

Synmosa Biopharma Corporation and
subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and
2022

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

§Table of Contents§

Item	Page	No. of notes to financial statements
1. Cover	1	-
2. Table of Contents	2	-
3. Independent Auditors' Review Report	3~4	-
4. Consolidated Balance Sheet	5	-
5. Consolidated Statements of Comprehensive Income	6~7	-
6. Consolidated Statements of Changes in Equity	8	-
7. Consolidated Statements of Cash Flows	9~11	-
8. Notes to Consolidated Financial Statements		
(1) Company History	12	1
(2) Date and Procedures for Approval of Financial Statements	12	2
(3) Application of New and Revised Standards and Interpretation	12~14	3
(4) Summary of Significant Accounting Policies	14~15	4
(5) Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties	15	5
(6) Summary of Significant Accounting Items	16~66	6~36
(7) Related Party Transactions	66~67	37
(8) Pledged Assets	68	38
(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	68	39
(10) Significant Disaster Loss	-	-
(11) Significant Subsequent Events	-	-
(12) Others	69~70	40
(13) Additional Disclosure		
1. Information on Significant Transactions	71, 74~80	41
2. Information on Investees	71, 81	41
3. Information on investment in mainland China	71~72, 82	41
4. Information on major shareholders	72, 83	41
(14) Segment Information	72~73	42

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 September 30, 2023 and 2022, and the consolidated statements of Comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine 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 as explained 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 September 30, 2023, their total assets were NTD 209,860 thousand, accounting for 2% of the total consolidated assets; total liabilities NTD 98,347 thousand, accounting for 3% of the total consolidated liabilities; comprehensive income (loss) for the three months ended September 30, 2023 and for the nine months ended September 30, 2023 were NTD 2,902 thousand and NTD (3,840) thousand, respectively, accounting for 4% and (1%) of the total consolidated comprehensive income (loss). As stated in Note 14 to the consolidated financial statements, as of September 30, 2023 and 2022, Synmosa Group's balance of investments accounted for using the equity method amounted to NTD 82,307 thousand and NTD 88,626 thousand, respectively, both constituting 1% of the consolidated total assets; the shares of profits or losses of affiliates recognized under the equity method for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 amounted to NTD (1,900) thousand, NTD (3,833) thousand, NTD (6,745) thousand, and NTD

(11,888) thousand, respectively, constituting (2%), (6%), (2%), and (2%) of the consolidated total comprehensive income (loss), respectively, based on the unreviewed financial statements of these investees for the same periods.

Qualified conclusion

Based on our reviews, except for the effect of adjustments, if any, as might have partly been made to the consolidated financial statements had the financial statements of the non-significant subsidiaries and other equity-method associates 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for nine months ended September 30, 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
Document No.

Tai-Cai-Zheng (6) Zi No. 0930128050

Securities and Futures Bureau Approval
Document No.

Tai-Cai-Zheng (6) Zi No. 0920123784

November 7, 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
September 30, 2023, December 31, 2022 and September 30, 2022

(Unit: Thousands of NTD)

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022 (After adjustment during the measurement period)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 802,383	7	\$ 1,087,650	10	\$ 1,049,096	9
1110	Financial assets at fair value through profit or loss – current (Note 7)	192,976	2	20,108	-	105,083	1
1136	Financial assets measured at amortized cost – current (Note 9)	220,000	2	310,000	3	310,000	3
1140	Contract assets – current (Note 27)	-	-	-	-	1,542	-
1150	Notes receivable (Note 10 and 27)	126,121	1	128,516	1	70,825	1
1170	Accounts receivable (Note 10 and 27)	1,017,441	9	996,559	9	932,199	8
1180	Accounts receivable – related parties (Note 27 and 37)	1,604	-	156	-	-	-
1200	Other receivables (Note 10)	5,445	-	12,559	-	12,712	-
1210	Other receivables – related parties (Note 37)	436	-	915	-	101	-
1220	Current tax assets	7,739	-	7,388	-	6,870	-
130X	Inventory (Note 11)	1,535,521	14	1,304,384	12	1,290,587	12
1410	Prepayments (Note 20)	169,265	1	137,512	1	117,694	1
1476	Other financial assets – current (Note 38)	6,225	-	1,575	-	2,700	-
1479	Other current assets - Others	1,044	-	1,048	-	12,205	-
11XX	Total current assets	<u>4,086,200</u>	<u>36</u>	<u>4,008,370</u>	<u>36</u>	<u>3,911,614</u>	<u>35</u>
Noncurrent assets							
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 8)	156,211	1	139,326	1	160,000	1
1550	Investments accounted for using the equity method (Note 14)	82,307	1	83,681	1	88,626	1
1600	Property, plant and equipment (Note 15 and 38)	5,511,987	49	5,573,474	50	5,602,221	50
1755	Right-of-use assets (Note 16)	86,389	1	64,479	1	72,811	1
1760	Investment property (Note 17 and 38)	368,996	3	369,916	3	370,236	3
1805	Goodwill (Note 18)	71,080	1	71,080	1	78,353	1
1821	Other intangible assets (Note 19)	522,106	4	496,799	4	512,504	5
1840	Deferred tax assets	328,853	3	331,782	3	329,243	3
1900	Other noncurrent assets	121,085	1	63,609	-	55,312	-
15XX	Total noncurrent assets	<u>7,249,014</u>	<u>64</u>	<u>7,194,146</u>	<u>64</u>	<u>7,269,306</u>	<u>65</u>
1XXX	Total assets	<u>\$ 11,335,214</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 11,180,920</u>	<u>100</u>
Liabilities and equity							
Current liabilities							
2100	Short-term borrowings (Note 21 and 38)	\$ 631,507	5	\$ 504,242	4	\$ 563,744	5
2110	Short-term notes payable (Note 21)	29,957	-	79,838	1	129,883	1
2130	Contract liabilities – current (Note 27)	203,282	2	173,426	2	187,800	2
2150	Notes payable (Note 23)	6,763	-	16,483	-	20,154	-
2170	Accounts payable (Note 23)	443,086	4	429,680	4	417,612	4
2180	Accounts payable – related parties (Note 37)	-	-	-	-	176	-
2200	Other payables (Note 24)	407,314	4	412,898	4	390,774	3
2230	Current tax liabilities	71,167	1	95,542	1	57,068	1
2280	Lease liabilities - current (Note 16)	23,529	-	16,703	-	19,248	-
2320	Current portion of long-term borrowings and bonds payable (Note 21, 22 and 38)	384,966	3	584,424	5	301,449	3
2399	Other current liabilities (Note 24)	13,224	-	9,479	-	7,841	-
21XX	Total current liabilities	<u>2,214,795</u>	<u>19</u>	<u>2,322,715</u>	<u>21</u>	<u>2,095,749</u>	<u>19</u>
Noncurrent liabilities							
2530	Corporate bonds payable (Note 22)	-	-	-	-	26,640	-
2540	Long-term borrowings (Note 21 and 38)	1,318,201	12	2,121,528	19	2,419,129	22
2570	Deferred tax liabilities	37,509	-	34,523	-	36,632	-
2580	Lease liabilities - noncurrent (Note 16)	64,484	1	48,423	1	53,929	1
2640	Net defined benefit liability - noncurrent (Note 4)	11,868	-	13,889	-	17,503	-
2670	Other noncurrent liabilities (Note 24)	330	-	12,617	-	12,582	-
25XX	Total noncurrent liabilities	<u>1,432,392</u>	<u>13</u>	<u>2,230,980</u>	<u>20</u>	<u>2,566,415</u>	<u>23</u>
2XXX	Total liabilities	<u>3,647,187</u>	<u>32</u>	<u>4,553,695</u>	<u>41</u>	<u>4,662,164</u>	<u>42</u>
Equity attributable to shareholders of the Company (Note 26)							
3110	Common stock	<u>4,014,149</u>	<u>36</u>	<u>3,437,007</u>	<u>31</u>	<u>3,437,007</u>	<u>31</u>
3200	Capital surplus	<u>2,168,937</u>	<u>19</u>	<u>1,425,348</u>	<u>13</u>	<u>1,420,073</u>	<u>13</u>
Retained earnings							
3310	Legal reserve	209,853	2	128,585	1	128,585	1
3320	Special reserve	68,178	-	63,335	1	63,335	-
3350	Unappropriated earnings	<u>643,878</u>	<u>6</u>	<u>812,678</u>	<u>7</u>	<u>646,232</u>	<u>6</u>
3300	Total retained earnings	<u>921,909</u>	<u>8</u>	<u>1,004,598</u>	<u>9</u>	<u>838,152</u>	<u>7</u>
3400	Other equity	(85,797)	(1)	(68,178)	(1)	(71,552)	(1)
3500	Treasury stock	(486,960)	(4)	(486,960)	(5)	(486,960)	(4)
31XX	Total equity attributable to owners of the Parent	<u>6,532,238</u>	<u>58</u>	<u>5,311,815</u>	<u>47</u>	<u>5,136,720</u>	<u>46</u>
36XX	Non-controlling interests (Note 22 and 33)	<u>1,155,789</u>	<u>10</u>	<u>1,337,006</u>	<u>12</u>	<u>1,382,036</u>	<u>12</u>
3XXX	Total equity	<u>7,688,027</u>	<u>68</u>	<u>6,648,821</u>	<u>59</u>	<u>6,518,756</u>	<u>58</u>
Total liabilities and equity		<u>\$ 11,335,214</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 11,180,920</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 November 7, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Tsao, Ching-Hua

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Comprehensive Income
July 1 to September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 27 and 37)	\$ 1,234,216	100	\$ 1,105,557	100	\$ 3,803,041	100	\$ 3,129,956	100
5000	Operating costs (Notes 11, 19, 28 and 37)	<u>725,965</u>	<u>59</u>	<u>669,573</u>	<u>60</u>	<u>2,233,396</u>	<u>59</u>	<u>1,840,483</u>	<u>59</u>
5900	Operating gross margins	<u>508,251</u>	<u>41</u>	<u>435,984</u>	<u>40</u>	<u>1,569,645</u>	<u>41</u>	<u>1,289,473</u>	<u>41</u>
	Operating expenses (Notes 19, 25 and 28)								
6100	Selling expenses	219,631	18	223,254	20	658,218	17	573,297	19
6200	Administrative expenses	99,901	8	89,644	8	305,637	8	258,542	8
6300	Research and Development expenses	50,374	4	41,375	4	153,065	4	157,455	5
6450	Expected credit impairment losses (reversal of losses) (Note 10)	(1,508)	-	401	-	506	-	412	-
6000	Total operating expenses	<u>368,398</u>	<u>30</u>	<u>354,674</u>	<u>32</u>	<u>1,117,426</u>	<u>29</u>	<u>989,706</u>	<u>32</u>
6500	Other incomes and expenses, net (Note 19 and 28)	-	-	-	-	-	-	(1,448)	-
6900	Net operating profits	<u>139,853</u>	<u>11</u>	<u>81,310</u>	<u>8</u>	<u>452,219</u>	<u>12</u>	<u>298,319</u>	<u>9</u>
	Non-operating income and expenses								
7100	Interest income (Note 28)	1,417	-	693	-	6,562	-	2,021	-
7190	Other income (Notes 28)	6,013	1	6,614	-	12,230	-	12,450	-
7020	Other gains and losses (Note 28)	2,941	-	13,954	1	32,881	1	321,620	10
7050	Financial costs (Note 28)	(14,876)	(1)	(15,137)	(1)	(52,761)	(1)	(42,213)	(1)
7055	Expected credit impairment losses (Note 10)	(290)	-	(290)	-	(860)	-	(860)	-
7060	Share of profits or losses of affiliates accounted for using the equity method (Note 14)	(1,900)	-	(3,833)	-	(6,745)	-	(11,888)	-
7140	Bargain purchase gain (Note 32)	-	-	-	-	208	-	-	-
7000	Total non-operating income and expenses	<u>(6,695)</u>	<u>-</u>	<u>2,001</u>	<u>-</u>	<u>(8,485)</u>	<u>-</u>	<u>281,130</u>	<u>9</u>
7900	Net profit before taxation	133,158	11	83,311	8	443,734	12	579,449	18
7950	Income tax expense (Notes 4 and 29)	(42,635)	(4)	(16,847)	(2)	(151,067)	(4)	(73,124)	(2)
8200	Net profits for the period	<u>90,523</u>	<u>7</u>	<u>66,464</u>	<u>6</u>	<u>292,667</u>	<u>8</u>	<u>506,325</u>	<u>16</u>
	Other comprehensive income								
	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)	(17,840)	(1)	(10,761)	(1)	(23,148)	(1)	(13,526)	-
8349	Income tax related to items not to be reclassified (Note 4, 26 and 29)	2	-	3	-	10	-	9	-
8310		<u>(17,838)</u>	<u>(1)</u>	<u>(10,758)</u>	<u>(1)</u>	<u>(23,138)</u>	<u>(1)</u>	<u>(13,517)</u>	<u>-</u>

(Continued on next page)

(Continued from previous page)

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	Titles that could be reclassified as profit (loss) accounts in the future								
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	\$ 5,132	-	\$ 8,001	1	\$ 6,375	-	\$ 15,576	-
8399	Income tax related to items that may be reclassified (Note 4, 26 and 29)	(1,026)	-	(1,600)	-	(1,275)	-	(3,115)	-
8360		<u>4,106</u>	-	<u>6,401</u>	1	<u>5,100</u>	-	<u>12,461</u>	-
8300	Other comprehensive income for the current period (net, after-tax)	(13,732)	(1)	(4,357)	-	(18,038)	(1)	(1,056)	-
8500	Total comprehensive income in current period	<u>\$ 76,791</u>	<u>6</u>	<u>\$ 62,107</u>	<u>6</u>	<u>\$ 274,629</u>	<u>7</u>	<u>\$ 505,269</u>	<u>16</u>
	Net profit (loss) attributable to								
8610	Shareholders of the parent company	\$ 134,442	11	\$ 112,325	10	\$ 424,135	11	\$ 638,722	20
8620	Non-controlling interests	(43,919)	(4)	(45,861)	(4)	(131,468)	(3)	(132,397)	(4)
8600		<u>\$ 90,523</u>	<u>7</u>	<u>\$ 66,464</u>	<u>6</u>	<u>\$ 292,667</u>	<u>8</u>	<u>\$ 506,325</u>	<u>16</u>
	Comprehensive income attributable to								
8710	Shareholders of the parent company	\$ 121,123	10	\$ 108,241	10	\$ 406,762	11	\$ 638,015	20
8720	Non-controlling interests	(44,332)	(4)	(46,134)	(4)	(132,133)	(4)	(132,746)	(4)
8700		<u>\$ 76,791</u>	<u>6</u>	<u>\$ 62,107</u>	<u>6</u>	<u>\$ 274,629</u>	<u>7</u>	<u>\$ 505,269</u>	<u>16</u>
	Earnings per share (Note 30)								
9710	Basic	<u>\$ 0.35</u>		<u>\$ 0.32</u>		<u>\$ 1.16</u>		<u>\$ 1.80</u>	
9810	Diluted	<u>\$ 0.35</u>		<u>\$ 0.32</u>		<u>\$ 1.16</u>		<u>\$ 1.79</u>	

