and 0.99% to 2.10% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

22. Corporate bonds payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Intech Biopharm 1st domestic privately-placed unsecured convertible bond	\$ 26,646	\$ 26,575	\$ 26,499
Less: Portion classified as due within one year	(<u>26,646</u>)	(<u>26,575</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,499</u>

Intech Biopharm 1st domestic privately-placed unsecured convertible bond

Intech Biopharm issued its first domestic privately placed unsecured convertible bonds on December 4, 2020. The contents as of March 31, 2023, December 31 and March 31, 2022 are as follows:

	March 31, 2023		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(2,926)	(354)	(3,280)
	<u>\$ 220,074</u>	<u>\$ 26,646</u>	<u>\$ 246,720</u>
	December 31, 2022		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(3,510)	(425)	(3,935)
	<u>\$ 219,490</u>	<u>\$ 26,575</u>	<u>\$ 246,065</u>
	March 31, 2022		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(4,139)	(501)	(4,640)
	<u>\$ 218,861</u>	<u>\$ 26,499</u>	<u>\$ 245,360</u>

Note: The part held inside the Group has been consolidated and eliminated.

- (1) The above conditions for the first domestic privately placed unsecured convertible bonds issued on December 4, 2020 by the Intech Biopharm Ltd. are summarized as follows.
1. Issue Date: December 4, 2020.
 2. Total issue amount: NTD250,000 thousand.
 3. Face amount: NTD100 thousand / sheet.
 4. Issue price: Full issue according to face amount.
 5. Issue period: 5 years, expires on December 4, 2025.
 6. Coupon rate: 0.5%, with interest payable annually at simple interest from the issue date base on the coupon rate.
 7. Repayment date and method: Except for the exercise of conversion or right-of-sale by the bondholders and early redemption by the Intech Biopharm Ltd., the bonds shall be repaid in cash at face value plus any unpaid interest amount at maturity.

8. Conversion period: The bondholders may convert the bonds into common shares of the Company in accordance with the issuance and conversion measures from the day after the first month of issuance (January 5, 2021) to the tenth day before the maturity date (November 24, 2025), except for the period of suspension of transfer in accordance with the law and the period from fifteen business days prior to the date of suspension of transfer on account of stock dividends, cash dividends or cash capital increase to the base date of distribution of rights, and from the base date of capital reduction to the day before the commencement of trading day following the exchange of shares on account of capital reduction.
9. Conversion price and adjustment: The conversion price of the privately placed convertible corporate bonds was set at NTD16.20 per share. After the issuance of the privately placed convertible corporate bonds, except for the various securities with the right for conversion into ordinary shares or stock warrants issued by Intech Biopharm in exchange for ordinary shares or the issuance of new shares as employee bonuses, where the ordinary stock cash dividend distributed by Intech Biopharm accounts for 1.5% of the market price per share; where Intech Biopharm reissues or privately places various securities with with the right for conversion into ordinary shares or stock warrants at a conversion or subscription price lower than the market price per share; where Intech Biopharm's number of ordinary shares decreases not due to the cancellation of treasury shares to reduce its capital, the conversion price should be adjusted in accordance with the issuance and conversion measures. As of March 31, 2023, the conversion price was NTD16.10 per share.
10. OTC listing of new shares after conversion: When the privately-placed convertible bonds are converted into common shares of the Intech Biopharm Ltd., the privately-placed convertible bonds shall not be transferred for less than three years from the date of delivery of the bonds in accordance with the law. After conversion, the Company shall apply for a letter of consent for compliance with the OTC listing criteria from the TPEX and report to the competent authorities for a supplemental public offering before it can be listed for trading.
11. Intech Biopharm's right to redeem the privately placed convertible corporate bonds: (1) If the closing price of the Intech Biopharm Ltd.'s common shares on the TPEX exceeds the then prevailing conversion price by 50% or more for 30 consecutive business days from the day after the date the privately-placed convertible bonds are issued for three years until 60 days prior to the expiration of the issuance period, the Intech Biopharm Ltd. may, within 30 business days thereafter, notify the bondholders to redeem all of their bonds in cash at the face value of the bonds; (2) If the outstanding balance of the convertible bonds is less than 10% of the total amount issued, Intech Biopharm may redeem all of the bonds at any time thereafter for cash at the face value of the bonds.

12. The bondholders' right to reverse the repurchase of the privately placed convertible corporate bonds: The dates on which the convertible bonds have been issued for three years (December 4, 2023) and four years (December 4, 2024) were set as the record dates for the holders to reverse the repurchase of the privately placed convertible corporate bonds early. Intech Biopharm shall notify the bondholders 30 days before the reverse repurchase record dates.
- (2) Amortization of the discount on bonds payable from January 1 to March 31, 2023 and 2022 was \$71 thousand for the both periods and was recorded as financial costs.
- (3) For accounting purposes, the options and liabilities of the privately placed convertible bonds are recorded under financial liabilities at fair value through profit or loss - current, financial liabilities at fair value through profit or loss - current, bonds payable with resale rights executed within one year, bonds payable and noncontrolling interests, respectively.
23. Notes payable and accounts payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes payable			
Incurred by operation	\$ 21,312	\$ 16,483	\$ 952
Accounts payable			
Incurred by operation	\$ 391,066	\$ 429,680	\$ 286,743

The Consolidated Company's trading terms with general suppliers range from 30 to 365 days from monthly cut-off day. The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

24. Other liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Other payables			
Salary and bonus payables	\$ 153,315	\$ 240,039	\$ 152,219
Research and Development payables	12,425	20,532	12,633
Equipment Payables	18,299	21,643	2,679
Business tax payables	2,518	12,486	3,173
Promotional expense payables	29,935	23,073	13,543
Utilities payables	4,773	5,935	5,018
Leave payables	6,242	6,239	6,027
Dividends payable	196,285	-	150,163

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	March 31, 2023	December 31, 2022	March 31, 2022
Investment payables	\$ 21,665	\$ 8,688	\$ -
Patent rights payable	1,200	14,100	-
Medical license transfer payables	30,150	12,000	-
Other expense payables	<u>70,674</u>	<u>48,163</u>	<u>53,920</u>
	<u>\$ 547,481</u>	<u>\$ 412,898</u>	<u>\$ 399,375</u>
Other liabilities			
Deposits received	\$ 275	\$ -	\$ 18
Collection on behalf of others	<u>8,096</u>	<u>9,479</u>	<u>6,429</u>
	<u>\$ 8,371</u>	<u>\$ 9,479</u>	<u>\$ 6,447</u>
<u>Noncurrent</u>			
Other liabilities			
Deposits received	\$ 629	\$ 904	\$ 886
Long-term investment payables	<u>11,748</u>	<u>11,713</u>	<u>-</u>
	<u>\$ 12,377</u>	<u>\$ 12,617</u>	<u>\$ 886</u>

25. Post-employment benefit plans

The pension expenses related to the defined benefit plans recognized from January 1 to March 31, 2023 and 2022 were calculated using the actuarially determined pension cost rate of \$43 thousand and \$72 thousand as of December 31, 2022 and 2021, respectively.

26. Equity

(1) Capital stock

Common stock

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized number of shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital stock	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>343,701</u>	<u>343,701</u>	<u>313,134</u>
Capital stock issued	\$ 3,437,007	\$ 3,437,007	\$ 3,131,342
Capital stock received in advance	<u>-</u>	<u>-</u>	<u>5,500</u>
	<u>\$ 3,437,007</u>	<u>\$ 3,437,007</u>	<u>\$ 3,136,842</u>

The issued common stock has a face value of NTD10 per share and each share is entitled to one voting right and receiving dividends.

6,000 thousand shares of the authorized capital stock were reserved for the issuance of employee restricted stock options.

During the three months ended March 31, 2022, due to the registration of the change for the exercise of employee stock options has not yet been completed, so NTD5,500 thousand was recognized in capital stock received in advance. The Company set the capital increase record date as April 10, 2022 and completed the registration of the change on May 26, 2022.

(2) Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>			
Stock issuance premium	\$ 519,081	\$ 519,081	\$ 519,081
Corporate bond conversion premium	220,399	220,399	220,399
Treasury stock transaction	6,779	6,779	986
Difference between the actual acquisition or disposal price and the carrying amount of subsidiary	76,805	76,805	77,897
Difference between the equity price and the carrying amount of affiliate accounted for using the equity method	2,208	2,263	2,442
Lapsed stock options	4,006	4,006	4,006
<u>Only for loss make-up</u>			
Recognition of changes in ownership interest in subsidiaries (2)	595,138	595,138	577,471
Changes in net equity of affiliates accounted for using the equity method	741	760	683
Shareholders fail to receive dividends after the statute of limitations	117	117	117
	<u>\$ 1,425,274</u>	<u>\$ 1,425,348</u>	<u>\$ 1,403,082</u>

- Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
- This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

A reconciliation of the balances of various types of capital surplus for the three months ended March 31, 2023 and 2022, is as follows:

	Stock issuance premium	Corporate bond conversion premium	Changes in affiliates accounted for using the equity method	Employee stock option	Difference between the acquisition or disposal price and the carrying amount of subsidiary	Capital surplus - lapsed stock options	Capital surplus - treasury stock transactions	Capital surplus - others	Total
Balance as of January 1, 2022	\$ 509,617	\$ 249,214	\$ 3,240	\$ 5,461	\$ 655,160	\$ 2,601	\$ 986	\$ 117	\$1,426,396
Exercising employee stock option	9,464	-	-	(4,056)	-	-	-	-	5,408
Recognition of changes in ownership interest in subsidiaries	-	-	-	-	452	-	-	-	452
Effect of changes in capital surplus from acquisition or disposal of affiliates	-	-	(115)	-	-	-	-	-	(115)
Difference between the acquisition or disposal price and the carrying amount of subsidiary and affiliate	-	-	-	-	(244)	-	-	-	(244)
Lapse of employee stock option	-	-	-	(1,405)	-	1,405	-	-	-
Cash paid out from capital surplus	-	(28,815)	-	-	-	-	-	-	(28,815)
Balance as of March 31, 2022	\$ 519,081	\$ 220,399	\$ 3,125	\$ -	\$ 655,368	\$ 4,006	\$ 986	\$ 117	\$1,403,082
Balance as of January 1, 2023	\$ 519,081	\$ 220,399	\$ 3,023	\$ -	\$ 671,943	\$ 4,006	\$ 6,779	\$ 117	\$1,425,348
Effect of changes in capital surplus from disposal of affiliates	-	-	(74)	-	-	-	-	-	(74)
Balance as of March 31, 2023	\$ 519,081	\$ 220,399	\$ 2,949	\$ -	\$ 671,943	\$ 4,006	\$ 6,779	\$ 117	\$1,425,274