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

(Please refer to the review report of Deloitte & Touche on November 7, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Tsao, Ching-Hua

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022

(Unit: Thousands of NTD)

Code		Equity attributable to shareholders of the Company						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
		Common stock	Capital stock 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
	Appropriation and distribution of earnings (Note 26)												
B1	Provision of legal reserve	-	-	-	30,389	-	(30,389)	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	-	(10,115)	10,115	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	-	(121,348)	-	-	-	(121,348)	-	(121,348)
B9	Stock dividends on common stock	300,165	-	-	-	-	(300,165)	-	-	-	-	-	-
	Other changes in capital surplus (Note 26)												
C7	Changes in affiliates accounted for using the equity method	-	-	(237)	-	-	-	-	-	-	(237)	-	(237)
C15	Cash paid out from capital surplus	-	-	(28,815)	-	-	-	-	-	-	(28,815)	-	(28,815)
D1	Net profits for the nine months ended September 30, 2022	-	-	-	-	-	638,722	-	-	-	638,722	(132,397)	506,325
D3	Other comprehensive income for the nine months ended September 30, 2022 (Note 26)	-	-	-	-	-	-	12,461	(13,168)	-	(707)	(349)	(1,056)
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	638,722	12,461	(13,168)	-	638,015	(132,746)	505,269
L1	Repurchase of treasury stock (Note 26)	-	-	-	-	-	-	-	-	(108,973)	(108,973)	-	(108,973)
M1	Adjustment of capital surplus by dividends paid to subsidiaries (Note 26)	-	-	1,185	-	-	-	-	-	-	1,185	343	1,528
M5	Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 26)	-	-	(1,398)	-	-	-	-	-	-	(1,398)	(5,855)	(7,253)
M7	Changes in ownership interests in subsidiaries (Note 26)	-	-	12,283	-	-	-	-	-	-	12,283	(12,283)	-
N1	Share-based payment (Note 26 and 31)	5,500	(300)	10,659	-	-	-	-	-	24,630	40,489	13,758	54,247
O1	Increase or decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	128,976	128,976
Q1	Disposal of Investments in equity instruments measured at fair value through other comprehensive income (Note 8 and 26)	-	-	-	-	-	7,510	-	(7,510)	-	-	-	-
Z1	Balance as of September 30, 2022	\$ 3,437,007	\$ -	\$ 1,420,073	\$ 128,585	\$ 63,335	\$ 646,232	\$ 6,559	(\$ 78,111)	(\$ 486,960)	\$ 5,136,720	\$ 1,382,036	\$ 6,518,756
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
	Appropriation and distribution of earnings (Note 26)												
B1	Provision of legal reserve	-	-	-	81,268	-	(81,268)	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	4,843	(4,843)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	-	(196,285)	-	-	-	(196,285)	-	(196,285)
B9	Stock dividends on common stock	310,785	-	-	-	-	(310,785)	-	-	-	-	-	-
	Other changes in capital surplus (Note 26)												
C7	Changes in affiliates accounted for using the equity method	-	-	(737)	-	-	-	-	-	-	(737)	-	(737)
C13	Distribution of share dividend through capital surplus	16,357	-	(16,357)	-	-	-	-	-	-	-	-	-
D1	Net profits for January 1 to September 30, 2023	-	-	-	-	-	424,135	-	-	-	424,135	(131,468)	292,667
D3	Other comprehensive income for January 1 to September 30, 2023 (Note 26)	-	-	-	-	-	-	5,100	(22,473)	-	(17,373)	(665)	(18,038)
D5	Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	424,135	5,100	(22,473)	-	406,762	(132,133)	274,629
E1	Cash capital increase	250,000	-	700,000	-	-	-	-	-	-	950,000	-	950,000
H3	Reorganization under common control (Note 13)	-	-	52,400	-	-	-	-	-	-	52,400	(52,400)	-
M1	Adjustment of capital surplus by dividends paid to subsidiaries (Note 26)	-	-	1,435	-	-	-	-	-	-	1,435	416	1,851
M5	Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 26)	-	-	1,047	-	-	-	-	-	-	1,047	-	1,047
M7	Changes in ownership interests in subsidiaries (Note 26)	-	-	2,719	-	-	-	-	-	-	2,719	(2,719)	-
N1	Share-based payment (Note 26 and 31)	-	-	3,082	-	-	-	-	-	-	3,082	5,619	8,701
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income (Note 8 and 26)	-	-	-	-	-	246	-	(246)	-	-	-	-
Z1	Balance as of September 30, 2023	\$ 4,014,149	\$ -	\$ 2,168,937	\$ 209,853	\$ 68,178	\$ 643,878	\$ 9,375	(\$ 95,172)	(\$ 486,960)	\$ 6,532,238	\$ 1,155,789	\$ 7,688,027

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on November 7, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Tsao, Ching-Hua

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2023 and 2022

(Unit: Thousands of NTD)

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Net profits before tax for the period	\$ 443,734	\$ 579,449
A20010	Income and expense items		
A20100	Depreciation expenses	178,679	167,719
A20200	Amortization expenses	75,470	70,215
A20300	Expected credit impairment losses	1,366	1,272
A20400	Net gain of financial assets and liabilities measured at fair value through profit	(4,860)	(19,001)
A20900	Financial costs	52,761	42,213
A21200	Interest income	(6,562)	(2,021)
A21300	Dividend income	(3,340)	(1,391)
A21900	Cost of share-based remuneration	8,701	14,359
A22300	Share of loss on affiliates accounted for using the equity method	6,745	11,888
A22500	Gain on disposal of property, plant and equipment	(24)	(430)
A23000	Gain on disposal of non-current assets held for sale	-	(281,052)
A23200	Gain on disposal of investment accounted for using the equity method	(21,402)	(12,165)
A23700	Impairment loss of non-financial assets	19,807	7,830
A24100	Unrealized foreign currency exchange gain	(1,387)	(1,764)
A29900	Bargain purchase gains	(208)	-
A29900	Lease modification gain	(8)	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	-	(6)
A31130	Notes receivable	3,392	19,900
A31150	Accounts receivable	(15,691)	(176,313)
A31160	Accounts receivable – related parties	(1,448)	38
A31180	Other receivables	(1,996)	(713)
A31190	Other receivables - related parties	479	745
A31200	Inventory	(250,347)	(101,719)
A31230	Prepayments	(31,636)	(27,218)
A31240	Other current assets	35	(5,977)
A31990	Other noncurrent assets	-	131

(Continued on next page)

(Continued from previous page)

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
A32125	Contract liabilities	\$ 29,856	\$ 60,634
A32130	Notes payable	(9,720)	1,951
A32150	Accounts payable	14,016	135,628
A32160	Accounts payable – related parties	-	176
A32180	Other payables	(8,392)	54,693
A32230	Other current liabilities	3,470	713
A32240	Net defined benefit liability	(2,023)	(1,678)
A33000	Cash inflow from operating activities	479,467	538,106
A33500	Income tax paid	(171,568)	(69,555)
AAAA	Net cash inflow from operating activities	<u>307,899</u>	<u>468,551</u>
	Cash flows from investing activities		
B00010	Purchase of financial assets measured at fair value through other comprehensive income	(42,998)	-
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	4,187	18,887
B00040	Purchase of financial assets at amortized cost	-	(195,000)
B00050	Disposal of financial assets at amortized cost	90,000	-
B00100	Acquisition of financial assets at fair value through profit or loss	(432,872)	(345,093)
B00200	Disposal of financial assets at fair value through profit or loss	260,795	264,768
B01800	Acquisition of long-term equity investment accounted for using equity method	(14,537)	-
B01900	Disposal of long-term equity investment accounted for using equity method	30,478	22,484
B02000	Increase in prepayments for investments	(5,100)	-
B02200	Acquisition of subsidiaries (net of cash acquired)	(48,832)	(95,860)
B02600	Proceeds on disposal of non-current assets held for sale	-	304,213
B02700	Acquisition of property, plant, and equipment	(73,878)	(72,716)
B02800	Disposal of property, plant and equipment	638	960
B03700	Increase in refundable deposits	(14,707)	-
B03800	Decrease in refundable deposits	1,244	12,388
B04500	Acquisition of intangible assets	(54,884)	(20,605)
B04600	Disposal of intangible assets	9,246	-
B06500	Increase in other financial assets	(4,650)	-
B06600	Decrease in other financial assets	-	2,000
B07100	Increase in prepayments for equipment	(72,719)	(18,099)

(Continued on next page)

(Continued from previous page)

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
B07500	Interest received	\$ 5,702	\$ 1,161
B07600	Dividend received	<u>3,340</u>	<u>1,391</u>
BBBB	Net cash outflow from investing activities	(<u>359,547</u>)	(<u>119,121</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	127,265	-
C00200	Decrease in short-term borrowings	-	(40,256)
C00600	Decrease in short-term notes payable	(50,000)	(30,000)
C01600	Proceeds from long-term borrowings	243,000	350,000
C01700	Repayments of long-term borrowings	(1,245,997)	(288,401)
C03100	Decrease in deposits received	(299)	-
C04020	Lease principal repayment	(16,715)	(9,800)
C04500	Distribution of cash dividends	(194,434)	(148,635)
C04600	Cash capital increase	950,000	-
C04800	Exercising employee stock option	-	39,888
C04900	Payments to acquire of treasury stock	-	(108,973)
C05400	Acquisition of equity in subsidiaries	-	(7,253)
C05600	Interest paid	(52,358)	(41,853)
C05800	Changes in non-controlling interests	<u>-</u>	<u>110,379</u>
CCCC	Net cash outflow from financing activities	(<u>239,538</u>)	(<u>174,904</u>)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	<u>5,919</u>	<u>6,404</u>
EEEE	(Decrease) increase in cash and cash equivalents during the period	(285,267)	180,930
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>\$ 802,383</u>	<u>\$ 1,049,096</u>

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

(Please refer to the review report of Deloitte & Touche on November 7, 2023)

Chairperson: Lin, Chih-Hui Managerial officer: Lin, Chih-Hui Accounting officer: Tsao, Ching-Hua

Synmosa Biopharma Corporation and subsidiaries
Notes to Consolidated Financial Statements
For the nine months ended September 30, 2023 and 2022
(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 "Group") 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 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.

On April 1, 2023 (the record date of demerger), the Company divided and transferred the relevant operations (including assets and liabilities) of the Guangfu Plant Department to Upright Healthcare Inc. 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 November 7, 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 Group's accounting policies.

(2) The IFRSs endorsed by the FSC applicable in 2024

<u>The new/amended/revised standards or interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: When the amendments apply for the first time, some requirements for disclosure are exempted.

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

(3) 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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the effects will be recognized in retained earnings on the first application date. When the Group adopts a non-functional currency as the presentation currency, the effects will be reclassified as the exchange differences arising from the translation of the financial statements of foreign operations under equity on the first-time application date.

The Group will continue to evaluate the effect of the amendment to the above IFRSs on the financial positions and performance of the Group 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:

1. 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 Group. 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 Group'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 Group 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 6 and 7 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 Group adopts accounting policies, the Group'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 Group, 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.

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.	<u>Cash and Cash Equivalents</u>			
		September 30, 2023	December 31, 2022	September 30, 2022
		-----	-----	-----
	Cash on hand and working capital	\$ 828	\$ 685	\$ 1,266
	Bank checking accounts and demand deposits	774,555	926,965	837,830
	Cash equivalents (investments with an original maturity of less than three months)			
	Bank time deposits	<u>27,000</u>	<u>160,000</u>	<u>210,000</u>
		<u>\$ 802,383</u>	<u>\$ 1,087,650</u>	<u>\$ 1,049,096</u>
7.	<u>Financial Instruments Measured at Fair Value Through Profit or Loss</u>			
		September 30, 2023	December 31, 2022	September 30, 2022
		-----	-----	-----
	<u>Financial assets – current</u>			
	Measured at fair value through income under compulsion			
	Non-derivative financial assets			
	- Domestic TWSE listed stocks	\$ 192,927	\$ 20,095	\$ 105,078
	Derivative instruments (not designated as hedge)			
	- Convertible bond options (Note 22)	<u>49</u>	<u>13</u>	<u>5</u>
		<u>\$ 192,976</u>	<u>\$ 20,108</u>	<u>\$ 105,083</u>
8.	<u>Financial assets measured at fair value through other comprehensive income</u>			
	<u>Equity investment</u>			
		September 30, 2023	December 31, 2022	September 30, 2022
		-----	-----	-----
	<u>Noncurrent</u>			
	Domestic Investment			
	TPEX stocks	\$ 50,683	\$ 58,807	\$ 67,212
	Non-listed stocks	<u>105,454</u>	<u>80,418</u>	<u>92,623</u>
	Subtotal	156,137	139,225	159,835
	Foreign investment			
	Non-listed stocks	<u>74</u>	<u>101</u>	<u>165</u>
		<u>\$ 156,211</u>	<u>\$ 139,326</u>	<u>\$ 160,000</u>

The Group 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 Group 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.

From January 1 to September 30, 2023, the Group participated in a capital increase in cash by Advantage Biopharma Co., Ltd., and WIN COAT Corporation, and subscribed for common shares for NTD 3,799 thousand and NTD 39,199 thousand, respectively, measured at fair value through other comprehensive income as it was designated as a medium- to long-term strategic purpose investment.

For risk diversification through adjustments of investment position, the Group has sold the common shares of Taiwan Bio Therapeutics Co., Ltd. and Advagene Biopharma Co., Ltd. for the nine months ended September 30, 2023 and 2022 at the fair values of NTD 2,965 thousand and NTD 18,887 thousand, respectively, and the related other equities – unrealized gain or loss on financial assets at fair value through other comprehensive income in the amounts of NTD 246 thousand and NTD 7,510 thousand were added to the retained earnings, respectively.

9. Financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic Investment			
Time deposit with the original maturity date over three months	<u>\$ 220,000</u>	<u>\$ 310,000</u>	<u>\$ 310,000</u>

10. Notes receivable, accounts receivable and other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Measured at amortized cost			
Total book value	\$ 126,121	\$ 128,516	\$ 70,825
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 126,121</u>	<u>\$ 128,516</u>	<u>\$ 70,825</u>
Incurred by operation	\$ 126,121	\$ 128,516	\$ 70,825
Occurred not due to business	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 126,121</u>	<u>\$ 128,516</u>	<u>\$ 70,825</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value	\$1,020,125	\$ 998,727	\$ 932,599
Less: Allowance for losses	<u>(2,684)</u>	<u>(2,168)</u>	<u>(400)</u>
	<u>\$1,017,441</u>	<u>\$ 996,559</u>	<u>\$ 932,199</u>

(Continued on next page)

(Continued from previous page)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Overdue receivables (recorded under other non-current assets)</u>			
Measured at amortized cost			
Total book value	\$ 1,827	\$ 1,834	\$ 3,097
Less: Allowance for losses	(<u>1,827</u>)	(<u>1,834</u>)	(<u>3,097</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Loan receivables			
Fixed interest rate	\$ 62,319	\$ 61,459	\$ 61,169
Less: Allowance for losses	(62,319)	(61,459)	(61,169)
Receivable from disposal of investments	1,272	1,222	8,178
Tax refund receivable	1,383	127	1,606
Amount receivable from disposal of intangible assets	-	9,200	-
Others	<u>2,790</u>	<u>2,010</u>	<u>2,928</u>
	<u>\$ 5,445</u>	<u>\$ 12,559</u>	<u>\$ 12,712</u>

(1) Notes receivable

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

The Group recognizes an allowance for losses on notes receivable based on expected credit losses over the life of the notes. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group 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:

	September 30, 2023	December 31, 2022	September 30, 2022
1 to 60 days	\$ 103,273	\$ 100,067	\$ 44,633
61 to 90 days	11,062	8,928	12,268
91 to 120 days	7,698	5,477	10,268
121 to 365 days	<u>4,088</u>	<u>14,044</u>	<u>3,656</u>
Total	<u>\$ 126,121</u>	<u>\$ 128,516</u>	<u>\$ 70,825</u>

(2) Accounts receivable

The Group's credit period for merchandise sales is 30 to 270 days from monthly cut-off day. To mitigate credit risk, the Group'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 Group 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 Group's management believes that the Group's credit risk is significantly reduced.

The Group 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 Group'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 Group cannot reasonably expect to recover the amount, the Group 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:

September 30, 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	0.08%	1.86%	1.64%	26.40%	100%	
Total book value	\$ 980,522	\$ 32,536	\$ 2,323	\$ 4,727	\$ 1,844	\$1,021,952
Allowance for loss (expected credit loss of the given duration)	(777)	(604)	(38)	(1,248)	(1,844)	(4,511)
Measured at amortized cost	\$ 979,745	\$ 31,932	\$ 2,285	\$ 3,479	\$ -	\$1,017,441

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	\$ 960,723	\$ 27,680	\$ 902	\$ 7,254	\$ -	\$ 996,559

September 30, 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%	0.62%	0.70%	10.43%	100%	
Total book value	\$ 885,572	\$ 45,831	\$ 429	\$ 767	\$ 3,097	\$ 935,696
Allowance for loss (expected credit loss of the given duration)	(32)	(285)	(3)	(80)	(3,097)	(3,497)
Measured at amortized cost	\$ 885,540	\$ 45,546	\$ 426	\$ 687	\$ -	\$ 932,199

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance, beginning of year	\$ 4,002	\$ 3,377
Add: Allowance for losses for the period	506	412
Less: Actual write off during the period	-	(464)
Foreign currency translation differences	3	172
Balance, end of period	<u>\$ 4,511</u>	<u>\$ 3,497</u>

(3) Other receivables - Loan receivables

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fixed rate loan receivables			
No more than 1 year	<u>\$ 62,319</u>	<u>\$ 61,459</u>	<u>\$ 61,169</u>

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

	September 30, 2023	December 31, 2022	September 30, 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 September 30, 2023	January 1 to September 30, 2022
Balance, beginning of year	\$ 61,459	\$ 60,309
Add: Allowance for losses for the period	860	860
Balance, end of period	<u>\$ 62,319</u>	<u>\$ 61,169</u>

11. Inventory

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandises	\$ 452,678	\$ 355,534	\$ 319,985
Finished goods	250,355	229,571	190,012
Work in process	217,059	136,302	170,479
Raw materials	493,079	462,976	477,141
Supplies	<u>122,350</u>	<u>120,001</u>	<u>132,970</u>
	<u>\$ 1,535,521</u>	<u>\$ 1,304,384</u>	<u>\$ 1,290,587</u>

The nature of cost of goods sold is as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Cost of inventories sold	\$ 658,061	\$ 618,394	\$ 2,008,265	\$ 1,673,804
Loss of inventory scrapped	4,599	5,357	17,260	11,278
Allowance for inventory write-down	11,180	1,387	19,807	5,154
Unallocated manufacturing expenses	51,857	45,440	169,261	151,370
Others	<u>268</u>	<u>(1,005)</u>	<u>18,803</u>	<u>(1,123)</u>
	<u>\$ 725,965</u>	<u>\$ 669,573</u>	<u>\$ 2,233,396</u>	<u>\$ 1,840,483</u>

12. Non-current assets held for sale

On November 29, 2021, the Group entered into a contract for the sale of real estate with an unrelated party, Glochem Manufacturing Corporation for the sale price of NTD 304,213 thousand and the gain on the disposition was NTD 281,052 thousand. The transfer was completed and amount received in full in June 2022.

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
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Achiever International Co., Ltd. (Achiever International)	Investment Holdings	100.00%	100.00%	100.00%	-
The Company	Intech Biopharm Ltd. (Intech Biopharm)	Biotechnology Services	40.44%	40.53%	40.68%	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%	92.60%	Note 1

(Continued on next page)

(Continued from previous page)

Investor name	Subsidiary name	Business nature	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	U-Liang Pharmaceutical Co., Ltd. (U-Liang Pharmaceutical) (Note 1)	Manufacturing and trading of pharmaceutical products	77.54%	77.54%	77.54%	-
The Company	Upright Healthcare Inc. (Upright Healthcare) (Note 1)	Manufacturing and trading of pharmaceutical products	69.17%	69.17%	69.17%	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	Manufacturing and trading of pharmaceutical products	2.64%	2.64%	2.64%	Note 1
Purzer Pharmaceutical	Upright Healthcare	Manufacturing and trading of pharmaceutical products	3.03%	3.03%	3.03%	Note 1
Upright Healthcare	Shunli Pharmacy (Shunli Pharmacy) (Note 32)	Trading of pharmaceutical products	67.67%	67.67%	67.67%	Note 3

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

Note 2: The Company set April 1, 2023 as the record date for the demerger when it divided and transferred the Guangfu Plant Department to Upright Healthcare. This transaction constitutes a reorganization under common control.

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		
	September 30, 2023	December 31, 2022	September 30, 2022
Intech Biopharm	59.56%	59.47%	59.32%
Seven Star Pharmaceutical	22.17%	22.17%	22.17%
Purzer Pharmaceutical	7.40%	7.40%	7.40%
U-Liang Pharmaceutical	22.46%	22.46%	22.46%
Upright Healthcare	25.98%	25.98%	25.98%
Shunli Pharmacy	49.91%	49.91%	49.91%

For the business nature, principal location of business and country information of the aforementioned subsidiaries, please refer to Exhibit 6, "Information on Investee, location, etc.".

14. Investment accounted for using the equity method

Investments in affiliates

	September 30, 2023	December 31, 2022	September 30, 2022
Significant affiliates			
InnoPharmax Inc. (InnoPharmax)	<u>\$ 82,307</u>	<u>\$ 83,681</u>	<u>\$ 88,626</u>

Significant affiliates

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

Company name	September 30, 2023	December 31, 2022	September 30, 2022
InnoPharmax Inc.	13.58%	15.47%	15.54%

For the business nature, principal location of business and country information of the aforementioned affiliates, please refer to Exhibit 6, "Information on Investee, location, etc.".

On May 9, 2023, the Group participated in the capital increase of InnoPharmax Inc., and subscribed 1,024 thousand shares of common stock with NTD 14,537 thousand in cash, and the shareholding after the capital increase was 14.64%.

For the nine months ended September 30, 2023, the Group sold some of its shares in InnoPharmax for a disposal price of NTD 30,878 thousand, with a gain of NTD 21,402 thousand, resulting in a decrease in shareholding to 13.58%.

For the nine months ended September 30, 2022, the Group sold some of its shares in InnoPharmax for a disposal price of NTD 22,484 thousand, with a gain of NTD 12,165 thousand, resulting in a decrease in shareholding to 15.54%.

The Group's shareholding in InnoPharmax was less than 20% as of September 30, 2023, December 31, 2022 and September 30, 2022, but the Company has significant influence on that entity because the Group has two seats on its board of directors.

As of September 30, 2023 and 2022, Synmosa Group's balance of investments accounted for using the equity method amounted to NTD 82,307 thousand and NTD 88,626 thousand, respectively, both constituting 1% of the consolidated total assets; the shares of profits or losses of affiliates and joint ventures recognized under the equity method from July 1 to September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 amounted to NTD (1,900) thousand, NTD (3,833) thousand, NTD (6,745) thousand, and NTD (11,888) thousand, respectively, constituting (2%), (6%), (2%), and (2%) of the consolidated total comprehensive income (loss), 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	-	3,997	28,970	-	3,928	2,830	4,220	14,779	924	65,248
Disposal	-	(590)	(10,118)	-	(53)	(1,300)	(854)	(989)	-	(13,904)
Reclassification (Note)	379	5,457	23,006	-	2,243	-	1,957	6,014	(5,195)	33,861
Net exchange differences	-	-	-	-	-	240	-	-	-	240
Balance as of September 30, 2023	\$ 3,558,619	\$ 1,572,298	\$ 1,148,466	\$ 6,878	\$ 41,949	\$ 80,727	\$ 306,373	\$ 359,686	\$ 5,473	\$ 7,080,469
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
Depreciation expenses	-	56,093	54,523	364	1,982	4,690	18,607	23,811	-	160,070
Disposal	-	(590)	(9,504)	-	(53)	(1,300)	(854)	(989)	-	(13,290)
Net exchange differences	-	-	-	-	-	152	-	-	-	152
Balance as of September 30, 2023	\$ -	\$ 526,072	\$ 529,759	\$ 5,458	\$ 31,458	\$ 15,651	\$ 219,534	\$ 240,550	\$ -	\$ 1,568,482
Net as of September 30, 2023	\$ 3,558,619	\$ 1,046,226	\$ 618,707	\$ 1,420	\$ 10,491	\$ 65,076	\$ 86,839	\$ 119,136	\$ 5,473	\$ 5,511,987
Net as of December 31, 2022 and January 1, 2023	\$ 3,558,240	\$ 1,087,265	\$ 621,868	\$ 1,784	\$ 6,302	\$ 66,848	\$ 99,269	\$ 122,154	\$ 9,744	\$ 5,573,474
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	-	4,709	8,576	-	847	49,697	6,200	27,783	1,443	99,255
Disposal	-	(105)	(11,794)	(977)	(268)	-	(999)	(2,211)	-	(16,354)
Reclassification (Note)	-	11,084	44,117	-	-	-	1,400	6,583	(59,236)	3,948
Acquired through business merger	-	-	-	-	4,397	6,282	-	636	-	11,315
Net exchange differences	-	-	-	-	-	457	-	-	-	457
Balance as of September 30, 2022	\$ 3,558,240	\$ 1,558,015	\$ 1,104,750	\$ 5,358	\$ 35,366	\$ 79,055	\$ 299,582	\$ 335,365	\$ 4,717	\$ 6,980,448
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
Depreciation expenses	-	54,982	55,690	270	1,350	1,705	20,995	21,741	-	156,733
Disposal	-	(82)	(11,295)	(977)	(268)	-	(999)	(2,203)	-	(15,824)
Acquired through business merger	-	-	-	-	1,607	2,179	-	270	-	4,056
Net exchange differences	-	-	-	-	-	300	-	-	-	300
Balance as of September 30, 2022	\$ -	\$ 454,314	\$ 471,493	\$ 4,973	\$ 29,492	\$ 10,696	\$ 196,761	\$ 210,498	\$ -	\$ 1,378,227
Net as of September 30, 2022	\$ 3,558,240	\$ 1,103,701	\$ 633,257	\$ 385	\$ 5,874	\$ 68,359	\$ 102,821	\$ 124,867	\$ 4,717	\$ 5,602,221

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

The Group conducted impairment assessments for the nine months ended September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use assets			
Building	\$ 83,790	\$ 60,358	\$ 68,183
Transportation equipment	2,599	4,121	4,628
	<u>\$ 86,389</u>	<u>\$ 64,479</u>	<u>\$ 72,811</u>

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Addition of right-of-use assets			\$ 40,480	\$ 16,527
Acquired through business merger			<u>-</u>	<u>51,365</u>
			<u>\$ 40,480</u>	<u>\$ 67,892</u>
Depreciation expenses of right-of-use assets				
Building	\$ 5,366	\$ 4,937	\$ 16,167	\$ 8,659
Transportation equipment	<u>507</u>	<u>507</u>	<u>1,522</u>	<u>1,367</u>
	<u>\$ 5,873</u>	<u>\$ 5,444</u>	<u>\$ 17,689</u>	<u>\$ 10,026</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Group's right-of-use assets during the nine months ended September 30, 2023 and 2022.