(3) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy stipulated in the Company's Article of Incorporation, if there are net profits after tax for the current period in the annual final accounts, the distribution shall be made in the following order:

1. Make up for the accumulated losses first.
2. Set aside 10% as legal reserve in accordance with law, except when the legal reserve has reached the Company's paid-in capital.
3. Appropriate or reverse the special reserve in accordance with laws or regulations of the competent authority. If there are still remaining earnings, the board of directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders. If the distribution is made by issuance of new shares, the proposal shall be submitted to the shareholder meeting for resolution. In accordance with Article 240, Paragraph 5 of the Company Act, the board of directors is authorized to distribute all or part of dividends and bonuses in cash to shareholders by a resolution with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholder meeting. The Company's policy on the distribution of remuneration for employees and directors as stipulated in the Company's Article of Incorporation is described in Note 28 (8) Remuneration for Employees and Directors.

The Company's dividend policy is based on the current and future development plans, with the consideration of the investment environment, capital requirements and domestic and foreign competition, domestic and international competition, and the interests of shareholders, etc and provides that no less than 50% of the earnings available for distribution shall be paid to shareholders as dividends each year, except that if the accumulated earnings available for distribution are less than 1% of the paid-in capital, no dividends shall be paid. Dividends to shareholders may be

distributed in cash or in stock, with cash dividends of not less than 10% of the total dividends.

Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

In accordance with Article 241 of the Company Act, the Company shall distribute all or part of the legal reserve and capital surplus in new shares or cash in proportion to the shareholders' original shares, and shall authorize the board of directors to resolve the matter with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholders' meeting. If the distribution is made by issuance of new shares, the proposal shall be submitted to the shareholder meeting for resolution.

The Company has provided and reversed the special reserve in accordance with the letter Financial-Supervisory-Securities-Corporate- 1090150022 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve". If the amount debited to the other shareholders' equity is subsequently reversed, the reversed amount may be distributed.

The motion for the Company's earnings distribution for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Provision of legal reserve	\$ 81,268	\$ 30,389
(Reversal of) special reserve	\$ 4,843	(\$ 10,115)
Cash dividends	\$ 196,285	\$ 121,348
Stock dividends	\$ 310,785	\$ 300,165
Cash dividends per share (NTD)	\$ 0.60	\$ 0.40
Stock dividends per share (NTD)	0.95	1.00

The above cash dividends were resolved by the Board of Directors on March 31, 2023 and March 29, 2022, respectively. The distribution of the earnings for 2021 was approved at the shareholders' meeting held on May 25, 2022, and the remaining distributions from the 2022 earnings are pending approval at the shareholders' meeting held on May 25, 2023.

On March 13, 2023, the board of directors proposed to increase capital from capital surplus in the amount of NTD16,357 thousand. This is pending resolution at the regular shareholder meeting scheduled for May 25, 2023.

(4) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance, beginning of year	<u>\$ 4,275</u>	<u>(\$ 5,902)</u>
Generated during the period		
Exchange difference of foreign operating institutions	(1,755)	3,622
Income tax related to exchange differences on translation of foreign operations	<u>351</u>	<u>(725)</u>
Other comprehensive income for the period	<u>(1,404)</u>	<u>2,897</u>
Balance, end of period	<u>\$ 2,871</u>	<u>(\$ 3,005)</u>

2. Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance, beginning of year	<u>(\$ 72,453)</u>	<u>(\$ 57,433)</u>
Generated during the period		
Unrealized gain or loss		
Equity instruments	(898)	(307)
Income tax	<u>(12)</u>	<u>6</u>
Other comprehensive income for the period	<u>(910)</u>	<u>(301)</u>
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	<u>(246)</u>	<u>-</u>
Balance, end of period	<u>(\$ 73,609)</u>	<u>(\$ 57,734)</u>

(5) Non-controlling interests

	January 1 to March 31, 2023	January 1 to March 31, 2022
Balance, beginning of year	<u>\$ 1,337,006</u>	<u>\$ 1,389,843</u>
Net losses for the period	(47,103)	(41,873)
Other comprehensive income for the period	(98)	(15)
Others	<u>2,433</u>	<u>742</u>
Balance, end of period	<u>\$ 1,292,238</u>	<u>\$ 1,348,697</u>

(6) Treasury stock

<u>Reason for recovery</u>	<u>Transfer of shares to employees (thousand shares)</u>	<u>Shares of parent company held by subsidiaries (thousands of shares)</u>	<u>Total (thousands of shares)</u>
Number of shares on January 1, 2023	<u>16,559</u>	<u>2,575</u>	<u>19,134</u>
Number of shares on March 31, 2023	<u>16,559</u>	<u>2,575</u>	<u>19,134</u>
Number of shares as of January 1, 2022	<u>13,519</u>	<u>2,338</u>	<u>15,857</u>
Number of shares as of March 31, 2022	<u>13,519</u>	<u>2,338</u>	<u>15,857</u>

Subsidiaries held the Company's shares as of the balance sheet date, and the related information is as follows:

March 31, 2023

<u>Subsidiary name</u>	<u>Shareholding (in thousands)</u>	<u>Carrying amount</u>	<u>Market price</u>
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 118,358

December 31, 2022

<u>Subsidiary name</u>	<u>Shareholding (in thousands)</u>	<u>Carrying amount</u>	<u>Market price</u>
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 161,684

March 31, 2022

<u>Subsidiary name</u>	<u>Shareholding (in thousands)</u>	<u>Carrying amount</u>	<u>Market price</u>
U-Liang Pharmaceutical	3,014	\$ 58,115	\$ 75,664

The company's treasury stock may not be pledged in accordance with the Securities and Exchange Act; moreover, it is without the privilege of dividend and voting right. The Company's shares held by subsidiaries are treated as treasury stock and have the same rights as those of ordinary shareholders, except that they are not allowed to participate in the Company's cash capital increase and have no voting rights.

27. Revenues

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Customer contract revenues		
Merchandise sales revenues	\$ 1,227,921	\$ 955,700
Service revenues	<u>29,807</u>	<u>10,968</u>
	<u>\$ 1,257,728</u>	<u>\$ 966,668</u>

(1) Contract balance

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Notes and accounts receivable (including related parties) (Notes 10 and 37)	<u>\$1,135,926</u>	<u>\$1,125,231</u>	<u>\$ 829,458</u>	<u>\$ 798,100</u>
Contract assets				
Technical Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,874</u>	<u>\$ 1,536</u>
Contract liabilities				
Royalty	<u>\$ 78,306</u>	<u>\$ 78,306</u>	<u>\$ 78,306</u>	<u>\$ 78,306</u>
Merchandise sales	<u>184,508</u>	<u>95,120</u>	<u>66,547</u>	<u>48,560</u>
Contract liabilities – current	<u>\$ 262,814</u>	<u>\$ 173,426</u>	<u>\$ 144,853</u>	<u>\$ 126,866</u>

The change in contract assets and contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The Consolidated Company recognizes an allowance for losses on contract assets on the basis of expected credit loss over the duration of the receivables. Contract assets will be transferred to accounts receivable upon billing, and their credit risk characteristics are the same as those of accounts receivable arising from similar contracts. Therefore, the Consolidated Company considers that the expected credit loss rate of accounts receivable can also be applied to contract assets. As of March 31, 2023 and December 31 and March 31, 2022, the total carrying amount of contract assets was NTD0 thousand, NTD0 thousand and NTD1,874 thousand, respectively, and the expected credit loss rate was 0% and the allowance for losses was NTD0 thousand.

(2) Customer contracts not yet fully completed

As of March 31, 2023, December 31 and March 31, 2022, the aggregate amount of the transaction prices allocated to outstanding performance obligations was NTD262,814 thousand, NTD173,426 thousand and NTD144,853 thousand, respectively, of which:

1. The signing fees of NTD78,306 thousand for the distribution contracts with customers were recognized as revenue in accordance with the progress of fulfillment of contractual obligations after obtaining the pharmaceutical product registration and import drug licenses for the contracted areas. If the drug licenses within the contracted period are unable to be obtained, the customers have the right to cancel the contracts for NTD10,266 thousand of the fees and the Consolidated Company shall immediately return the amounts paid by the customers with interest.
2. Customer contracts with expected duration of less than one year were NTD184,508 thousand, NTD95,120 thousand and NTD66,547 thousand, respectively.