(2) Lease liability

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liability			
Current	<u>\$ 23,529</u>	<u>\$ 16,703</u>	<u>\$ 19,248</u>
Noncurrent	<u>\$ 64,484</u>	<u>\$ 48,423</u>	<u>\$ 53,929</u>

The discount rate range for lease liabilities is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Building	1.44%~2.08%	1.44%~2.00%	1.23%~2.00%
Transportation equipment	1.38%~2.00%	1.38%~2.00%	1.38%~2.00%

(3) Other lease information

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term lease expenses	<u>\$ 1,154</u>	<u>\$ 1,378</u>	<u>\$ 3,507</u>	<u>\$ 2,698</u>
Low-value asset lease expenses	<u>\$ 768</u>	<u>\$ 449</u>	<u>\$ 1,947</u>	<u>\$ 1,120</u>
Total cash (outflow) from lease			(<u>\$ 23,434</u>)	(<u>\$ 14,047</u>)

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

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments	<u>\$ -</u>	<u>\$ 13,360</u>	<u>\$ 13,360</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 September 30, 2023	<u>\$ 383,652</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 13,736
Depreciation expenses	<u>920</u>
Balance as of September 30, 2023	<u>\$ 14,656</u>
Net as of September 30, 2023	<u>\$ 368,996</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 September 30, 2022	<u>\$ 383,652</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ 12,456
Depreciation expenses	<u>960</u>
Balance as of September 30, 2022	<u>\$ 13,416</u>
Net as of September 30, 2022	<u>\$ 370,236</u>

Other than the above depreciation expense recognized, there were no significant addition or disposal of the Group's investment properties during the nine months ended September 30, 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 NTD 608,147 thousand and NTD 560,216 thousand. As evaluated by the management of the Group, there was no significant change in fair value as of September 30, 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

	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Costs</u>		
Balance, beginning of year	\$ 71,080	\$ 74,040
Acquired through business merger (Note 32)	-	71,080
Balance, end of period	<u>\$ 71,080</u>	<u>\$ 145,120</u>
<u>Accumulated impairment losses</u>		
Balance, beginning of year	\$ -	\$ 66,767
Balance, end of period	<u>\$ -</u>	<u>\$ 66,767</u>
Net, end of period	<u>\$ 71,080</u>	<u>\$ 78,353</u>

19. Other Intangible assets

	Trademark	Patent rights	Computer software	Franchise relationship	Other Intangible assets	Total
<u>Costs</u>						
Balance as of January 1, 2023	\$ 11,211	\$ 914,894	\$ 66,068	\$ 47,237	\$ 9,000	\$ 1,048,410
Acquired separately	-	69,632	2,502	-	-	72,134
Disposal	(134)	-	-	-	-	(134)
Acquired through business merger	-	28,208	-	-	-	28,208
Net exchange differences	-	1,117	93	-	-	1,210
Balance as of September 30, 2023	<u>\$ 11,077</u>	<u>\$ 1,013,851</u>	<u>\$ 68,663</u>	<u>\$ 47,237</u>	<u>\$ 9,000</u>	<u>\$ 1,149,828</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	15	68,178	3,874	2,953	450	75,470
Disposal	(88)	-	-	-	-	(88)
Net exchange differences	-	676	53	-	-	729
Balance as of September 30, 2023	<u>\$ 11,061</u>	<u>\$ 561,646</u>	<u>\$ 41,094</u>	<u>\$ 4,921</u>	<u>\$ 9,000</u>	<u>\$ 627,722</u>
Net as of September 30, 2023	<u>\$ 16</u>	<u>\$ 452,205</u>	<u>\$ 27,569</u>	<u>\$ 42,316</u>	<u>\$ -</u>	<u>\$ 522,106</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	-	37,210	3,495	-	-	40,705
Reclassification	-	-	305	-	-	305
Disposal	-	(4,051)	(161)	-	-	(4,212)
Acquired through business merger	-	-	229	47,237	-	47,466
Net exchange differences	-	2,991	247	-	-	3,238
Balance as of September 30, 2022	<u>\$ 11,211</u>	<u>\$ 903,792</u>	<u>\$ 63,237</u>	<u>\$ 47,237</u>	<u>\$ 9,000</u>	<u>\$ 1,034,477</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	74	64,610	3,473	1,383	675	70,215
Acquired through business merger	-	-	19	-	-	19
Disposal	-	(4,051)	(161)	-	-	(4,212)
Provisions of impairment losses (Note)	-	1,448	-	-	-	1,448
Net exchange differences	-	1,450	111	-	-	1,561
Balance as of September 30, 2022	<u>\$ 11,128</u>	<u>\$ 465,207</u>	<u>\$ 35,930</u>	<u>\$ 1,383</u>	<u>\$ 8,325</u>	<u>\$ 521,973</u>
Net as of September 30, 2022	<u>\$ 83</u>	<u>\$ 438,585</u>	<u>\$ 27,307</u>	<u>\$ 45,854</u>	<u>\$ 675</u>	<u>\$ 512,504</u>

Note: The Group expected that some of the patents were no longer valuable. Therefore, the recognized impairment losses for the nine months ended September 30, 2022.

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	3 to 10 years
Franchise relationship	12 years
Other Intangible assets	10 years

The aggregate amortization expenses by functions are as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Operating costs	\$ 151	\$ 108	\$ 453	\$ 324
Selling expenses	24,308	23,822	71,395	66,471
Administrative expenses	1,128	1,088	3,510	3,294
Research and Development expenses	<u>28</u>	<u>42</u>	<u>112</u>	<u>126</u>
	<u>\$ 25,615</u>	<u>\$ 25,060</u>	<u>\$ 75,470</u>	<u>\$ 70,215</u>

20. Prepayments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments for goods	\$ 95,852	\$ 79,304	\$ 45,391
Other prepaid expenses	<u>73,413</u>	<u>58,208</u>	<u>72,303</u>
	<u>\$ 169,265</u>	<u>\$ 137,512</u>	<u>\$ 117,694</u>

21. Borrowings

(1) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 590,507	\$ 489,242	\$ 408,744
<u>Unsecured loans</u>			
Credit facility borrowings	<u>41,000</u>	<u>15,000</u>	<u>155,000</u>
	<u>\$ 631,507</u>	<u>\$ 504,242</u>	<u>\$ 563,744</u>

The interest rates on the above bank loans ranged from 1.25%-2.73%, 1.65%-2.28%, and 1.38%-2.13% as of September 30, 2023, December 31 and September 30, 2022, respectively.

(2) Short-term notes payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial papers payable	\$ 30,000	\$ 80,000	\$ 130,000
Less: Discount on short-term notes payable	(<u>43</u>)	(<u>162</u>)	(<u>117</u>)
	<u>\$ 29,957</u>	<u>\$ 79,838</u>	<u>\$ 129,883</u>

The interest rates on commercial paper payables ranged were 2.30%, 2.14%-2.28% and 1.41%-1.99% as of September 30, 2023, December 31 and September 30, 2022, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 1,676,380	\$ 2,599,377	\$ 2,640,578
Less: Long-term borrowings with maturity of less than one year (Note)	(<u>358,179</u>)	(<u>557,849</u>)	(<u>301,449</u>)
Subtotal	1,318,201	2,041,528	2,339,129
<u>Unsecured loans</u>			
Credit facility borrowings	-	<u>80,000</u>	<u>80,000</u>
Long-term borrowings	<u>\$ 1,318,201</u>	<u>\$ 2,121,528</u>	<u>\$ 2,419,129</u>

Note: In June 2023 and January 2022, the Group 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 2024 and May 2024, respectively, according to the agreement.

The interest rates on the above bank loans ranged from 1.99%-2.61%, 1.71%-2.48%, and 1.70%-2.36% as of September 30, 2023 and December 31 and September 30, 2022, respectively.

22. Corporate bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
Intech Biopharm 1st domestic privately-placed unsecured convertible bond	\$ 26,787	\$ 26,575	\$ 26,640
Less: Portion classified as due within one year	(<u>26,787</u>)	(<u>26,575</u>)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,640</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 September 30, 2023, December 31 and September 30, 2022 are as follows:

	September 30, 2023		
	Held inside the Group	Held outside the Group	Issued by Intech
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(1,757)	(213)	(1,970)
	<u>\$ 221,243</u>	<u>\$ 26,787</u>	<u>\$ 248,030</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>

	September 30, 2022		
	Held inside the Group	Held outside the Group	Issued by Intech
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(2,978)	(360)	(3,338)
	<u>\$ 220,022</u>	<u>\$ 26,640</u>	<u>\$ 246,662</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: NTD 250,000 thousand.
3. Face amount: NTD 100 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 NTD 16.20 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 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 September 30, 2023, the conversion price was NTD 16.10 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 July 1 to September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were NTD 71 thousand and NTD 71 thousand, NTD 212 thousand and NTD 212 thousand, respectively, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable			
Incurred by operation	\$ 6,763	\$ 16,483	\$ 20,154
Accounts payable			
Incurred by operation	\$ 443,086	\$ 429,680	\$ 417,612

The Group's trading terms with general suppliers range from 30 to 150 days from monthly cut-off day. The Group has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

24. Other liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Salary and bonus payables	\$ 235,110	\$ 240,039	\$ 210,084
Research and Development payables	10,973	20,532	14,033
Equipment Payables	13,013	21,643	29,942
Business tax payables	1,527	12,486	6,183
Promotional expense payables	21,863	23,073	22,705
Utilities payables	8,319	5,935	7,746
Leave payables	6,115	6,239	5,993
Investment payables	2,649	8,688	11,591
Patent rights payable	31,350	14,100	20,100
Repairs and repairs payable	12,289	6,644	5,715
Labor insurance and national health insurance premium payable	12,100	12,077	12,434
Pension payable	10,297	9,883	8,978
Other expense payables	41,709	31,559	35,270
	<u>\$ 407,314</u>	<u>\$ 412,898</u>	<u>\$ 390,774</u>

(Continued on next page)

(Continued from previous page)

	September 30, 2023	December 31, 2022	September 30, 2022
Other liabilities			
Deposits received	\$ 275	\$ -	\$ -
Collection on behalf of others	<u>12,949</u>	<u>9,479</u>	<u>7,841</u>
	<u>\$ 13,224</u>	<u>\$ 9,479</u>	<u>\$ 7,841</u>
<u>Noncurrent</u>			
Other liabilities			
Deposits received	\$ 330	\$ 904	\$ 904
Long-term investment payables	<u>-</u>	<u>11,713</u>	<u>\$ 11,678</u>
	<u>\$ 330</u>	<u>\$ 12,617</u>	<u>\$ 12,582</u>

25. Post-employment benefit plans

The pension expenses related to the defined benefit plans recognized from July 1 to September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022 were calculated using the actuarially determined pension cost rate of NTD 43 thousand, NTD 72 thousand, NTD 129 thousand, and NTD 216 thousand as of December 31, 2022 and 2021, respectively.

26. Equity

(1) Capital stock

Common stock

	September 30, 2023	December 31, 2022	September 30, 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>401,415</u>	<u>343,701</u>	<u>343,701</u>
Capital stock issued	<u>\$ 4,014,149</u>	<u>\$ 3,437,007</u>	<u>\$ 3,437,007</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.

(2) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>			
Stock issuance premium	\$ 1,222,163	\$ 519,081	\$ 519,081
Corporate bond conversion premium	220,399	220,399	220,399
Treasury stock transaction	8,214	6,779	6,779
Difference between the actual acquisition or disposal price and the carrying amount of subsidiary	60,448	76,805	76,743
Difference between the equity price and the carrying amount of affiliate accounted for using the equity method	3,060	2,263	2,275
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)	650,257	595,138	589,945
Changes in net equity of affiliates accounted for using the equity method	273	760	728
Shareholders fail to receive dividends after the statute of limitations	<u>117</u>	<u>117</u>	<u>117</u>
	<u>\$ 2,168,937</u>	<u>\$ 1,425,348</u>	<u>\$ 1,420,073</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 nine months ended September 30, 2023 and 2022, is as follows:

	Stock issuance premium	Corporate bond conversion premium	Changes in net equity of 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	-	-	-	-	12,283	-	-	-	12,283
Difference between the acquisition or disposal price and the carrying amount of subsidiary	-	-	-	-	(1,398)	-	-	-	(1,398)
Recognition of changes in ownership interest in affiliates	-	-	92	-	-	-	-	-	92
Difference between the acquisition or disposal price and the carrying amount of affiliate	-	-	(329)	-	-	-	-	-	(329)
Lapse of employee stock option	-	-	-	(1,405)	-	1,405	-	-	-
Cash paid out from capital surplus	-	(28,815)	-	-	-	-	-	-	(28,815)
Issuance of employee stock options	-	-	-	4,678	643	-	-	-	5,321
Treasury stock transferred to employees (Note 31)	-	-	-	(4,678)	-	-	4,608	-	(70)
Payment of cash dividends to subsidiaries	-	-	-	-	-	-	1,185	-	1,185
Balance as of September 30, 2022	<u>\$ 519,081</u>	<u>\$ 220,399</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ 666,688</u>	<u>\$ 4,006</u>	<u>\$ 6,779</u>	<u>\$ 117</u>	<u>\$ 1,420,073</u>

(Continued on next page)

(Continued from previous page)

	Stock issuance premium	Corporate bond conversion premium	Changes in net equity of 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, 2023	\$ 519,081	\$ 220,399	\$ 3,023	\$ -	\$ 671,943	\$ 4,006	\$ 6,779	\$ 117	\$ 1,425,348
Share-based payment- cash capital increase	-	-	-	3,082	-	-	-	-	3,082
Cash capital increase	703,082	-	-	(3,082)	-	-	-	-	700,000
Distribution of share dividend through capital surplus	-	-	-	-	(16,357)	-	-	-	(16,357)
Reorganization under common control	-	-	-	-	52,400	-	-	-	52,400
Recognition of changes in ownership interest in subsidiaries	-	-	-	-	2,719	-	-	-	2,719
Recognition of changes in ownership interest in affiliates	-	-	(336)	-	-	-	-	-	(336)
Effect of changes in capital surplus from acquisition or disposal of affiliates	-	-	646	-	-	-	-	-	646
Payment of cash dividends to subsidiaries	-	-	-	-	-	-	1,435	-	1,435
Balance as of September 30, 2023	\$ 1,222,163	\$ 220,399	\$ 3,333	\$ -	\$ 710,705	\$ 4,006	\$ 8,214	\$ 117	\$ 2,168,937

(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 (9) 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 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	<u>\$ 81,268</u>	<u>\$ 30,389</u>
(Reversal of) special reserve	<u>\$ 4,843</u>	<u>(\$ 10,115)</u>
Cash dividends	<u>\$ 196,285</u>	<u>\$ 121,348</u>
Stock dividends	<u>\$ 310,785</u>	<u>\$ 300,165</u>
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 13, 2023 and March 29, 2022, respectively. The distribution of other earnings for 2021 was approved by a resolution at the shareholders' meeting held on May 25, 2022, and the distribution of other earnings for 2022 was approved by a resolution at the shareholders' meeting held on May 25, 2023.

On March 13, 2023, the proposal to increase capital from capital surplus in an amount of NTD 16,357 thousand raised by the board of directors was approved by a resolution at the regular shareholders' meeting held on May 25, 2023.

(4) Other equity

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

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Balance, beginning of year	<u>\$ 4,275</u>	<u>(\$ 5,902)</u>
Generated during the period		
Exchange difference of foreign operating institutions	6,375	15,576
Income tax related to exchange differences on translation of foreign operations	<u>(1,275)</u>	<u>(3,115)</u>
Other comprehensive income for the period	<u>5,100</u>	<u>12,461</u>
Balance, end of period	<u>\$ 9,375</u>	<u>\$ 6,559</u>

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance, beginning of year	(\$ 72,453)	(\$ 57,433)
Generated during the period		
Unrealized gain or loss		
Equity instruments	(22,483)	(13,177)
Income tax	<u>10</u>	<u>9</u>
Other comprehensive income for the period	(22,473)	(13,168)
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	(246)	(7,510)
Balance, end of period	(\$ 95,172)	(\$ 78,111)

(5) Non-controlling interests

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance, beginning of year	\$ 1,337,006	\$ 1,389,843
Net losses for the period	(131,468)	(132,397)
Other comprehensive income for the period	(665)	(349)
Others	(49,084)	<u>124,939</u>
Balance, end of period	<u>\$ 1,155,789</u>	<u>\$ 1,382,036</u>

(6) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Shares of parent company held by subsidiaries (thousands of shares)	Total (thousands of shares)
Number of shares on January 1, 2023	16,559	2,575	19,134
Increase in the period (Note 1)	<u>-</u>	<u>239</u>	<u>239</u>
Number of shares on September 30, 2023	<u>16,559</u>	<u>2,814</u>	<u>19,373</u>
Number of shares as of January 1, 2022	13,519	2,338	15,857
Increase in the period (Note 1 and 2)	4,000	237	4,237
Decrease in the period (Note 3)	(960)	<u>-</u>	(960)
Number of shares on September 30, 2022	<u>16,559</u>	<u>2,575</u>	<u>19,134</u>

Note 1: The stock dividends distributed by the Company received by U-Liang Pharmaceutical from January 1 to September 30, 2023 and 2022 were 239 thousand shares and 237 thousand shares, respectively.

Note 2: The Board meeting held on March 29, 2022 resolved to buyback 4,000 thousand shares of treasury stock for the purpose of transferring to employees. The repurchase price range was between NTD 17.5 to NTD 36.5 per share. However, when the Company's share price falls below the lower limit of the prescribed buyback range, the Company will continue to buyback its shares. The buyback period was from March 30 to May 29, 2022. Until the end of the buyback period of treasury stock, the Company bought back a total of 4,000 thousand shares, amounting to NTD 108,973 thousand.

Note 3: On July 29, 2022, the Company transferred 960 thousand shares of treasury stock - 844 thousand shares to the Company's employees and 116 thousand shares to employees of subsidiaries. The total consideration amounted to NTD 24,560 thousand and the Company recognized cost of share-based remuneration of NTD 5,321 thousand. For employee stock options, please refer to Note 31.

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

September 30, 2023

Subsidiary name	Shareholding (thousands of shares)	Carrying amount	Market price
U-Liang Pharmaceutical	3,628	\$ 58,115	\$ 137,699

December 31, 2022

Subsidiary name	Shareholding (thousands of shares)	Carrying amount	Market price
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 161,684

September 30, 2022

Subsidiary name	Shareholding (thousands of shares)	Carrying amount	Market price
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 118,358

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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Customer contract revenues				
Merchandise sales revenues	\$ 1,207,730	\$ 1,089,431	\$ 3,726,881	\$ 3,094,361
Service revenues	<u>26,486</u>	<u>16,126</u>	<u>76,160</u>	<u>35,595</u>
	<u>\$ 1,234,216</u>	<u>\$ 1,105,557</u>	<u>\$ 3,803,041</u>	<u>\$ 3,129,956</u>

(1) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Notes and accounts receivable (including related parties) (Notes 10 and 37)	<u>\$ 1,145,166</u>	<u>\$ 1,125,231</u>	<u>\$ 1,003,024</u>	<u>\$ 798,100</u>
Contract assets				
Technical Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 1,536</u>
Contract liabilities				
Royalty	\$ 78,306	\$ 78,306	\$ 78,306	\$ 78,306
Technical Services	29	-	-	-
Merchandise sales	<u>124,947</u>	<u>95,120</u>	<u>109,494</u>	<u>48,560</u>
Contract liabilities – current	<u>\$ 203,282</u>	<u>\$ 173,426</u>	<u>\$ 187,800</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 Group 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 Group considers that the expected credit loss rate of accounts receivable can also be applied to contract assets. As of September 30, 2023 and December 31 and September 30, 2022, the total carrying amount of contract assets was NTD 0 thousand, NTD 0 thousand and NTD 1,542 thousand, respectively, and the expected credit loss rate was 0% and the allowance for losses was NTD 0 thousand.

(2) Customer contracts not yet fully completed

As of September 30, 2023, December 31 and September 30, 2022, the aggregate amount of the transaction prices allocated to outstanding performance obligations was NTD 203,282 thousand, NTD 173,426 thousand and NTD 187,800 thousand, respectively, of which:

1. The signing fees of NTD 78,306 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 Group is unable to obtain the drug licenses within the contracted period, the customers have the right to cancel the contracts for NTD 10,266 thousand of the fees and the Group shall immediately return the amounts paid by the customers with interest.
2. Customer contracts with expected duration of less than one year were NTD 124,976 thousand, NTD 95,120 thousand and NTD 109,494 thousand, respectively.

28. Net income

(1) Other incomes and expenses, net

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Impairment loss of Intangible assets	\$ -	\$ -	\$ -	(\$ 1,448)

(2) Interest income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank deposits	\$ 825	\$ 403	\$ 5,411	\$ 1,161
The Loaning of Funds	292	290	768	860
Interest income from bonds issued under repurchase agreement	300	-	383	-
	<u>\$ 1,417</u>	<u>\$ 693</u>	<u>\$ 6,562</u>	<u>\$ 2,021</u>

(3) Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Income on disposal of medical license	\$ -	\$ 200	\$ 800	\$ 495
Royalty incomes	229	206	750	854
Government grants	58	2,417	149	2,700
Dividend income	3,340	1,391	3,340	1,391
Least incomes				
Investment property	276	826	1,928	2,478
Other operating leases	188	178	551	804
Others	1,922	1,396	4,712	3,728
	<u>\$ 6,013</u>	<u>\$ 6,614</u>	<u>\$ 12,230</u>	<u>\$ 12,450</u>

(4) Other profits and losses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain or loss on financial assets and financial liabilities				
Financial assets mandatorily measured at fair value through profit or loss	(\$ 12,453)	\$ 7,519	\$ 4,860	\$ 18,915
Held-for-sale financial liabilities	-	19	-	86
Gain on disposal affiliates (Note 14)	9,708	2,189	21,402	12,165
Net foreign exchange gain	5,668	4,183	7,826	10,207
Loss (gain) on disposal of property, plant, and equipment	(14)	47	24	430
Gain on disposal of non-current assets held for sale	-	-	-	281,052
Lease modification gain	(6)	-	8	-
Prepayment impairment loss for goods	-	-	-	(1,228)
Others	<u>38</u>	<u>(3)</u>	<u>(1,239)</u>	<u>(7)</u>
	<u>\$ 2,941</u>	<u>\$ 13,954</u>	<u>\$ 32,881</u>	<u>\$ 321,620</u>

(5) Financial costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest on bank borrowings	\$ 14,352	\$ 14,683	\$ 51,212	\$ 41,533
Interest on lease liabilities	453	344	1,265	429
Interest on the convertible bonds	71	71	212	212
Amortization of long-term payables	<u>-</u>	<u>39</u>	<u>72</u>	<u>39</u>
	<u>\$ 14,876</u>	<u>\$ 15,137</u>	<u>\$ 52,761</u>	<u>\$ 42,213</u>

(6) Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Summary of depreciation expenses by function				
Operating costs	\$ 45,871	\$ 46,171	\$ 136,561	\$ 137,183
Operating expenses	<u>13,789</u>	<u>12,784</u>	<u>42,118</u>	<u>30,536</u>
	<u>\$ 59,660</u>	<u>\$ 58,955</u>	<u>\$ 178,679</u>	<u>\$ 167,719</u>
Summary of depreciation expenses by function				
Operating costs	\$ 151	\$ 108	\$ 453	\$ 324
Operating expenses	<u>25,464</u>	<u>24,952</u>	<u>75,017</u>	<u>69,891</u>
	<u>\$ 25,615</u>	<u>\$ 25,060</u>	<u>\$ 75,470</u>	<u>\$ 70,215</u>

Please refer to Note 19 for the information on the amortization of intangible assets allocated to each line item.

(7) Direct operating expenses of investment property

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Rental incomes	<u>\$ 300</u>	<u>\$ 320</u>	<u>\$ 920</u>	<u>\$ 960</u>

(8) Employee benefits expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	<u>\$ 281,321</u>	<u>\$ 258,879</u>	<u>\$ 836,823</u>	<u>\$ 717,708</u>
Post-employment benefits				
Defined contribution pension plan	13,204	9,354	33,277	26,017
Defined benefit plans (Note 25)	<u>43</u>	<u>72</u>	<u>129</u>	<u>216</u>
	<u>13,247</u>	<u>9,426</u>	<u>33,406</u>	<u>26,233</u>
Share-based payment				
Settlement of equity interests	<u>1,113</u>	<u>10,113</u>	<u>8,701</u>	<u>14,359</u>
Other employee benefits	<u>7,673</u>	<u>6,709</u>	<u>21,981</u>	<u>18,731</u>
Total employee benefits expenses	<u>\$ 303,354</u>	<u>\$ 285,127</u>	<u>\$ 900,911</u>	<u>\$ 777,031</u>
Summary by function				
Operating costs	\$ 109,687	\$ 98,921	\$ 312,032	\$ 254,695
Operating expenses	<u>193,667</u>	<u>186,206</u>	<u>588,879</u>	<u>522,336</u>
	<u>\$ 303,354</u>	<u>\$ 285,127</u>	<u>\$ 900,911</u>	<u>\$ 777,031</u>

(9) Employee remuneration and director remuneration

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 directors for July 1 and September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 were as follows:

Estimate percentage

	January 1 to September 30, 2023	January 1 to September 30, 2022
Remuneration for employees	5%	5%
Remuneration for directors	1%	1%

Amount

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Remuneration for employees	<u>\$ 8,878</u>	<u>\$ 6,619</u>	<u>\$ 28,517</u>	<u>\$ 37,161</u>
Remuneration for directors	<u>\$ 1,775</u>	<u>\$ 1,324</u>	<u>\$ 5,703</u>	<u>\$ 7,432</u>

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 amount of employees' remuneration and directors' remuneration for 2022 and 2021 resolved and the amount recognized in the consolidated 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.

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Income tax expenses in the current period				
Generated during the period	\$ 39,006	\$ 18,059	\$ 128,593	\$ 58,212
Additional levy on unappropriated earnings	-	-	12,405	49
Prior year adjustment	-	-	(101)	(2,339)
Land value added tax	-	-	5,517	17,840
	<u>39,006</u>	<u>18,059</u>	<u>146,414</u>	<u>73,762</u>
Deferred tax				
Generated during the period	<u>3,629</u>	<u>(1,212)</u>	<u>4,653</u>	<u>(638)</u>
Income tax recognized in profit or loss	<u>\$ 42,635</u>	<u>\$ 16,847</u>	<u>\$ 151,067</u>	<u>\$ 73,124</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 September 30, 2023, the subsidiaries did not have any pending tax litigation cases.