28. Net income

(1) Interest income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank deposits	\$ 1,129	\$ 281
The Loaning of Funds	<u>283</u>	<u>283</u>
	<u>\$ 1,412</u>	<u>\$ 564</u>

(2) Other income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Income on disposal of medical license	\$ 800	\$ 95
Royalty incomes	259	170
Government grants	46	45
Least incomes		
Investment property	826	826
Other operating leases	231	-
Others	<u>910</u>	<u>955</u>
	<u>\$ 3,072</u>	<u>\$ 2,091</u>

(3) Other profits and losses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Gain (loss) on financial assets and financial liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(\$ 1,326)	\$ 767
Held-for-sale financial liabilities	-	(27)
Foreign exchange gains (losses) – net	(573)	3,407
Gain on disposal of property, plant and equipment	-	162
Disposal of interests of affiliates	3,379	5,629
Others	<u>(39)</u>	<u>-</u>
	<u>\$ 1,441</u>	<u>\$ 9,938</u>

(4) Financial costs

	January 1 to March 31, 2023	January 1 to March 31, 2022
Interest on bank borrowings	\$ 18,061	\$ 12,800
Interest on lease liabilities	385	46
Interest on the convertible bonds	71	71
Amortization of long-term payables	<u>43</u>	<u>-</u>
	<u>\$ 18,560</u>	<u>\$ 12,917</u>

(5) Depreciation and amortization

	January 1 to March 31, 2023	January 1 to March 31, 2022
Summary of depreciation expenses by function		
Operating costs	\$ 44,977	\$ 45,344
Operating expenses	<u>14,093</u>	<u>8,944</u>
	<u>\$ 59,070</u>	<u>\$ 54,288</u>
Summary of depreciation expenses by function		
Operating costs	\$ 151	\$ 108
Operating expenses	<u>23,420</u>	<u>22,664</u>
	<u>\$ 23,571</u>	<u>\$ 22,772</u>

(6) Direct operating expenses of investment property

	January 1 to March 31, 2023	January 1 to March 31, 2022
Rental incomes	<u>\$ 320</u>	<u>\$ 320</u>

(7) Employee benefits expenses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Short-term employee benefits	<u>\$271,135</u>	<u>\$214,323</u>
Post-employment benefits		
Defined contribution pension plan	9,941	8,253
Defined benefit plans (Note 25)	<u>43</u>	<u>72</u>
	<u>9,984</u>	<u>8,325</u>
Share-based payment		
Settlement of equity interests	<u>2,433</u>	<u>2,136</u>
Other employee benefits	<u>7,070</u>	<u>5,872</u>
Total employee benefits expenses	<u>\$290,622</u>	<u>\$230,656</u>
Summary by function		
Operating costs	\$ 97,983	\$ 72,834
Operating expenses	<u>192,639</u>	<u>157,822</u>
	<u>\$290,622</u>	<u>\$230,656</u>

(8) Remuneration for employees and directors and

In accordance with the Company's Article of Incorporation, not less than 5% of the Company's net profits before tax for the year before deduction of remuneration for employees and directors should be appropriated as remuneration for employees and not more than 5% as remuneration for directors. The estimated remuneration for employees and for directors for the three months ended March 31, 2023 and 2022 were as follows

Estimate percentage

	January 1 to March 31, 2023	January 1 to March 31, 2022
Remuneration for employees	5%	5%
Remuneration for directors	1%	1%

Amount

	January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash	Cash
Remuneration for employees	\$ 8,370	\$ 7,567
Remuneration for directors	1,674	1,513

If there is a change in the amount after the annual consolidated financial statements are approved and released, the change will be accounted for as a changes in accounting estimate and will be recorded an adjustment in the following year.

The remuneration for employees and the remuneration for directors for 2022 and 2021 were resolved by the board of directors on March 13, 2023 and March 29, 2022, respectively, as follows:

	2022	2021
	Cash	Cash
Remuneration for employees	\$ 46,929	\$ 17,852
Remuneration for directors	9,385	3,570

There was no difference between the actual amount of remuneration for employees and remuneration for directors and supervisors for 2022 and 2021 and the amount recognized in the individual financial statements for 2022 and 2021.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the board of directors of the Company.

29. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	January 1 to March 31, 2023	January 1 to March 31, 2022
Income tax expenses in the current period		
Generated during the period	\$ 39,263	\$ 19,890
Additional levy on unappropriated earnings	<u>63</u>	<u>31</u>
	39,326	19,921
Deferred tax		
Generated during the period	(<u>530</u>)	(<u>1,391</u>)
Income tax recognized in profit or loss	<u>\$ 38,796</u>	<u>\$ 18,530</u>

(2) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed up to 2021 have been approved by the tax authorities. As of March 31, 2023, the subsidiaries did not have any pending tax litigation cases.

30. Earnings per share

	January 1 to March 31, 2023	January 1 to March 31, 2022
Basic earnings per share	<u>\$ 0.39</u>	<u>\$ 0.38</u>
Diluted earnings per share	<u>\$ 0.39</u>	<u>\$ 0.38</u>

Unit: NTD per share

The effect of the stock dividends has been retroactively adjusted for the calculation of earnings per share, and the base date of the stock dividends was set on July 17, 2022. The changes in basic and diluted earnings per share for the three months ended March 31, 2022 due to retroactive adjustments are as follows:

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	<u>\$ 0.42</u>	<u>\$ 0.38</u>
Diluted earnings per share	<u>\$ 0.42</u>	<u>\$ 0.38</u>

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share are as follows:

Net profits for the period

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net profits used to calculate basic earnings per share	<u>\$ 126,065</u>	<u>\$ 125,133</u>
Net profits used to calculate diluted earnings per share	<u>\$ 126,065</u>	<u>\$ 125,133</u>

Quantity

Unit: Thousand shares

	January 1 to March 31, 2023	January 1 to March 31, 2022
Weighted average number of shares of common stock used to calculate basic earnings per share	324,567	327,551
Impact of potential common stock with dilutive effect:		
Employee stock option - The Company	-	226
Employee remuneration - The Company	<u>1,014</u>	<u>996</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>325,581</u>	<u>328,773</u>

If a company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is approved by a resolution of the Board of Directors in the following year.

31. Share-based payment agreement

- (1) The Company issued 1,290 thousand units of employee stock warrants on March 25, 2015, and each unit can subscribe for 1 common share. The employee stock option is only granted to full-time regular employees of the Company and subsidiaries in which the Company holds more than 50% of the shares. The duration of the warrants is seven years, and the warrant holders can exercise a certain proportion of the warrants granted from the date of the end of two full years after the grant date. In accordance with the stock subscription regulations, the stock subscription price should be the closing price of the Company's common stock prevailing on the date of the issuance. After the stock warrants are issued, if there is a change in the Company's common stock, the strike price of the stock warrants will be adjusted based on the formula as required.

Information on employee stock options is as follows:

Employee stock option	January 1 to March 31, 2023		January 1 to March 31, 2022	
	Unit (Thousands)	Exercise price (NTD)	Unit (Thousands)	Exercise price (NTD)
In circulation at the beginning of the period	-	\$ -	700	\$ 20.40
Exercised during the period	-	-	(520)	20.40
Expired during the period	-	-	(180)	-
In circulation at the end of the period	-	-	-	-
Executable at the end of the period	-	-	-	-
Weighted average fair value of stock options granted during the period (NTD)	\$ -	-	\$ -	-

Information on outstanding employee stock options as of the balance sheet date is as follows:

March 31, 2023		December 31, 2022		March 31, 2022	
Range of exercise price (NTD)	Weighted average remaining contract duration (years)	Range of exercise price (NTD)	Weighted average remaining contract duration (years)	Range of exercise price (NTD)	Weighted average remaining contract duration (years)
\$ -	-	\$ -	-	\$ -	-

The Black-Scholes valuation model was used for all employee stock options granted by the Company on March 25, 2015, and the inputs used are as follows

	March, 2015
Share price on the grant date	NTD41.8
Exercise price	NTD41.8
Expected volatility	37%
Expected duration	7 years
Expected dividend yield	2.00%
Risk-free interest rate	1.0489~1.1604%

- (2) The Consolidated Company issued 1,690 thousand units of employee stock option certificates on December 22, 2016, and each unit can subscribe for 1 common share. The employee stock option is only granted to full-time regular employees of the Company and subsidiaries in which the Company holds more than 50% of the shares. The duration of the warrants is seven years, and the warrant holders can exercise a certain proportion of the warrants granted from the date of the end of two full years after the grant date. In accordance with the stock subscription regulations, the stock subscription price should be the closing price of the company's common stock prevailing on the date of the issuance. After the stock warrants are issued, if there is a change in the company's common stock, the strike price of the stock warrants will be adjusted based on the formula as required.

Information on employee stock options is as follows:

Employee stock option	January 1 to March 31, 2023		January 1 to March 31, 2022	
	Unit (Thousands)	Weight average exercise price (NTD)	Unit (Thousands)	Weight average exercise price (NTD)
In circulation at the beginning of the period	517	\$ 34.20	880	\$ 34.20
Lost during the period	-	-	(100)	-
In circulation at the end of the period	517	34.20	780	34.20
Executable at the end of the period	517		780	
Weighted average fair value of stock options granted during the period (NTD)	\$ -		\$ -	

Information on outstanding employee stock options as of the balance sheet date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
	Range of exercise price (NTD)	\$ 34.20	\$ 34.20
Weighted average remaining contract duration (years)	-	-	0.07

The Black-Scholes valuation model was used for all employee stock options granted by the company on December 22, 2016, and the inputs used are as follows

	December, 2016
Share price on the grant date	NTD30.71
Exercise price	NTD34.60
Expected volatility	40.63%~41.64%
Expected duration	5.25 years
Expected dividend yield	-
Risk-free interest rate	0.96%~1.10%

(3) New employee restricted stocks

Information on the issuance of new shares with employee restricted stocks by a subsidiary of the Consolidated Company is as follows:

Date of approval by shareholder meeting	Number of shares estimated to be issued	Grant date	Base date for capital increase	Unit: Thousand shares	
				Number of shares actually issued	Fair value on the grant date
2021.08.25	1,300	2021.11.16	2021.11.16	593	21.00
		2022.08.08	2022.08.08	578	32.20

On August 25, 2021, a subsidiary of the Consolidated Company resolved at the shareholder meeting to issue 1,300 thousand shares of new employee restricted employee stocks at no consideration of the total number of shares at NTD10 per share, for a total of NTD13,000 thousand, with the actual issuance date set by the

board of directors under the authority of the chairman. Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

1. Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the restricted stock awards.
2. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.
3. The restricted stock awards should be in custody of stock trust custodians when such awards are granted; employees should authorize the Company to sign and amend the trust contracts on behalf of the employees who are granted such awards.
4. Before such awards meet the vesting conditions, they bear no right to dividends, bonuses, distribution from capital surplus, and cash capital increase.

Employees who are still in employment from the date when restricted stock awards are granted and who have satisfied the performance conditions required by the Company as described below, may satisfy the vesting conditions in the following proportions of shares respectively:

1st issue:

- (1) Those who have achieved A or above in the first target performance evaluation based on the Company's product development timeline and are in service will have 50% of the rewards granted this time vested.
- (2) Those who have been employed for three months after being granted such awards and have achieved A or above in the second target performance evaluation based on the Company's product development timeline will have 50% of the rewards granted this time vested.

2nd issue:

- (1) Those who have achieved A or above in the first target performance evaluation based on the Company's product development timeline and are in service will have 50% of the rewards granted this time vested.
- (2) Those who have been employed for three months after being granted such awards and have achieved A or above in the second target performance evaluation based on the Company's product development timeline will have 50% of the rewards granted this time vested.

If the vesting conditions are not met, the company will take back its shares without compensation and retire them in accordance with the law.

Information on the employee restricted stock plan is as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
	Unit (thousand shares)	Unit (thousand shares)
<u>New employee restricted stocks</u>		
In circulation at the beginning of the period	301	296
Retired during the period	(24)	-
In circulation at the end of the period	<u>277</u>	<u>296</u>

- (4) The remuneration cost recognized from January 1 to March 31, 2023 and 2022 were \$2,433 thousand and \$2,136 thousand, respectively.

32. Business merger

- (1) Acquisition of subsidiaries

	Main business activities	Acquisition date	Ownership interests with voting rights/Acquisition percentage (%)	Transfer consideration
Amrita Pharma	Trading of pharmaceutical products	January 3, 2023	100.00%	<u>\$ 35,267</u>

Synbest International's acquisition of Amrita Pharma on January 3, 2023 was to vertically integrate and strengthen the Group's layout of active pharmaceutical ingredients in the market.

- (2) Transfer consideration

	Amrita Pharma January 3, 2023
Cash	<u>\$ 35,267</u>

According to the agreement between both parties, the consideration paid for the transfer of Amrita Pharma amounted to NTD18,000 thousand on the acquisition date, and the remaining payment will be paid before June 30, 2023. As of March 31, 2023, the unpaid consideration was recognized in other payables - investment payables amounting to NTD17,267 thousand.

- (3) Assets acquired and liabilities assumed at the acquisition date.

	Amrita Pharma January 3, 2023
Current assets	
Cash and Cash	
Equivalents	\$ 1,062
Accounts receivable and other receivables	5,957
Inventory	715
Prepayments	117
Other current assets	68
Noncurrent assets	
Intangible assets	28,208
Current liabilities	
Accounts receivable and other receivables	(227)
Current tax liabilities	(425)
	<u>\$ 35,475</u>

(4) Bargain purchase gains arising from acquisitions	
	<u>Amrita Pharma</u>
Transfer consideration	\$ 35,267
Less: Fair value of identifiable net assets acquired	(35,475)
Bargain purchase gains arising from acquisitions	(\$ 208)

(5) Net cash outflow from the acquisition of subsidiaries	
	<u>Amrita Pharma</u>
Consideration paid in cash	\$ 35,267
Less: Investment payables	(17,267)
Less: Cash and cash equivalents acquired	(1,062)
	<u>\$ 16,938</u>

(6) Effect of business merger on operating results

The operating results from the acquired company since the acquisition date are as follows:

	<u>Amrita Pharma</u>
	January 3 to March
	31, 2023
Operating revenues	<u>\$ 10,193</u>
Net profits for the year	<u>\$ 665</u>

In preparing the assumption of the pro forma operating revenues and net income of Amrita Pharma at the beginning of the fiscal year, management calculated the amortization based on the fair value of intangible assets at the time of the original accounting treatment for the consolidation rather than the carrying amount recognized in the financial statements before the acquisition.

33. Equity transactions with non-controlling interests

Intech Biopharm

On November 16, 2021, Intech Biopharm issued new employee restricted stocks, of which 247 thousand shares reached the vesting condition on June 30, 2022, resulting in a decrease in the Consolidated Company's shareholding from 40.77% to 40.68%.

From January 1 to October 31, 2022, the employees of Intech Biopharm exercised 148 thousand shares of stock options, resulting in a decrease in the shareholding of the Consolidated Company from 40.68% to 40.63%.

On August 8, 2022, Intech Biopharm issued new employee restricted stocks, of which 278 thousand shares reached the vesting condition on December 31, 2022, resulting in a decrease in the Consolidated Company's shareholding from 40.63% to 40.53%.

Purzer Pharmaceutical

In the three months ended March 31, 2022, the Consolidated Company acquired 0.17% of the shares of Purzer Pharmaceutical, for NTD1,186 thousand, resulting in an increase in shareholding from 91.56% to 91.73%.

During the three months ended June 30, 2022, the Consolidated Company acquired 0.87% of the shares of Purzer Pharmaceutical, for NTD6,067 thousand, resulting in an increase in shareholding from 91.73% to 92.60%.

Upright Healthcare

On June 29, 2022, the Consolidated Company and Purzer Pharmaceutical subscribed for the cash capital increase of Upright Healthcare Inc. for NTD188,575 thousand and NTD21,054 thousand. As it was done so not according to the shareholding ratio, the shareholding ratio of the Company, Purzer Pharmaceutica, and U-Liang Pharmaceutical decreased to 69.17%, 3.03%, and 2.64%, resulting in the Consolidated Company's shareholding ratio decreased from 77.56% to 74.02%.

34. Cash flow information

(1) Non-cash transactions

Except as disclosed in other notes, the Consolidated Company made the following non-cash transaction investments and fund-raising activities for the three months ended March 31, 2023 and 2022.

As of March 31, 2023, December 31, 2022, and March 31, 2022,

1. The Consolidated Company had not yet paid for the acquisition of property, plant and equipment, amounting to NTD18,299 thousand, \$21,643 thousand, and NTD2,679 thousand, respectively, which were recorded as other payables.
2. The Consolidated Company had outstanding payments for the acquisition of equity in subsidiaries, amounting to NTD31,865 thousand, NTD14,555 thousand, and NTD0 thousand, respectively, had not been paid and was recorded as other payables and long-term investment payables.
3. The Consolidated Company had not yet paid for the financial assets acquired financial assets at fair value through profit or loss, amounting to NTD1,548 thousand, NTD5,846 thousand, and NTD0 thousand, respectively, which were recorded as other payables.
4. The Consolidated Company had not yet paid for the intangible assets acquired, amounting to NTD31,350 thousand, NTD26,100 thousand, and NTD0 thousand, respectively, which were recorded as other payables.
5. The Consolidated Company disposed of intangible assets amounting to NTD0 thousand, NTD9,200 thousand, and NTD0 thousand, respectively, which were recorded as other receivables.
6. The Consolidated Company's proceeds from the disposal of its investments accounted for using the equity method, amounting to NTD333 thousand, NTD0 thousand, and NTD358 thousand, respectively, and recorded as other receivables.

7. The Consolidated Company had not yet collected the proceeds from the disposal of financial assets measured at fair value through profit or loss, amounting to NTD519 thousand, NTD0, and NTD886 thousand, respectively, which were recorded as other payables.
8. The Consolidated Company had not yet collected the proceeds from the disposal of financial assets measured at fair value through other comprehensive income, amounting to NTD0, NTD1,222 thousand, and NTD0, respectively, which were recorded as other payables.

In addition, cash dividends to be distributed by resolution of the Board of Directors were outstanding as of March 31, 2023 and 2022 (see Notes 24 and 26).

(2) Changes in liabilities from financing activities

January 1 to March 31, 2023

	January 1, 2023	Cash flow	Non-cash changes				March 31, 2023
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease	Exchange rate impact	
Short-term borrowings	\$ 504,242	\$ 138,721	\$ -	\$ -	\$ -	\$ -	\$ 642,963
Short-term notes payable	79,838	-	30	-	-	-	79,868
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,679,377	(56,951)	-	-	-	-	2,622,426
Deposits received	904	-	-	-	-	-	904
Bonds payable (including bonds payable within one year from the execution of the right to sell back)	26,575	-	-	71	-	-	26,646
Lease liability	65,126	(5,488)	-	-	13,281	(251)	72,668
	<u>\$ 3,356,062</u>	<u>\$ 76,282</u>	<u>\$ 30</u>	<u>\$ 71</u>	<u>\$ 13,281</u>	<u>(\$ 251)</u>	<u>\$ 3,445,475</u>

January 1 to March 31, 2022

	January 1, 2022	Cash flow	Non-cash changes				March 31, 2022
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease	Exchange rate impact	
Short-term borrowings	\$ 604,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 619,000
Short-term notes payable	159,774	(90,000)	124	-	-	-	69,898
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,658,979	9,636	-	-	-	-	2,668,615
Deposits received	904	-	-	-	-	-	904
Corporate bonds payable	26,428	-	-	71	-	-	26,499
Lease liability	13,498	(2,271)	-	-	626	171	12,024
	<u>\$ 3,463,583</u>	<u>(\$ 67,635)</u>	<u>\$ 124</u>	<u>\$ 71</u>	<u>\$ 626</u>	<u>\$ 171</u>	<u>\$ 3,396,940</u>

35. Capital Risk Management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity attributable to owners of the parent (i.e., capital stock, capital surplus, retained earnings and other equity items).

The Consolidated Company does not need to comply with any other external capital requirements.

The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

36. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

The Consolidated Company’s management believes that the carrying amounts of financial instruments that are not measured at fair value in the consolidated balance sheets approximate their fair values, except for the items listed below.