30. Earnings per share

	Unit: NTD per share			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Basic earnings per share	\$ 0.35	\$ 0.32	\$ 1.16	\$ 1.80
Diluted earnings per share	\$ 0.35	\$ 0.32	\$ 1.16	\$ 1.79

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 August 14, 2023. The changes in basic and diluted earnings per share for the July 1 to September 30, 2022 and the nine months ended September 30, 2022 due to retroactive adjustments are as follows:

	Before retrospective adjustment		After retrospective adjustment	
	July 1 to September 30, 2022	January 1 to September 30, 2022	July 1 to September 30, 2022	January 1 to September 30, 2022
Basic earnings per share	\$ 0.35	\$ 1.96	\$ 0.32	\$ 1.80
Diluted earnings per share	\$ 0.35	\$ 1.95	\$ 0.32	\$ 1.79

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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net profits used to calculate basic earnings per share	\$ 134,442	\$ 112,325	\$ 424,135	\$ 638,722
Net profits used to calculate diluted earnings per share	\$ 134,442	\$ 112,325	\$ 424,135	\$ 638,722

Quantity

	Unit: Thousand shares			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of shares of common stock used to calculate basic earnings per share	382,042	354,401	364,928	355,744
Impact of potential common stock with dilutive effect:				
Employee stock option - The Company	-	-	-	69
Employee remuneration - The Company	751	1,042	1,025	1,271
Weighted average common stock shares used to calculate diluted earnings per share	382,793	355,443	365,953	357,084

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) Employee stock option-The Company

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:

	<u>January 1 to September 30, 2022</u>	
<u>Employee stock option</u>	<u>Unit (Thousands)</u>	<u>Exercise price (NTD)</u>
In circulation at the beginning of the period	700	\$ 20.40
Exercised during the period	(520)	20.40
Expired during the period	<u>(180)</u>	-
In circulation at the end of the period	<u>-</u>	-
Executable at the end of the period	<u>-</u>	
Weighted average fair value of stock options granted during the period (NTD)	<u>\$ -</u>	

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

	<u>March, 2015</u>
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) Employee stock option-Subsidiary

The Intech Biopharm issued 1,690 thousand units of employee stock warrants 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:

	January 1 to September 30, 2023		January 1 to September 30, 2022	
	Unit (Thousands)	Weight average exercise price (NTD)	Unit (Thousands)	Weight average exercise price (NTD)
Employee stock option				
In circulation at the beginning of the period	517	\$34.20	880	\$34.20
Granted during the period	-	-	-	-
Lost during the period	(20)	-	(200)	-
Exercised during the period	-	-	(138)	34.20
Expired during the period	-	-	-	-
In circulation at the end of the period	<u>497</u>	34.20	<u>542</u>	34.20
Executable at the end of the period	<u>497</u>		<u>542</u>	
Weighted average fair value of stock options granted during the period (NTD)	<u>\$ -</u>		<u>\$ -</u>	

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

	September 30, 2023	December 31, 2022	September 30, 2022
Range of exercise price (NTD)	\$ 34.20	\$ 34.20	\$ 34.20
Weighted average remaining contract duration (years)	-	-	-

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

	<u>December, 2016</u>
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) Treasury stock granted to employees as employees stock options- The Company

On July 29, 2022, the Company granted 960 thousand shares of treasury stock options to employees. A unit may subscribe for one common share. The employees subscribing must be the Group's employees who meet certain criteria. The Black-Scholes valuation model was used for all employee stock options granted and the input values used in the valuation model were as follows

	<u>July 2022</u>
Share price on the grant date	NTD 31.20
Exercise price	NTD 25.66
Expected volatility	30.10%
Expected duration	3 days
Risk-free interest rate	1.4720%

Expected volatility is based on historical stock price volatility over the past 3 years.

In July 2022, the employees of the Company and subsidiaries subscribed 844 thousand and 116 thousand common shares at an exercise price of NTD 25.66 per share, respectively, totaling 960 thousand shares. After deducting transaction costs including securities transaction tax of NTD 70 thousand, a total of NTD 24,560 thousand was recorded. The Company reversed NTD 24,630 thousand of treasury stock and NTD 4,678 thousand of capital surplus-employee stock options and the difference of NTD 4,608 thousand in capital surplus - treasury stock transactions was recognized.

(4) Cash capital increase for employee stock options- The Company

The Company retained part of the new shares issued in cash for employee stock warrants in June, 2023, and the Black-Scholes valuation model was used with the following input variables:

	<u>June 2023</u>
Share price on the grant date	NTD44.2
Exercise price	NTD38.0
Expected volatility	33.87%
Expected duration	28 days
Risk-free interest rate	1.359%

(5) Cash capital increase for employee stock options- The Company- Subsidiary

The Upright Healthcare retained part of the new shares issued in cash for employee stock warrants in June, 2022, and the Black-Scholes valuation model was used with the following input variables:

	<u>June 2022</u>
Share price on the grant date	NTD31.4
Exercise price	NTD30.0
Expected volatility	36.72%
Expected duration	8 days
Risk-free interest rate	1.4747%

The Black-Scholes valuation model was used for all employee stock options granted by Shunli Pharmacy for cash capital increase in August 2022, and the input values used in the valuation model were as follows:

	<u>August 2022</u>
Share price on the grant date	NTD 90.45
Exercise price	NTD 91.78
Expected volatility	39.14%
Expected duration	8 days
Risk-free interest rate	1.4720%

The Black-Scholes valuation model was used for all employee stock options granted by Intech Biopharm for cash capital increase in September 2023, and the input values used in the valuation model were as follows:

	<u>September 2023</u>
Share price on the grant date	NTD28.35
Exercise price	NTD23.00
Expected volatility	45.61%
Expected duration	26 days
Risk-free interest rate	1.6487%

(6) New employee restricted stocks-Subsidiary

Information on the issuance of new shares with employee restricted stocks by Intech Biopharm is as follows:

Unit: Thousand shares

Date of approval by shareholder meeting	Number of shares estimated to be issued	Grant date	Base date for capital increase	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, Intech Biopharm 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 NTD 10 per share, for a total of NTD 13,000 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:

<u>New employee restricted stocks</u>	<u>January 1 to September 30, 2023</u> Unit (thousand shares)	<u>January 1 to September 30, 2022</u> Unit (thousand shares)
In circulation at the beginning of the period	301	296
Issued during the period	-	578
Retired during the period	(38)	(49)
Vested during the period	(263)	(247)
In circulation at the end of the period	<u>-</u>	<u>578</u>

The shareholders' meeting held by Intech Biopharm on May 30, 2023 resolved to issue 1,400 thousand new restricted employee shares free of charge, at a par value of NTD 10 per share, for a total of NTD 14,000 thousand, which were issued in installments over two years depending on the actual needs. The Board shall authorize the Chairman to formulate the same. The above issuance of new restricted employee shares was approved by the Financial Supervisory Commission on August 23, 2023 and took effective. The Board of Directors resolved on September 19, 2023 to issue 490 thousand shares for the first time and authorized the chairman October 11 was the record date for the capital increase.

- (7) The remuneration cost recognized from July 1 to September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022 were NTD 1,113 thousand, NTD 10,113 thousand, NTD 8,701 thousand and NTD 14,359 thousand, respectively.

32. Business merger

(1) Acquisition of subsidiaries

	<u>Main business activities</u>	<u>Acquisition date</u>	<u>Ownership interests with voting rights/Acquisition percentage (%)</u>	<u>Transfer consideration</u>
Shunli Pharmacy	Trading of pharmaceutical products	July 4, 2022	70.00%	<u>\$ 114,472</u>
Amrita Pharma	Trading of pharmaceutical products	January 3, 2023	100.00%	<u>\$ 35,267</u>

The Upright Healthcare Inc. acquired Shunli Pharmacy on July 4, 2022 for vertical integration of the chain of pharmaceutical channels, operated in the end-consumer market.

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

Shunli Pharmacy

Cash	<u>July 4, 2022</u> <u>\$ 114,472</u>
------	--

According to the agreement between both parties, the payment of the transfer consideration is NTD 100,000 thousand on the acquisition date, and the rest is paid in five installments per year, starting from July 2022. As of December 31, 2022 and September 30, 2022, the discounted present value of the unpaid transfer consideration was NTD 14,555 thousand and NTD 14,511 thousand, respectively. Subsequently, the two parties signed a supplemental agreement on May 29, 2023, in which the unpaid balance of the transfer consideration would be paid in one lump sum within 5 days from the signing date of the supplemental agreement.

Amrita Pharma

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

According to the agreement, the consideration for the transfer of Amrita Pharma was paid in installments, where NTD 18,000 thousand of which was paid on the acquisition date, and the remaining payment was made on June 30, 2023.

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

Shunli Pharmacy

	<u>July 4, 2022</u>
Current assets	
Cash and Cash	
Equivalents	\$ 4,140
Accounts receivable and	
other receivables	43,492
Inventory	14,781
Others	1,292
Noncurrent assets	
Property, plant, and	
equipment	7,259
Right-of-use assets	51,365
Intangible assets	47,447
Refundable deposits	2,062
Current liabilities	
Accounts receivable and	
other receivables	(58,018)
Lease liability	(10,128)
Others	(391)
Noncurrent liabilities	
Leasehold liability –	
noncurrent	(<u>41,312</u>)
	<u>\$ 61,989</u>

The Group has adjusted the original accounting treatment and the provisional amount since the acquisition date based on the acquisition price allocation report, and has revised the information for the comparative period.

The relevant adjustment of the balance sheet is as follows:

	September 30, 2022 (adjusted during the measurement period)	Acquisition date (adjusted during the measurement period)
Goodwill	<u>\$ 71,080</u>	<u>\$ 57,667</u>
Intangible assets	<u>\$ 47,447</u>	<u>\$ 66,608</u>

Amrita Pharma

	<u>January 3, 2023</u>
Current assets	
Cash and Cash	
Equivalents	\$ 1,062
Accounts receivable and	
other receivables	5,957
Inventory	715
Others	185

(Continued on next page)

(Continued from previous page)

	<u>January 3, 2023</u>
Noncurrent assets	
Intangible assets	\$ 28,208
Current liabilities	
Accounts receivable and other receivables	(227)
Current tax liabilities	(425)
	<u>\$ 35,475</u>

(4) Non-controlling interests

The non-controlling interest (30% ownership interest) in Shunli Pharmacy was measured at its fair value of NTD 18,597 thousand at the acquisition date by reference to the identifiable net assets of Shunli Pharmac.

(5) Goodwill arising from acquisition

Shunli Pharmacy

Transfer consideration	\$ 114,472
Add: Non-controlling interest (30% ownership interest in Shunli Pharmacy)	18,597
Less: Fair value of identifiable net assets acquired	(61,989)
Goodwill arising from acquisition	<u>\$ 71,080</u>

Goodwill arising from the acquisition of Shunli Pharmacy was mainly due to control premiums. In addition, the consideration paid included the expected consolidated effect of the merger, revenue growth, future market development and the value of the employees acquired from Shunli Pharmacy. However, these benefits are not recognized separately as they do not meet the recognition terms of identifiable intangible assets.

Goodwill arising from the merger is not expected to be deductible for taxes.

(6) Bargain purchase gains arising from acquisitions

Amrita Pharma

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

(7) Net cash outflow from the acquisition of subsidiaries

Shunli Pharmacy

	<u>July 4, 2022</u>
Consideration paid in cash	<u>\$ 115,000</u>
Present value after discount	\$ 114,472
Less: Investment funds payable to Shunli Pharmacy	(14,472)
Less: Cash and cash equivalents acquired	(4,140)
	<u>\$ 95,860</u>

Amrita Pharma

	<u>January 3, 2023</u>
Consideration paid in cash	\$ 35,267
Less: Cash and cash equivalents acquired	(1,062)
	<u>\$ 34,205</u>

(8) Effect of business merger on operating results

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

Shunli Pharmacy

	<u>July 4 to September 30, 2022</u>
Operating revenues	<u>\$ 69,897</u>
Net losses for the period	<u>(\$ 5,258)</u>

If the business merger had occurred at the beginning of the fiscal year in which the acquisition date fell, the Group's pro forma operating revenues for the nine months ended September 30, 2022 would have been NTD 3,201,304 thousand and the pro forma net profits would have been NTD 504,063 thousand. These amounts do not reflect the actual revenues and operating results that would have been generated had the business merger been completed at the beginning of the year in which the acquisition occurred, and should not be used as a basis for projecting future operating results.

In preparing the assumption of the pro forma operating revenues and net income of Shunli Pharmacy 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.

Amrita Pharma

	January 3 to September 30, 2023
Operating revenues	<u>\$ 37,664</u>
Net profits for the period	<u>\$ 2,211</u>

The amortization of aforementioned operating revenue and net profit is calculated at fair value of the intangible assets initially accounted for in the business combination, rather than the carrying amount recognized in the pre-acquisition financial statements.

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 Group'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 Group from 40.68% to 40.63%.

On August 8, 2022, Intech Biopharm issued new employee restricted stocks, of which 263 thousand shares and 278 thousand shares were vested on June 30, 2023 and December 31, 2022, respectively, resulting in the decreases in the Group's shareholding from 40.53% to 40.44% and from 40.63% to 40.53%, respectively.

Purzer Pharmaceutical

During the nine months ended September 30, 2022, the Group acquired 1.04% of the shares of Purzer Pharmaceutical, for NTD 7,253 thousand, resulting in an increase in shareholding from 91.56% to 92.60%.

Upright Healthcare

On June 29, 2022, the Company and Purzer Pharmaceutical subscribed for the cash capital increase of Upright Healthcare Inc. for NTD 188,575 thousand and NTD 21,054 thousand. As it was done so not according to the shareholding ratio, the shareholding ratio of the Company, Purzer Pharmaceutical, and U-Liang Pharmaceutical decreased to 69.17%, 3.03%, and 2.64%, resulting in the Group's shareholding ratio decreased from 77.56% to 74.02%.

Shunli Pharmacy

On September 1, 2022, Upright Healthcare Inc. subscribed for the cash capital increase of Shunli Pharmacy for NTD30,012 thousand. As it was done so not according to the shareholding ratio of Shunli Pharmacy, the shareholding ratio of Upright Healthcare Inc. changed to 67.67%, resulting in the Group's shareholding ratio decreased from 51.81% to 50.09%.

Since the above transactions did not change the Group's control over these subsidiaries, the Group treated them as equity transactions.

34. Cash flow information

(1) Non-cash transactions

Except as disclosed in other notes, the Group made the following non-cash transaction investments and fund-raising activities for the nine months ended September 30, 2023 and 2022.

As of September 30, 2023, December 31, 2022, and September 30, 2022.

1. The Group had not yet paid for the acquisition of property, plant and equipment, amounting to NTD 13,013 thousand, NTD 21,643 thousand, and NTD 29,942 thousand, respectively, which were recorded as other payables.
2. The Group had outstanding payments for the acquisition of equity in subsidiaries, amounting to NTD 0 thousand, NTD 14,555 thousand, and NTD 14,511 thousand, respectively, had not been paid and was recorded as other payables and long-term investment payables.
3. The Group had not yet paid for the financial assets acquired financial assets at fair value through profit or loss, amounting to NTD 2,649 thousand, NTD 5,846 thousand, and NTD 8,758 thousand, respectively, which were recorded as other payables.
4. The Group had not yet paid for the intangible assets acquired, amounting to NTD 31,350 thousand, NTD 14,100 thousand, and NTD 20,100 thousand, respectively, which were recorded as other payables.
5. The Group had not yet collected the proceeds from the disposal of financial assets measured at fair value through profit or loss, amounting to NTD 872 thousand, NTD 0 thousand, and NTD 8,178 thousand, respectively, which were recorded as other payables.
6. The Group's proceeds from the disposal of its investments accounted for using the equity method, amounting to NTD 400 thousand, NTD 0 thousand, and NTD 0 thousand, respectively, and recorded as other receivables.
7. The Group had not yet collected the proceeds from the disposal of financial assets measured at fair value through other comprehensive income, amounting to NTD 0 thousand, NTD 1,222 thousand, and NTD 0 thousand, respectively, which were recorded as other payables.
8. The Group disposed of intangible assets amounting to NTD 0 thousand, NTD 9,200 thousand, and NTD 0 thousand, respectively, which were recorded as other receivables.

(2) Changes in liabilities from financing activities

January 1 to September 30, 2023

	January 1, 2023	Cash flow	Non-cash changes				September 30, 2023
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease	Lease modification	
Short-term borrowings	\$ 504,242	\$ 127,265	\$ -	\$ -	\$ -	\$ -	\$ 631,507
Short-term notes payable	79,838	(50,000)	119	-	-	-	29,957
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,679,377	(1,002,997)	-	-	-	-	1,676,380
Deposits received	904	(299)	-	-	-	-	605
Corporate bonds payable	26,575	-	-	212	-	-	26,787
Lease liability	65,126	(16,715)	-	-	40,480	(1,458)	88,013
	<u>\$ 3,356,062</u>	<u>(\$ 942,746)</u>	<u>\$ 119</u>	<u>\$ 212</u>	<u>\$ 40,480</u>	<u>(\$ 1,458)</u>	<u>\$ 2,453,249</u>

January 1 to September 30, 2022

	January 1, 2022	Cash flow	Non-cash changes				September 30, 2022
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease	Acquisition of subsidiaries	
Short-term borrowings	\$ 604,000	(\$ 40,256)	\$ -	\$ -	\$ -	\$ -	\$ 563,744
Short-term notes payable	159,774	(30,000)	109	-	-	-	129,883
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,658,979	61,599	-	-	-	-	2,720,578
Deposits received	904	-	-	-	-	-	904
Corporate bonds payable	26,428	-	-	212	-	-	26,640
Lease liability	13,498	(9,800)	-	-	16,527	51,440	73,177
	<u>\$ 3,463,583</u>	<u>(\$ 18,457)</u>	<u>\$ 109</u>	<u>\$ 212</u>	<u>\$ 16,527</u>	<u>\$ 51,440</u>	<u>\$ 3,514,926</u>

35. Capital Risk Management

The Group 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 Group'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 Group does not need to comply with any other external capital requirements.

The Group 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 Group'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.

September 30, 2023

Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial assets at amortized cost:				
- Convertible corporate bonds	\$ 26,787	\$ -	\$ 26,320	\$ 26,320

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

September 30, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial assets at amortized cost:					
- Convertible corporate bonds	\$ 26,640	\$ -	\$ -	\$ 25,726	\$ 25,726

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

1. Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Domestic listed stocks	\$ 192,927	\$ -	\$ -	\$ 192,927
- Convertible bond options	-	-	49	49
	<u>\$ 192,927</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 192,976</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic emerging market stocks	\$ -	\$ -	\$ 50,683	\$ 50,683
- Domestic non-listed stocks	-	-	105,454	105,454
- Foreign non-listed stocks	-	-	74	74
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,211</u>	<u>\$ 156,211</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- 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>
<u>Financial assets measured at fair value through other comprehensive income</u>				
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>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- Domestic listed stocks	\$ 105,078	\$ -	\$ -	\$ 105,078
- Convertible bond options	-	-	5	5
	<u>\$ 105,078</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 105,083</u>
<u>Financial assets measured at fair</u>				
<u>value through other</u>				
<u>comprehensive income</u>				
Equity investment				
- Domestic emerging market stocks	\$ -	\$ -	\$ 67,212	\$ 67,212
- Domestic non-listed stocks	-	-	92,623	92,623
- Foreign non-listed stocks	-	-	165	165
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the nine months ended September 30, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

January 1 to September 30, 2023

Financial assets	Financial assets at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Balance, beginning of year	\$ 13	\$ 139,326	\$ 139,339
Recognized in profit or loss (other gains and losses)- Unrealized	36	-	36
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(23,148)	(23,148)
Purchase	-	42,998	42,998
Disposal	-	(2,965)	(2,965)
Balance, end of period	<u>\$ 49</u>	<u>\$ 156,211</u>	<u>\$ 156,260</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>\$ 36</u>	<u>\$ -</u>	<u>\$ 36</u>

January 1 to September 30, 2022

Financial assets (liabilities)	Financial liabilities at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Derivatives - Convertible bond options.	Equity instruments	
Balance, beginning of year	(\$ 86)	\$ 192,413	\$ 192,327
Recognized in profit or loss (other gains and losses)-			
Unrealized	91	-	91
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(13,526)	(13,526)
Disposal	-	(18,887)	(18,887)
Balance, end of period	<u>\$ 5</u>	<u>\$ 160,000</u>	<u>\$ 160,005</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>\$ 91</u>	<u>\$ -</u>	<u>\$ 91</u>

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	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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at fair values through profit or loss			
Measured at fair value through income under compulsion	\$ 192,976	\$ 20,108	\$ 105,083
Financial assets at amortized cost (Note 1)	2,224,212	2,570,125	2,407,290

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets measured at fair value through other comprehensive income			
Equity investment	156,211	139,326	160,000

Financial liabilities

Measured at amortize cost (Note 2)	2,979,647	3,902,946	4,059,883
------------------------------------	-----------	-----------	-----------

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 were composed of financial liabilities measured at amortized cost, including short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings - current, bonds payable with put options expiring within one year, long-term borrowings, bonds payable, deposits received (under other current liabilities and other non-current liabilities), and long-term investment payables (under other non-current liabilities).

(4) Purpose and policy of financial risk management

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, corporate bonds payable and borrowings. The Group'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 Group'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 Group 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 Group's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

The Group's foreign currency transactions are subject to exchange rate risk due to fluctuations in market rates. For the management of exchange rate risk, the Group 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 Group's principal currencies of exposure are Renminbi, U.S. dollars and Hong Kong dollars and it is therefore expected to be exposed to exchange rate fluctuations.

The carrying amounts of the Group'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 Group 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 September 30, 2023	January 1 to September 30, 2022
Gain or loss	\$ 160	\$ 154

	Impact of USD	
	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain or loss	\$ 425	\$ 449

	Impact of HKD	
	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain or loss	\$ 395	\$ 266

The effect of the above gain or loss mainly arises from the Group'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 Group became more sensitive to the exchange rates of HKD during this period, due to the increase in receivables denominated in HKD.

(2) Interest rate risk

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

	September 30, 2023	December 31, 2022	September 30, 2022
With fair value			
interest rate risk			
– Financial assets	\$ 204,483	\$ 377,483	\$ 577,483
– Financial liabilities	144,757	171,539	244,211
With cash flow			
interest rate risk			
– Financial assets	862,759	1,046,615	818,103
– Financial liabilities	2,307,887	3,183,619	3,284,322

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 Group's net profits before tax would have decreased/increased by NTD 10,838 thousand and NTD 18,497 thousand during the nine months ended September 30, 2023 and 2022, mainly due to the Group's bank deposits and borrowings at floating rates exposed to the risk of interest rate changes.

The decrease in the Group's sensitivity to interest rates was mainly due to the decrease in long-term borrowings.

(3) Other price risks

The Group 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 NTD 1,930 thousand and NTD 1,051 thousand during the nine months ended September 30, 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 NTD 1,562 thousand and NTD 1,600 thousand during said periods, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

The Group's sensitivity to price risk on financial assets at fair value through profit or loss increased for the period, mainly due to the increase in investments in equity securities.

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 Group'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 Group'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 Group does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

3. Liquidity Risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Group'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 Group. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group 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 Group can be required to make repayment. Therefore, bank borrowings that the Group 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.

September 30, 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	\$ 602,739	\$ 11,947	\$ 330	\$ -
Lease liability	6,483	19,566	61,079	4,670
Floating rate instruments	569,909	460,546	1,348,305	53,881
Fixed rate instruments	<u>30,135</u>	<u>27,135</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,209,266</u>	<u>\$ 519,194</u>	<u>\$ 1,409,714</u>	<u>\$ 58,551</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	\$ 26,049	\$ 61,079	\$ 4,670	\$ -	\$ -	\$ -
Floating rate instruments	<u>1,030,455</u>	<u>1,348,305</u>	<u>53,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,056,504</u>	<u>\$1,409,384</u>	<u>\$ 58,551</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>

September 30, 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	\$ 536,783	\$ 66,840	\$ 904	\$ -
Lease liability	5,597	14,851	47,844	8,397
Floating rate instruments	313,270	607,543	2,375,295	143,491
Fixed rate instruments	<u>130,135</u>	<u>3,000</u>	<u>39,135</u>	<u>-</u>
	<u>\$ 985,785</u>	<u>\$ 692,234</u>	<u>\$ 2,463,178</u>	<u>\$ 151,888</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	\$ 20,448	\$ 47,844	\$ 8,397	\$ -	\$ -	\$ -
Floating rate instruments	<u>920,813</u>	<u>2,375,295</u>	<u>143,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 941,261</u>	<u>\$ 2,423,139</u>	<u>\$ 151,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowing facilities			
- Borrowing facilities used	\$ 71,000	\$ 175,000	\$ 365,000
- Borrowing facilities unused	<u>1,195,000</u>	<u>1,153,000</u>	<u>743,000</u>
	<u>\$ 1,266,000</u>	<u>\$ 1,328,000</u>	<u>\$ 1,108,000</u>
Secured bank borrowing facilities			
- Borrowing facilities used	\$ 2,266,887	\$ 3,088,619	\$ 3,049,322
- Borrowing facilities unused	<u>1,701,038</u>	<u>505,907</u>	<u>267,347</u>
	<u>\$ 3,967,925</u>	<u>\$ 3,594,526</u>	<u>\$ 3,316,669</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 Group 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 Group</u>
InnoPharmax Inc.	Affiliate

(2) Operating revenues

Account in the book	Type and name of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Service revenues	Affiliate	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ -</u>
Sales revenues	Affiliate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ -</u>

The prices of the Group's products to related parties and non-related parties are determined by bargaining. For the nine months ended September 30, 2023, the terms of collection were 60 days from the monthly cut-off day for related parties and were 30 to 270 days from the monthly cut-off day for non-related parties.

(3) Purchase

Type and name of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Affiliate	\$ -	\$ 6,119	\$ 28,557	\$ 20,806

The Group does not purchase from other companies the items that the Company purchases from related parties, so it is not possible to compare purchase prices. For the nine months ended September 30, 2023 and 2022, the payment terms for related parties were 60 days from monthly cut-off day and for non-related parties, the payment terms were 30 to 150 days from monthly cut-off day.

(4) Receivables from related parties

Account in the book	Type and name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Affiliate	\$ 1,604	\$ 156	\$ -
Other receivables	Affiliate	\$ 436	\$ 915	\$ 101

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 nine months ended September 30, 2023 and 2022.

(5) Payables to related parties

Account in the book	Type and name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Affiliate	\$ -	\$ -	\$ 176

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

(6) Remuneration for key management

Total remuneration for directors and other key management is as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 8,240	\$ 7,958	\$ 28,501	\$ 29,551
Share-based payment	-	2,550	-	2,550
Post-employment benefits	209	289	728	880
	<u>\$ 8,449</u>	<u>\$ 10,797</u>	<u>\$ 29,229</u>	<u>\$ 32,981</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.