March 31, 2023

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial assets at amortized cost:					
- Convertible corporate bonds	\$ 26,646	\$ -	\$ -	\$ 26,055	\$ 26,055

December 31, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial assets at amortized cost:					
- Convertible corporate bonds	\$ 26,575	\$ -	\$ -	\$ 25,917	\$ 25,917

March 31, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial assets at amortized cost:					
- Convertible corporate bonds	\$ 26,499	\$ -	\$ -	\$ 25,907	\$ 25,907

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Domestic listed stocks	\$ 115,612	\$ -	\$ -	\$ 115,612
- Convertible bond options	-	-	11	11
	<u>\$ 115,612</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 115,623</u>

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	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity investment				
– Domestic emerging market stocks	\$ -	\$ -	\$ 56,168	\$ 56,168
– Domestic non-listed stocks	-	-	118,232	118,232
– Foreign non-listed stocks	-	-	165	165
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,565</u>	<u>\$ 174,565</u>
<u>December 31, 2022</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Domestic listed stocks	\$ 20,095	\$ -	\$ -	\$ 20,095
– Convertible bond options	-	-	13	13
	<u>\$ 20,095</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 20,108</u>
Financial assets measured at fair value through other comprehensive income				
Equity investment				
– Domestic emerging market stocks	\$ -	\$ -	\$ 58,807	\$ 58,807
– Domestic non-listed stocks	-	-	80,418	80,418
– Foreign non-listed stocks	-	-	101	101
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,326</u>	<u>\$ 139,326</u>
<u>March 31, 2022</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Domestic listed stocks	\$ 72,501	\$ -	\$ -	\$ 72,501
Financial assets measured at fair value through other comprehensive income				
Equity investment				
– Domestic emerging market stocks	\$ -	\$ -	\$ 95,083	\$ 95,083
– Domestic non-listed stocks	-	-	96,833	96,833
– Foreign non-listed stocks	-	-	175	175
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,091</u>	<u>\$ 192,091</u>
Financial liabilities at fair value through profit or loss				
– Convertible bond options	\$ -	\$ -	\$ 113	\$ 113

There were no transfers between Level 1 and Level 2 fair value measurements for the three months ended March 31, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3
January 1 to March 31, 2023

Financial assets	Financial assets at fair value through profit or loss Derivatives - Convertible bond options.	Financial assets measured at fair value through other comprehensive income Equity instruments	Total
Balance, beginning of year	\$ 13	\$ 139,326	\$ 139,339
Recognized in profit or loss (other gains and losses)- Unrealized	(2)	-	(2)
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(996)	(996)
Purchase	-	39,200	39,200
Disposal	-	(2,965)	(2,965)
Balance, end of period	<u>\$ 11</u>	<u>\$ 174,565</u>	<u>\$ 174,576</u>
Change in unrealized gain or loss for the period relating to assets held at the end of the period and recognized in profit or loss	<u>(\$ 2)</u>	<u>\$ -</u>	<u>(\$ 2)</u>

January 1 to March 31, 2022

Financial assets	Financial assets measured at fair value through other comprehensive income Equity instruments
Balance, beginning of year	\$ 192,413
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	(322)
Balance, end of period	<u>\$ 192,091</u>

Financial liabilities at fair value through profit or loss	Derivatives - Convertible bond options.
Balance, beginning of year	(\$ 86)
Recognized in profit or loss (other gains and losses)	
- Unrealized	(27)
Balance, end of period	(\$ 113)
 Change in unrealized gain or loss for the period relating to liabilities held at the end of the period and recognized in profit or loss	 (\$ 27)

3. Valuation techniques and input values for Level 3 fair value measurement

<u>Types of financial instruments</u>	<u>Valuation techniques and input values</u>
Convertible bond options.	Binary tree convertible bond valuation model: The duration of the bond, the stock price of the underlying convertible bond and its fluctuation, conversion price, risk-free interest rate, risk discount rate and liquidity risk of the convertible bond are also considered.
Domestic and foreign non-listed marketable securities - equity investments marketable securities - equity investments	Discounted cash flow method: The discounted cash flow method takes into account the long-term revenues growth rate, long-term operating profits margin before income taxes, weighted cost of capital and liquidity discount to calculate the present value of the expected income from holding the investment.

(3) Types of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Measured at fair values through profit or loss			
Measured at fair value through income under compulsion	\$ 115,623	\$ 20,108	\$ 72,501
Financial assets at amortized cost (Note 1)	2,528,294	2,570,125	1,891,157
Financial assets measured at fair value through other comprehensive income			
Equity investment	174,565	139,326	192,091
<u>Financial liabilities</u>			
Measured at fair values through profit or loss			
Held-for-sale	-	-	113
Measured at amortize cost (Note 2)	3,986,054	3,902,946	3,765,116

Note 1: The balances include cash and cash equivalents, financial assets at amortized cost – current, notes receivable, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, other financial assets – current assets and refundable deposits (recorded as current assets and other noncurrent assets), which are financial assets measured at amortized cost.

Note 2: The balances include short-term borrowings, short-term notes payable, notes payable, accounts payable, accounts payable - related parties, other payables, corporate bonds payable, long-term borrowings, corporate bonds payable and deposits received (included in other current liabilities and other noncurrent liabilities), and long-term investment payables (included in other non-current liabilities), which are financial liabilities measured at amortized cost,

(4) Purpose and policy of financial risk management

The Consolidated Company's major financial instruments include equity investments, accounts receivable, accounts payable, corporate bonds payable and borrowings. The Consolidated Company's financial management department provides services to each business unit, coordinates the operation of access to domestic financial markets, and monitors and manages financial risks associated with the Consolidated Company's operations by analyzing risk exposures based on risk degree and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The finance department reports regularly to management, and management monitors risks and implements policies in accordance with responsibilities to mitigate risk exposures.

1. Market Risk

The major financial risks to which the Consolidated Company is exposed as a result of its operating activities are foreign currency exchange rate change risk (see (1) below), interest rate risk (see (2) below) and other price risk (see (3) below).

There have been no changes in the Consolidated Company's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

The Consolidated Company's foreign currency transactions are subject to exchange rate risk due to fluctuations in market rates. For the management of exchange rate risk, the Consolidated Company has a dedicated unit to regularly review the assets and liabilities exposed to exchange rate fluctuations and make appropriate adjustments to control the risk arising from foreign exchange fluctuations.

The Consolidated Company's principal currencies of exposure are Renminbi, U.S. dollars and Hong Kong dollars and is therefore expected to be exposed to exchange rate fluctuations.

The carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) are described in Note 40.

Sensitivity analysis

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of each individual functional currency increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their translation by a 1% change in exchange rates at the end of the period. The positive numbers in the following table represent the increase/decrease in net profits before tax if each individual functional currency weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease/increase in net profits before tax if each individual functional currency strengthens by 1% against the respective currencies.

	Impact of RMB	
	January 1 to March	January 1 to March
	31, 2023	31, 2022
Gain or loss	\$ 488	\$ 178

	Impact of USD	
	January 1 to March	January 1 to March
	31, 2023	31, 2022
Gain or loss	\$ 538	\$ 110

	Impact of HKD	
	January 1 to March	January 1 to March
	31, 2023	31, 2022
Gain or loss	\$ 465	\$ 360

The effect of the above gain or loss mainly arises from the Consolidated Company's bank deposits, receivables and payables denominated in Renminbi (RMB), United States dollars (USD), and Hong Kong dollars (HKD) that were outstanding as at the balance sheet date.

The Consolidated Company became more sensitive to the exchange rates of RMB, USD, and HKD during this period, due to the increase in receivables denominated in RMB, USD and HKD.

(2) Interest rate risk

The carrying amount of financial assets and liabilities of the Consolidated Company under interest rate exposure on balance sheet date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
With fair value			
interest rate risk			
– Financial assets	\$ 377,483	\$ 377,483	\$ 307,483
– Financial liabilities	179,182	171,539	108,421
With cash flow			
interest rate risk			
– Financial assets	1,019,921	1,046,615	748,250
– Financial liabilities	3,265,389	3,183,619	3,287,615

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities with floating rate, the analysis assumes that the amount of the liability outstanding on the balance sheet date is outstanding for the entire year. The rate of change used in reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 1%, with all other variables held constant, the Consolidated Company's net profits before tax would have decreased/increased by NTD5,614 thousand and NTD6,348 thousand during the three months ended March 31, 2023 and 2022, mainly due to the Consolidated Company's bank deposits and borrowings at floating rates exposed to the risk of interest rate changes.

The decrease in the Consolidated Company's sensitivity to interest rates was mainly due to the increase in bank demand deposits at floating rates.

(3) Other price risks

The Consolidated Company incurs equity price risk primarily as a result of its investments in equity securities.

Sensitivity analysis

The following sensitivity analysis was carried out based on the equity price risk as of the balance sheet date.

If the equity price had increased/decreased by 1%, the income before tax would have increased/decreased by NTD1,156 thousand and NTD725 thousand during the three months ended March 31, 2023 and 2022, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax would have increased/decreased by NTD1,746 thousand and NTD1,921 thousand during said periods, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

There was no significant change in the Consolidated Company's sensitivity to price risk between this period and the prior year.

2. Credit Risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counter-parties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in individual balance sheets.

It is the Consolidated Company's policy to deal only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default.

The Consolidated Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

3. Liquidity Risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Consolidated Company had unused financing facilities, as described below in (2) Financing Facilities.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Consolidated Company can be required to make repayment. Therefore, bank borrowings that the Consolidated Company may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the curve of the yield rate on the balance sheet date.

March 31, 2023

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing				
liabilities	\$ 770,713	\$ 27,071	\$ 904	\$ -
Lease liability	4,903	14,736	50,342	6,368
Floating rate				
instruments	466,123	886,405	1,917,620	143,491
Fixed rate				
instruments	<u>80,135</u>	<u>3,000</u>	<u>39,135</u>	<u>-</u>
	<u>\$ 1,321,874</u>	<u>\$ 931,212</u>	<u>\$ 2,008,001</u>	<u>\$ 149,859</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liability	\$ 19,639	\$ 50,342	\$ 6,368	\$ -	\$ -	\$ -
Floating rate						
instruments	<u>1,352,528</u>	<u>1,917,620</u>	<u>143,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,372,167</u>	<u>\$ 1,967,962</u>	<u>\$ 149,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing				
liabilities	\$ 552,761	\$ 44,694	\$ 904	\$ -
Lease liability	5,013	12,768	43,097	7,372
Floating rate				
instruments	165,752	953,394	2,098,949	108,605
Fixed rate				
instruments	<u>107,135</u>	<u>3,000</u>	<u>12,000</u>	<u>-</u>
	<u>\$ 830,661</u>	<u>\$ 1,013,856</u>	<u>\$ 2,154,950</u>	<u>\$ 115,977</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liability	\$ 17,781	\$ 43,097	\$ 7,372	\$ -	\$ -	\$ -
Floating rate						
instruments	<u>1,119,146</u>	<u>2,098,949</u>	<u>108,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,136,927</u>	<u>\$ 2,142,046</u>	<u>\$ 115,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing				
liabilities	\$ 507,984	\$ 22,397	\$ 886	\$ -
Lease liability	2,350	4,101	5,767	-
Floating rate				
instruments	440,654	459,287	2,411,157	97,701
Fixed rate				
instruments	<u>70,000</u>	<u>135</u>	<u>27,135</u>	<u>-</u>
	<u>\$ 1,020,988</u>	<u>\$ 485,920</u>	<u>\$ 2,444,945</u>	<u>\$ 97,701</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Floating rate instruments	\$ 899,941	\$ 2,411,157	\$ 97,701	\$ -	\$ -	\$ -

(2) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank borrowing facilities			
- Borrowing facilities used	\$ 450,605	\$ 175,000	\$ 325,000
- Borrowing facilities unused	<u>965,395</u>	<u>1,153,000</u>	<u>1,153,000</u>
	<u>\$ 1,416,000</u>	<u>\$ 1,328,000</u>	<u>\$ 1,478,000</u>
Secured bank borrowing facilities			
- Borrowing facilities used	\$ 2,894,784	\$ 3,088,619	\$ 3,032,615
- Borrowing facilities unused	<u>771,542</u>	<u>505,907</u>	<u>649,364</u>
	<u>\$ 3,666,326</u>	<u>\$ 3,594,526</u>	<u>\$ 3,681,979</u>

37. Related Party Transactions

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the transactions between the Consolidated Company and other related parties were as follows:

(1) Name of related parties and the relationships

<u>Name of related parties</u>	<u>Relationship with the Consolidated Company</u>
InnoPharmax Inc.	Affiliate

(2) Purchase

<u>Type and name of related party</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Affiliate	<u>\$ 28,557</u>	<u>\$ 4,488</u>

The Consolidated Company does not make purchases from other companies the items that the Company purchases from related parties, so it is not possible to compare purchase prices. During the three months ended March 31, 2023 and 2022, the payment terms for related parties were 60 days after the end of a month; for non-related parties, the payment terms were 30 to 365 days after the end of a month.

(3) Receivables from related parties

<u>Account in the book</u>	<u>Type and name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable	Affiliate	<u>\$ -</u>	<u>\$ 156</u>	<u>\$ -</u>
Other receivables	Affiliate InnoPharmax Inc.	<u>\$ 6</u>	<u>\$ 915</u>	<u>\$ 199</u>

No guarantee was received for receivables from related parties in circulation. No allowance for loss has been provided for the receivables from related parties for the three months ended March 31, 2023 and 2022.

(4) Payables to related parties

Account in the book	Type and name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable	Affiliate	\$ -	\$ -	\$ 4,712

No guarantee was provided for payables to related parties in circulation.

(5) Remuneration for key management

	January 1 to March 31, 2023	January 1 to March 31, 2022
Short-term employee benefits	\$ 11,005	\$ 10,537
Post-employment benefits	259	305
	<u>\$ 11,264</u>	<u>\$ 10,842</u>

The remuneration for directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

38. Pledged Assets

The following assets have been provided as collateral for bank borrowings.

	March 31, 2023	December 31, 2022	March 31, 2022
Other financial assets			
Demand deposits	\$ 1,575	\$ 1,575	\$ 4,700
Land	3,558,240	3,558,240	3,558,240
Houses and buildings	1,080,968	1,087,265	1,137,519
Uncompleted construction and equipment pending inspection	2,025	95	95
Investment property	369,596	369,916	370,876
Noncurrent assets held for sale	-	-	22,740
	<u>\$ 5,012,404</u>	<u>\$ 5,017,091</u>	<u>\$ 5,094,170</u>

39. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as stated in other notes, as of March 31, 2023, December 31, 2022, and March 31, 2022, the Consolidated Company's significant commitments are as follows:

- (1) The contractual commitments related to the suppliers commissioned to engage in drug clinical trials amounted to NTD105,447 thousand, NTD128,511 thousand, and NTD131,875 thousand;
- (2) The contractual commitments related to the purchases of property, plant and equipment amounted to NTD21,102 thousand, NTD28,544 thousand, and NTD46,188 thousand, respectively;

- (3) The contractual commitments related to the acquisition of product distribution licenses and drug approvals amounted to NTD43,712 thousand, NTD83,159 thousand, and NTD28,412 thousand, respectively.
- (4) The unused letters of credit for the purchases of goods are NTD25,932 thousand, NTD19,067 thousand, and NTD24,711 thousand, respectively.
40. Information on foreign currencies and liabilities with significant effect:

The following information is expressed in foreign currencies other than the functional currencies of each entity within the Consolidated Company; also, the exchange rate disclosed refers to the exchange rate used for having such foreign currency converted into the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

March 31, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,851	30.4500 (USD: NTD)	\$ 56,359
HKD	9,380	3.8790 (HKD: NTD)	36,389
HKD	2,619	1.0460 (HKD: MOP)	10,161
RMB	11,003	4.4312 (RMB: NTD)	48,756
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	85	30.4500 (USD: NTD)	2,593

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,582	30.7100 (USD: NTD)	\$ 48,575
HKD	9,417	3.9380 (HKD: NTD)	37,168
HKD	2,776	1.0458 (HKD: MOP)	10,928
RMB	4,571	4.4094 (RMB: NTD)	20,153
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	492	30.7100 (USD: NTD)	15,120
HKD	2	1.0458 (HKD: MOP)	7

March 31, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 866	28.6250 (USD: NTD)	\$ 24,786
USD	32	7.8296 (USD: HKD)	917
HKD	8,294	3.6560 (HKD: NTD)	30,323
HKD	3	0.1277 (HKD: USD)	10
HKD	1,623	1.0462 (HKD: MOP)	6,003
RMB	3,945	4.5092 (RMB: NTD)	17,789
RMB	2	0.1575 (RMB: USD)	7
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	515	28.6250 (USD: NTD)	14,731
HKD	95	1.0462 (HKD: MOP)	343

The Consolidated Company is primarily affected by fluctuations in the exchange rates of Renminbi, United States dollars and Hong Kong dollars. The following information is presented in aggregate for the functional currencies of the individual entity holding the foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the presenting currency. Foreign currency translation gains and losses (realized and unrealized) with significant effect are as follows:

Functional currency	January 1 to March 31, 2023		January 1 to March 31, 2022	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
USD	30.3947 (USD: NTD)	\$ 2	27.9940 (USD: NTD)	\$ -
NTD	1.0000 (NTD: NTD)	(477)	1.0000 (NTD: NTD)	3,373
HKD	3.8780 (HKD: NTD)	6	3.5860 (HKD: NTD)	31
MOP	3.7070 (MOP: NTD)	(96)	3.1960 (MOP: NTD)	3
SGD	22.8133 (SGD: NTD)	(8)	20.7200 (SGD: NTD)	-
		(\$ 573)		\$ 3,407

41. Additional Disclosure

(1) Information on Significant Transactions

1. Loaning funds to others: Exhibit 1.
2. Endorsements and guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Exhibit 2.
4. The cumulative amount of purchase or sale of the same marketable securities reaches at least NTD300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NTD300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NTD300 million or 20% of the paid-in capital: None.

7. Purchase or sale of goods with related parties amounting to at least NTD100 million or 20% of the paid-in capital: Exhibit 3.
 8. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
 9. Engaged in derivatives transactions: Refer to Note 7 and 36.
 10. Other: Business relationships and significant intercompany transactions between the parent and subsidiaries and between subsidiaries and the amounts involved: Exhibit 4.
- (2) Information on Investees: Exhibit 5.
- (3) Information on investment in mainland China:
1. The name of the investees in mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for mainland China: Exhibit 6.
 2. The following significant transactions with investees in mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
 - (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
 - (3) The amount of property transactions and the amount of resulting gains or losses.
 - (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.
 - (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
 - (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
 - (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 7.

42. Segment Information

Industry-specific Financial Information

Information provided to the key operating decision maker to allocate resources and evaluate departmental performance, centering on each type of product or services delivered or offered. The reporting segments of the Consolidated Company are Active Pharmaceutical Ingredients and Generic Drugs.

The chief operating decision maker treats each regional pharmaceutical manufacturing and sales unit as a separate operating segment, except that in preparing financial statements, the Consolidated Company treats these operating segments as a single operating segment, taking into account the following factors:

1. These operating segments have similar long-term gross margins on sales.
 2. Product properties and manufacturing processes are similar.
 3. The products are delivered to customers in the same way.
- (1) Industry-specific Financial Information

The revenues and operating results of the Consolidated Company based on the analysis of reporting segments are as follows:

	Active Pharmaceutical Ingredients segment	Generic Drugs segment	Total
<u>January 1 to March 31, 2023</u>			
Revenues from external customers	\$ 38,882	\$ 1,218,846	\$ 1,257,728
Inter-segment revenues	<u>41,130</u>	<u>-</u>	<u>41,130</u>
Segment revenues	<u>\$ 80,012</u>	<u>\$ 1,218,846</u>	1,298,858
Inter-segment elimination			(<u>41,130</u>)
Consolidated revenues			<u>\$ 1,257,728</u>
Segment profits or losses	(<u>\$ 45,303</u>)	<u>\$ 189,580</u>	\$ 144,277
Interest income			1,412
Other income			3,072
Other profits and losses			1,441
Remuneration for key management			(11,264)
Financial costs			(18,560)
Expected credit impairment losses			(283)
Bargain purchase gains			208
Shares of profits or losses of affiliates accounted for using the equity method			(<u>2,545</u>)
Net profit before taxation			<u>\$ 117,758</u>
<u>January 1 to March 31, 2022</u>			
Revenues from external customers	\$ 25,083	\$ 941,585	\$ 966,668
Inter-segment revenues	<u>7,492</u>	<u>-</u>	<u>7,492</u>
Segment revenues	<u>\$ 32,575</u>	<u>\$ 941,585</u>	974,160
Inter-segment elimination			(<u>7,492</u>)
Consolidated revenues			<u>\$ 966,668</u>
Segment profits or losses	(<u>\$ 17,086</u>)	<u>\$ 134,344</u>	\$ 117,258
Interest income			564
Other income			2,091
Other profits and losses			9,938
Remuneration for key management			(10,842)
Financial costs			(12,917)
Expected credit impairment losses			(283)
Shares of profits or losses of affiliates accounted for using the equity method			(<u>4,019</u>)
Net profit before taxation			<u>\$ 101,790</u>

Segment profits represent the profits earned by each segment, excluding share of head office management costs and remuneration for directors, share of profit or loss of affiliates under the equity method, interest income, other income, other gains and losses, finance costs, expected credit impairment losses and income tax expense. This measure is provided to the chief operating decision maker to allocate resources to segments and to measure their performance.

(2) Total segment assets and liabilities

Because the measured amounts of the Consolidated Company's assets and liabilities have not been provided to the operating decision maker, the disclosure of this item may be exempted.

Synmosa Biopharma Corporation and subsidiaries
The Loaning of Funds
January 1 to March 31, 2023

Exhibit 1

(Unit: Thousands of NTD)

No. (Note 1)	The lender of funds	The borrower of funds	Transactions	Related parties or not	Maximum balance for the period (Note 4)	Balance, end of period (Note 4)	Actual amounts drawn	Interest rate range	Nature of funds loaning (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds loaning (Note 3)	The limit for total funds loading (Note 3)	Remarks
													Name	Value			
1	Purzer Pharmaceutical Co., Ltd.	Jiahui Investment Co., Ltd.	Other receivables	N	\$ 57,483	\$ 57,483	\$ 57,483	2%	2	\$ -	The Company's endorsee defaulted in interest payment and the company repaid its loan	\$ 57,483	—	-	\$ 179,882	\$ 179,882	-

Note 1: (1) Fill in 0 for the issuer.

(2) The investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: For those who have business transactions, please fill in 1.

Fill in 2 for those in need of short-term financing.

Note 3: In accordance with the Company's operating procedures for loaning funds to others:

- (1) The total amount of funds loaning by the Company shall not exceed 80% of the net worth, and the cumulative amount of funds loaning for business transactions shall not exceed 40% of the net worth; however, the cumulative amount of funds loaning for short-term financing shall not exceed 40% of the net worth.
- (2) The amount of funds loaning by the Company to individual companies shall not exceed 40% of the net worth, and the amount of funds loaning for business transactions shall not exceed the amount of business transactions; the amount of funds loaning for short-term financing shall not exceed 40% of the net worth of the borrowing enterprise.
- (3) For companies or organizations that have business transactions with the Company, the amount of individual funds loaning shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.
- (4) The amount of short-term funds loaning to the Company by foreign companies directly and indirectly holding 100% of the Company's voting shares is limited to 40% of the Company's net worth.

Note 4: The related maximum and ending balances are shown in NTD.

Synmosa Biopharma Corporation and subsidiaries
Marketable securities held at the end of the period
March 31, 2023

Exhibit 2

(Unit: Thousands of NTD)

Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks	
				Number of shares/Unit	Carrying amount	Shareholding %	Fair value		
Synmosa Biopharma Corporation	Stock								
	Genovate Biotechnology Co., LTD.	-	Financial assets at fair value through profit or loss	200	\$ 5	-	\$ 5	—	
	Taiwan Bio Therapeutics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	25,655	417	0.05%	417	—	
	Advagene Biopharma Co., Ltd.	The Company is a director of that entity	"	2,084,141	55,751	4.22%	55,751	—	
	Win Coat Corporation	-	"	1,200,000	33,600	5.69%	33,600	—	
	Corporate bonds								
	Intech's private placement – convertible bonds	Subsidiary	Financial assets at fair value through profit or loss	1,700 (sheet)	277,151	-	277,151	—	
Purzer Pharmaceutical Co., Ltd.	Stock								
	China Chemical & Pharmaceutical Co., Ltd.	—	Financial assets at fair value through profit or loss	110,000	2,860	0.04%	2,860	—	
	Standard Chem. & Pharm. Co., Ltd.	—	"	68,000	3,760	0.04%	3,760	—	
	Sinphar Pharmaceutical Co., Ltd.	—	"	3,468,000	107,334	2.07%	107,334	—	
	Mega Financial Holding Company Limited	—	"	20,000	660	-	660	—	
	Genovate Biotechnology Co., LTD.	—	"	5,000	131	-	131	—	
	GlycoNex Incorporation	—	"	5,000	156	-	156	—	
	Formosa Plastics Corp	—	"	6,000	551	-	551	—	
	Nan Ya Plastics Corporation	—	"	2,000	155	-	155	—	
	TheVax Genetics Vaccine Co., Ltd.	—		Financial assets measured at fair value through other comprehensive income	8,397,482	1,184	8.16%	1,184	—
	Reber Genetics Co., Ltd.	—	"	1,067,112	3,521	2.68%	3,521	—	
	Min-Sheng Asset Management Co., Ltd.	—	"	3,322,864	24,191	5.29%	24,191	—	
	Min-Sheng Medical Control Co., Ltd.	—	"	7,845,823	50,136	5.40%	50,136	—	
	Asiacord Biotech (BVI) Company Limited	—	"	16,659,585	165	19.55%	165	—	
	Upright Healthcare Inc.	Fellow subsidiary	"	701,790	21,131	3.03%	21,131	—	
Win Coat Corporation	—	"	200,000	5,600	0.95%	5,600	—		

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Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks
				Number of shares/Unit	Carrying amount	Shareholding %	Fair value	
U-Liang Pharmaceutical Co., Ltd.	Stock Synmosa Biopharma Corporation	Parent company	Financial assets at fair value through profit or loss	3,320,005	\$ 151,890	0.97%	\$ 151,890	-
	Upright Healthcare Inc.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income	613,207	18,464	2.64%	18,464	-
	Corporate bonds Intech's private placement – convertible bonds	Fellow subsidiary	Financial assets at fair value through profit or loss	530 (sheet)	86,406	-	86,406	

Note: For information on investee subsidiaries and affiliates, please refer to Exhibit 5 and 6.

Synmosa Biopharma Corporation and subsidiaries
Purchase from or sale to related parties for an amount exceeding NTD100 million or 20% of paid-in capital
January 1 to March 31, 2023

Exhibit 3

(Unit: Thousands of NTD)

Purchase (sale) company	Counterparty name	Relationship	Transactions				Trading terms different from general trade and reasons			Notes and accounts receivable (payable)	Remarks
			Purchase (sale)	Amount	Percentage of total purchase (sale) (%)	The credit period	Unit price	The credit period	Balance	Share of total receivables (payables) Percentage of notes and accounts %	
Synmosa Biopharma Corporation	Upright Healthcare Inc.	Parent-subsiary	Sales	(\$ 109,242)	11%	60 days from monthly cut-off day	No identical items	30 days ~ 270 days from monthly cut-off day	\$ 68,952	7%	-
Upright Healthcare Inc.	Synmosa Biopharma Corporation	Parent-subsiary	Purchase	111,514	72%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(68,952)	73%	-

Note: The above transactions have been eliminated upon consolidation in the preparation of the consolidated financial statements.

Synmosa Biopharma Corporation and subsidiaries
Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.
January 1 to March 31, 2023

Exhibit 4

(Unit: Thousands of NTD)

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			The ratio of consolidated total income or assets (Note 4)
				Account (Note 6)	Amount	Trading terms (Note 3)	
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Financial assets at fair value through profit or loss	\$ 277,151	-	2%
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Right-of-use assets	19,899	-	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Accounts receivable	29,896	270 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Sales revenues	12,545	270 days from monthly cut-off day	1%
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Accounts receivable	68,952	60 days from monthly cut-off day	1%
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Sales revenues	109,242	60 days from monthly cut-off day	9%
1	Intech Biopharm Ltd.	Synmosa Biopharma Corporation	2	Corporate bonds payable	167,769	-	1%
1	Intech Biopharm Ltd.	U-Liang Pharmaceutical Co., Ltd.	3	Corporate bonds payable	52,305	-	-
2	Health Chemical Pharmaceutical Co.	Synmosa Biopharma Corporation	2	Sales revenues	23,726	60 days from monthly cut-off day	2%
2	Health Chemical Pharmaceutical Co.	Synmosa Biopharma Corporation	2	Accounts receivable	11,219	60 days from monthly cut-off day	-
2	Health Chemical Pharmaceutical Co.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	10,371	60 days from monthly cut-off day	-
2	Health Chemical Pharmaceutical Co.	Purzer Pharmaceutical Co., Ltd.	3	Accounts receivable	10,889	60 days from monthly cut-off day	1%
3	Synbest International Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	17,906	60 days from monthly cut-off day	-
3	Synbest International Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	31,107	60 days from monthly cut-off day	2%
3	Synbest International Co., Ltd.	Amrita Pharma Corporation	3	Investment accounted for using the equity method	10,000	Cash capital increase	-
4	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	36,524	60 days from monthly cut-off day	-
4	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	44,338	60 days from monthly cut-off day	4%
4	Purzer Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	3	Sales revenues	10,832	60 days from monthly cut-off day	1%
5	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	69,143	60 days from monthly cut-off day	1%
5	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	88,975	60 days from monthly cut-off day	7%
5	U-Liang Pharmaceutical Co., Ltd.	Intech Biopharm Ltd.	3	Financial assets at fair value through profit or loss	86,406	-	1%
5	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Accounts receivable	28,626	60 days from monthly cut-off day	-
5	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	27,263	60 days from monthly cut-off day	2%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

- (1) Fill in "0" for parent company.
- (2) Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the traders is classified into three types as follows:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: The trading terms for sales between parent company and subsidiaries are not materially different from those of ordinary sales. The trading terms for other transactions are based on the agreements between the parties because there are no similar transactions to follow.

Note 4: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Note 5: The relevant figures in this exhibit are presented in New Taiwan dollars, and those involving foreign currencies are translated into New Taiwan dollars using the exchange rates at the balance sheet date; however, the amounts for profit or loss are translated into New Taiwan dollars using the average exchange rates for the first quarter.

Note 6: Major transactions between parent and subsidiary companies are disclosed only for one-way transactions and are eliminated in the preparation of the consolidated financial statements.

Note 7: The businesses of subsidiaries are as follows:

- (1) Achiever International Co., Ltd. is mainly in the general investment business.
- (2) Intech Biopharm Ltd. is mainly in the biotechnology service business.
- (3) Synmosa Biopharma (HK) Corporation, Synbest International Co., Ltd., Hitpharm Pharmaceutical Company Limited, CHIEN YU TRADING LIMITED, PURZER PHARMACEUTICAL CO., LTD., Kunshan Jianmao Trading Co., Ltd., Upright Healthcare Inc., Synmosa Biopharma Pte. Ltd., Shunli Pharmacy and Amrita Pharma Corporation are mainly in trading of pharmaceutical products business.
- (4) Health Chemical Pharmaceutical Co., Seven Star Pharmaceutical Co., Ltd., U-Liang Pharmaceutical Co., Ltd. are mainly in the manufacturing and trading of pharmaceutical products business.

Note 8: Only important transactions exceeding NTD10,000 thousand are listed in this table.

Synmosa Biopharma Corporation and subsidiaries

Information on the investee, location, etc.

January 1 to March 31, 2023

Exhibit 5

Unit: New Taiwan dollars in thousands or foreign currency in thousands of dollars

Investor name	Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks	
				End of the period	End of previous period	Quantity	Percentage (%)	Carrying amount				
Synmosa Biopharma Corporation	Achiever International Co., Ltd InnoPharmax Inc.	Samoa Taipei, Neihu	Investment Holdings	\$ 338,645	\$ 338,645	11,007,677	100.00%	\$ 106,159	\$ 450	\$ 450	Subsidiary Investment accounted for using the equity method	
			Biotechnology Services	241,809	247,914	13,071,081	15.09%	79,090	(11,718)	(2,545) (Note 2)		
		Intech Biopharm Ltd.	Taipei	Biotechnology Services	791,910	791,910	47,284,248	40.53%	273,499	(81,155)	(11,700)	Subsidiary (Note 3)
		U-Liang Pharmaceutical Co., Ltd.	Taipei	Manufacturing and trading of pharmaceutical products	783,950	783,950	31,434,789	77.54%	960,491	9,110	9,055	Subsidiary (Note 2)
		Health Chemical Pharmaceutical Co.	Taichung	Manufacturing and trading of pharmaceutical products	225,550	225,550	6,378,479	100.00%	152,998	2,839	1,723	Subsidiary (Note 4)
		Seven Star Pharmaceutical Co., Ltd.	Taipei	Manufacturing and trading of pharmaceutical products	858,623	858,623	424,155	77.83%	885,752	(10,145)	(7,896)	Subsidiary
		Synbest International Co., Ltd.	Taipei	Trading of pharmaceutical products	100,000	100,000	10,000,000	100.00%	115,732	3,169	3,169	Subsidiary
		CHIEN YU TRADING LIMITED	Macao	Trading of pharmaceutical products	10,658	10,658	-	100.00%	10,864	1,873	1,873	Subsidiary (Note 5)
		Purzer Pharmaceutical Co., Ltd.	Taipei	Trading of pharmaceutical products	521,521	521,521	51,812,487	92.60%	518,255	2,563	3,068	Subsidiary (Note 4)
		Upright Healthcare Inc.	Taipei	Trading of pharmaceutical products	286,126	286,126	16,040,970	69.17%	321,526	6,806	4,707	Subsidiary
	SYNMOSA BIOPHARMA PTE. LTD	Singapore	Trading of pharmaceutical products	15,502	15,502	750,000	100.00%	6,583	(1,757)	(1,757)	Subsidiary	
U-Liang Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	Taipei	Trading of pharmaceutical products	6,132	6,132	613,207	2.64%	12,631	6,806	180	Subsidiary	
Purzer Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	Taipei	Trading of pharmaceutical products	21,054	21,054	701,790	3.03%	14,454	6,806	206	Subsidiary	
Upright Healthcare Inc.	Shunli Pharmacy	New Taipei City	Trading of pharmaceutical products	144,484	144,484	1,580,000	67.67%	146,458	(3,851)	(2,605)	Sub-subsubsidiary	
Synbest International Co., Ltd.	Amrita Pharma Corporation	Taipei	Trading of pharmaceutical products	45,267	-	1,300,000	100.00%	45,936	665	665	Sub-subsubsidiary	
Achiever International Co., Ltd	Synmosa Biopharma (HK) Corporation	Hong Kong	Trading of pharmaceutical products	79,056	79,056	-	100.00%	70,270	1,075	1,075	Sub-subsubsidiary	
	Hitpharm Pharmaceutical Company Limited	Hong Kong	Trading of pharmaceutical products	(USD 2,577)	(USD 2,577)	-	100.00%	(USD 2,308)	(USD 35)	(USD 35)	(Note 5)	
				32,885	32,885	-		31,863	(699)	(699)	Sub-subsubsidiary	
				(USD 1,090)	(USD 1,090)			(USD 1,046)	((USD 23))	((USD 23))	(Note 5)	

Note 1: The above transactions have been eliminated upon consolidation in the preparation of the consolidated financial statements.

Note 2: The investment income or loss recognized in this period included the amount related to the adjusted unrealized gross profit on sales of upstream transactions.

Note 3: The investment income or loss recognized in this period included adjusted unrealized gross profit on sales of upstream transactions, IFRS 16 adjustments, and the amount related to the valuation gains and/or losses on convertible corporate bonds.

Note 4: The investment income or loss recognized in this period included the amount related to the adjusted unrealized gross profit on sales of upstream and lateral transactions.

Note 5: It is a limited company, so the number of shares is not available.

Note 6: Please refer to Exhibit 6 for information on investees in mainland China.

Synmosa Biopharma Corporation and subsidiaries
Information on investment in mainland China
January 1 to March 31, 2023

Exhibit 6

1. The name of the investees in mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated investment gains and losses:

Unit: New Taiwan dollars in thousands; foreign currency in thousands of dollars

Names of investees in mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period	Shareholding % of the Company's direct or indirect investment	Investment gains and losses recognized during the period	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period	Remarks
					Outward remittance	Recover							
Forview (Guangzhou) Consulting Co., Ltd.	Product information consulting, planning and related market research	NT\$ -	-	NT\$ 2,041 (USD 61)	\$ -	\$ -	NT\$ 2,041 (USD 61)	NT\$ -	-	NT\$ -	NT\$ -	NT\$ -	
Ningbo Youhe Pharmaceutical Co., Ltd.	Trading of pharmaceutical products	-	-	NT\$ 3,374 (USD 124)	-	-	NT\$ 3,374 (USD 124)	-	-	-	-	-	
Kunshan Jianmao Trading Co., Ltd.	Trading of pharmaceutical products	2,434	Synbest International Co., Ltd. (Note 1(1))	NT\$ 2,434 (USD 80)	-	-	NT\$ 2,434 (USD 80)	10	100%	10	1,498	-	

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

- (1) Invest in mainland China directly.
- (2) Reinvest in mainland China through companies in third regions.
- (3) Other types (reinvest in mainland China from within)

2. Investment quota for mainland China:

Unit: New Taiwan dollars in thousands; foreign currency in thousands of dollars

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
NT\$ 7,849 (USD 264)	NT\$ 49,527 (USD 1,618)	\$ 3,918,867

Note: According to Jing-Shen-Zi No. 09704604680, the calculation is based on 60% of the net worth of the consolidated equity.

3. Significant transactions with investees in mainland China directly or indirectly through enterprises in third regions:

- (1) The amount and percentage of purchases and the ending balance and percentage of related payables: None.
- (2) The amount and percentage of sales and the ending balance and percentage of related receivables: None.
- (3) The amount of property transactions and the amount of gain or loss arising therefrom: None.
- (4) The ending balance of endorsement or guarantee of notes or the provision of collateral and their purpose: Note.
- (5) The maximum balance, ending balance, interest rate range and total interest for the period of financial accommodation: None.
- (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services: None.

Synmosa Biopharma Corporation
Information on major shareholders
March 31, 2023

Exhibit 7

Information on major shareholders	Shares	
	Shareholding	Shareholding percentage
FORMOSA TIME PHARMACEUTICAL CO., LTD.	23,619,194	6.87%

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's ordinary shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.