	September 30, 2023	December 31, 2022	September 30, 2022
Other financial assets			
Demand deposits	\$ 6,225	\$ 1,575	\$ 2,700
Land	3,558,619	3,558,240	3,558,240
Houses and buildings	1,046,226	1,087,265	1,103,701
Uncompleted construction and equipment pending inspection	-	95	1,450
Investment property	368,996	369,916	370,236
	<u>\$ 4,980,066</u>	<u>\$ 5,017,091</u>	<u>\$ 5,036,327</u>

39. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as stated in other notes, as of September 30, 2023, December 31, 2022, and September 30, 2022, the Group's significant commitments are as follows:

- (1) The contractual commitments related to the suppliers commissioned to engage in drug clinical trials amounted to NTD 108,655 thousand, NTD 128,511 thousand, and NTD 112,565 thousand.
- (2) The contractual commitments related to the purchases of property, plant and equipment amounted to NTD 73,050 thousand, NTD 28,544 thousand, and NTD 27,133 thousand, respectively.
- (3) The contractual commitments related to the acquisition of product distribution licenses and drug approvals amounted to NTD 27,196 thousand, NTD 83,159 thousand, and NTD 29,936 thousand, respectively.
- (4) The unused letters of credit for the purchases of goods are NTD 21,693 thousand, NTD 19,067 thousand, and NTD 14,755 thousand, respectively.
- (5) The commitments arising from the purchase contract amounted to NTD 76,464 thousand, NTD 15,137 thousand, and NTD 25,570 thousand, respectively.
- (6) The sales right in Taiwan and the right to use the trademark obtained from the signing of the drug licensing agreement are US\$400 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 Group; 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:

September 30, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,261	32.2700 (USD: NTD)	\$ 40,695
USD	27	7.8268 (USD: HKD)	859
USD	91	1.3714 (USD: SGD)	2,939
HKD	12,400	4.1230 (HKD: NTD)	51,110
HKD	3,165	1.0460 (HKD: MOP)	13,049
HKD	3	0.1278 (HKD: USD)	11
RMB	3,555	4.4946 (RMB: NTD)	15,978
RMB	2	0.1393 (USD: RMB)	7

Financial liabilities

<u>Monetary items</u>			
USD	61	32.2700 (USD: NTD)	1,977
HKD	5,987	1.0460 (HKD: MOP)	24,683

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

September 30, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 3,446	4.4720 (RMB: NTD)	\$ 15,412
RMB	2	0.1408 (RMB: USD)	7
USD	1,555	31.7500 (USD: NTD)	49,366
USD	32	7.8511 (USD: HKD)	1,018
USD	157	1.4295 (USD: SGD)	5,198
HKD	4,633	4.0440 (HKD: NTD)	18,737
HKD	3	0.1274 (HKD: USD)	11
HKD	2,179	1.0454 (HKD: MOP)	8,811
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	277	31.7500 (USD: NTD)	8,786
USD	60	1.4295 (USD: SGD)	1,915
HKD	240	1.0454 (HKD: MOP)	971

The Group 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	July 1 to September 30, 2023		July 1 to September 30, 2022	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
USD	31.6843 (USD: NTD)	\$ 3	30.4043 (USD: NTD)	\$ -
NTD	1.0000 (NTD: NTD)	5,727	1.0000 (NTD: NTD)	3,828
HKD	4.0497 (HKD: NTD)	(14)	3.8737 (HKD: NTD)	1
MOP	3.8721 (MOP: NTD)	(111)	3.7021 (MOP: NTD)	(48)
RMB	4.4171 (RMB: NTD)	4	4.3811 (RMB: NTD)	-
SGD	23.4833 (SGD: NTD)	59	21.7533 (SGD: NTD)	402
		<u>\$ 5,668</u>		<u>\$ 4,183</u>

Functional currency	January 1 to September 30, 2023		January 1 to September 30, 2022	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
USD	30.9281 (USD: NTD)	\$ 7	29.2846 (USD: NTD)	\$ 11
NTD	1.0000 (NTD: NTD)	7,946	1.0000 (NTD: NTD)	9,898
HKD	3.9480 (HKD: NTD)	3	3.7377 (HKD: NTD)	34
MOP	3.7769 (MOP: NTD)	(210)	3.5788 (MOP: NTD)	(138)
RMB	4.4134 (RMB: NTD)	2	4.3915 (RMB: NTD)	-
SGD	23.0767 (SGD: NTD)	78	21.2856 (SGD: NTD)	402
		<u>\$ 7,826</u>		<u>\$ 10,207</u>

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 NTD 300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Exhibit 3.
8. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Exhibit 4.
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 5.

(2) Information on Investees: Exhibit 6.

(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 7.
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: Exhibit 7.
 - (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 8.

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 Group 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 Group 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 Group based on the analysis of reporting segments are as follows:

	Active Pharmaceutical Ingredients segment	Generic Drugs segment	Total
<u>January 1 to September 30, 2023</u>			
Revenues from external customers	\$ 119,376	\$ 3,683,665	\$ 3,803,041
Inter-segment revenues	<u>124,854</u>	<u>-</u>	<u>124,854</u>
Segment revenues	<u>\$ 244,230</u>	<u>\$ 3,683,665</u>	3,927,895
Inter-segment elimination			(<u>124,854</u>)
Consolidated revenues			<u>\$ 3,803,041</u>
Segment profits or losses	(<u>\$ 136,763</u>)	<u>\$ 618,211</u>	\$ 481,448
Interest income			6,562
Other income			12,230
Other profits and losses			32,881
Remuneration for key management			(29,229)
Financial costs			(52,761)
Expected credit impairment losses			(860)
Bargain purchase gains			208
Shares of profits or losses of affiliates accounted for using the equity method			(<u>6,745</u>)
Net profit before taxation			<u>\$ 443,734</u>

(Continued on next page)

(Continued from previous page)

	Active Pharmaceutical Ingredients segment	Generic Drugs segment	Total
<u>January 1 to September 30, 2022</u>			
Revenues from external customers	\$ 101,338	\$ 3,028,618	\$ 3,129,956
Inter-segment revenues	<u>53,099</u>	<u>-</u>	<u>53,099</u>
Segment revenues	<u>\$ 154,437</u>	<u>\$ 3,028,618</u>	3,183,055
Inter-segment elimination			(<u>53,099</u>)
Consolidated revenues			<u>\$ 3,129,956</u>
Segment profits or losses	(<u>\$ 70,813</u>)	<u>\$ 402,113</u>	\$ 331,300
Interest income			2,021
Other income			12,450
Other profits and losses			321,620
Remuneration for key management			(32,981)
Financial costs			(42,213)
Expected credit impairment losses			(860)
Shares of profits or losses of affiliates accounted for using the equity method			(<u>11,888</u>)
Net profit before taxation			<u>\$ 579,449</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, bargain purchase gain 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 Group'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
For the nine months ended September 30, 2023

Exhibit 1

(Unit: Thousands of NTD)

	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	—	-	\$ 192,249	\$ 192,249	-

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
September 30, 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	572	0.04%	572	—	
	Advagene Biopharma Co., Ltd.	The Company is a director of that entity	"	2,236,113	50,111	4.53%	50,111	—	
	Win Coat Corporation	-	"	1,200,000	28,452	3.33%	28,452	—	
	Corporate bonds								
	Intech's private placement – convertible bonds	Subsidiary	Financial assets at fair value through profit or loss	1,700 (sheet)	279,718	-	279,718	—	
Purzer Pharmaceutical Co., Ltd.	Stock								
	China Chemical & Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	454,000	10,442	0.15%	10,442	—	
	Sinphar Pharmaceutical Co., Ltd.	-	"	5,174,000	166,344	3.08%	166,344	—	
	Mega Financial Holding Company Limited	-	"	10,080	380	-	380	—	
	Cvc Technologies Inc.	-	"	20,000	580	0.04%	580	—	
	Genovate Biotechnology Co., LTD.	-	"	35,000	924	0.03%	924	—	
	GlycoNex Incorporation	-	"	5,000	138	-	138	—	
	Formosa Plastics Corp	-	"	2,000	160	-	160	—	
	Nan Ya Plastics Corporation	-	"	111,000	7,393	-	7,393	—	
	China Development Financial Holding Corporation	-	"	130,000	1,534	-	1,534	—	
	Lotus Pharmaceutical Co., Ltd.	-	"	8,000	1,908	-	1,908	—	
	Orient Europharma Co., Ltd.	-	"	67,000	2,861	0.08%	2,861	—	
	Chi Sheng Pharma & Biotech Co., Ltd.	-	"	10,000	258	0.02%	258	—	
	TheVax Genetics Vaccine Co., Ltd.	-		Financial assets measured at fair value through other comprehensive income	8,397,482	1,098	8.16%	1,098	—
	Reber Genetics Co., Ltd.	-	"	"	1,067,112	3,276	2.14%	3,276	—
	Min-Sheng Asset Management Co., Ltd.	-	"	"	3,322,864	23,792	5.29%	23,792	—
Min-Sheng Medical Control Co., Ltd.	-	"	"	7,845,823	44,094	5.40%	44,094	—	

(Continued on next page)

(Continued from previous page)

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.	Asiacord Biotech (BVI) Company Limited	-	"	16,659,585	\$ 74	19.55%	\$ 74	-
	Upright Healthcare Inc.	Fellow subsidiary	"	701,790	20,219	3.03%	20,219	-
	Win Coat Corporation	-	"	200,000	4,742	0.55%	4,742	-
	Stock							
	Synmosa Biopharma Corporation	Parent company	Financial assets at fair value through profit or loss	3,628,435	137,699	0.90%	137,699	-
	Upright Healthcare Inc.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income	613,207	17,666	2.64%	17,666	-
	Corporate bonds							
Intech's private placement – convertible bonds	Fellow subsidiary	Financial assets at fair value through profit or loss	530 (sheet)	87,206	-	87,206	-	

Note 1: For information on investee subsidiaries and affiliates, please refer to Exhibit 6 and 7.

Synmosa Biopharma Corporation and subsidiaries
Purchase or sale of goods with related parties amounting to at least NTD100 million or 20% of the paid-in capital
For the nine months ended September 30, 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	Percentage of total notes receivable (payable) and accounts payable (%)	
Synmosa Biopharma Corporation	U-Liang Pharmaceutical Co., Ltd.	Parent-subsiary	Purchase	\$ 370,161	21.20%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(\$ 122,978)	25.94%	-
Synmosa Biopharma Corporation	Upright Healthcare Inc.	Parent-subsiary	Sales	(260,397)	(8.61%)	60 days from monthly cut-off day	No identical items	30 days ~ 270 days from monthly cut-off day	48,104	5.21%	-
Synmosa Biopharma Corporation	Purzer Pharmaceutical Co., Ltd.	Parent-subsiary	Purchase	135,083	7.74%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(35,811)	7.55%	-
Upright Healthcare Inc.	Synmosa Biopharma Corporation	Parent-subsiary	Purchase	262,937	60.90%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(49,491)	56.19%	-
U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	Parent-subsiary	Sales	(361,965)	(74.92%)	60 days from monthly cut-off day	No identical items	30 days ~ 270 days from monthly cut-off day	123,465	76.62%	-
Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	Parent-subsiary	Sales	(135,083)	(71.75%)	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	35,811	78.08%	-

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

Synmosa Biopharma Corporation and subsidiaries
 Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital
 September 30, 2023

Exhibit 4

(Unit: Thousands of NTD)

Companies with accounts receivable	Counterparty name	Relationship	Balance of receivables from related parties	Turnover rate (Times/year)	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Amount of allowance for losses
					Amount	Processing method		
U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	Parent-subsiary	\$ 123,465	4.25	\$ -	—	\$ 62,325	\$ -

Synmosa Biopharma Corporation and subsidiaries
Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.
For the nine months ended September 30, 2023

Exhibit 5

(Unit: Thousands of NTD)

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			Percentage of total consolidated revenues or total assets (Note 4)
				Account (Note 6)	Amount (Note 6)	Trading terms (Note 3)	
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Financial assets at fair value through profit or loss	\$ 279,718	-	2%
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Right-of-use assets	15,477	-	-
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Sales revenues	12,372	30 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Accounts receivable	45,975	270 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Sales revenues	60,255	270 days from monthly cut-off day	2%
0	Synmosa Biopharma Corporation	Synbest International Co., Ltd.	1	Investment accounted for using the equity method	15,000	Cash capital increase	-
0	Synmosa Biopharma Corporation	Purzer Pharmaceutical Co., Ltd.	1	Sales revenues	22,997	60 days from monthly cut-off day	1%
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Accounts receivable	48,104	60 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Sales revenues	260,397	60 days from monthly cut-off day	7%
1	Intech Biopharm Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	19,681	30 days from monthly cut-off day	1%
1	Intech Biopharm Ltd.	Synmosa Biopharma Corporation	2	Corporate bonds payable	168,660	-	1%
1	Intech Biopharm Ltd.	U-Liang Pharmaceutical Co., Ltd.	3	Corporate bonds payable	52,583	-	-
2	Health Chemical Pharmaceutical Co.	Synmosa Biopharma Corporation	2	Sales revenues	75,200	60 days from monthly cut-off day	2%
2	Health Chemical Pharmaceutical Co.	Synmosa Biopharma Corporation	2	Accounts receivable	10,500	60 days from monthly cut-off day	-
2	Health Chemical Pharmaceutical Co.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	31,938	60 days from monthly cut-off day	1%
2	Health Chemical Pharmaceutical Co.	Purzer Pharmaceutical Co., Ltd.	3	Accounts receivable	13,251	60 days from monthly cut-off day	-
2	Health Chemical Pharmaceutical Co.	Upright Healthcare Inc.	3	Sales revenues	20,013	60 days from monthly cut-off day	1%
3	Synbest International Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	15,166	60 days from monthly cut-off day	-
3	Synbest International Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	66,579	60 days from monthly cut-off day	2%
3	Synbest International Co., Ltd.	Seven Star Pharmaceutical Co., Ltd.	3	Sales revenues	10,989	60 days from monthly cut-off day	-
3	Synbest International Co., Ltd.	U-Liang Pharmaceutical Co., Ltd.	3	Sales revenues	13,801	30 days from monthly cut-off day	-
3	Synbest International Co., Ltd.	Amrita Pharma Corporation	3	Investment accounted for using the equity method	25,000	Cash capital increase	-
4	Seven Star Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	15,912	60 days from monthly cut-off day	-
4	Seven Star Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	25,649	60 days from monthly cut-off day	1%
5	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	35,811	60 days from monthly cut-off day	-
5	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	135,083	60 days from monthly cut-off day	4%
5	Purzer Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	3	Sales revenues	26,594	60 days from monthly cut-off day	1%
6	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	123,465	60 days from monthly cut-off day	1%
6	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	361,965	60 days from monthly cut-off day	10%

(Continued on next page)

(Continued from previous page)

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account (Note 6)	Amount (Note 6)	Trading terms (Note 3)	Percentage of total consolidated revenues or total assets (Note 4)
6	U-Liang Pharmaceutical Co., Ltd.	Intech Biopharm Ltd.	3	Financial assets at fair value through profit or loss	\$ 87,206	-	1%
6	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Accounts receivable	30,112	60 days from monthly cut-off day	-
6	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	81,107	60 days from monthly cut-off day	2%
6	U-Liang Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	3	Sales revenues	17,268	60 days from monthly cut-off day	-
7	Synmosa Biopharma (HK) Corporation	CHIEN YU TRADING LIMITED	3	Accounts receivable	29,729	60 days from monthly cut-off day	-
7	Synmosa Biopharma (HK) Corporation	CHIEN YU TRADING LIMITED	3	Sales revenues	21,774	60 days from monthly cut-off day	1%

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, second and third quarters.

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., 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., Upright Healthcare Inc., U-Liang Pharmaceutical Co., Ltd. are mainly in the manufacturing and trading of pharmaceutical products business.

Note 8: Only important transactions exceeding NTD 10,000 thousand are listed in this table.

Synmosa Biopharma Corporation and subsidiaries
Information on the investee, location, etc.
For the nine months ended September 30, 2023

Exhibit 6

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 (Note 1)	Remarks	
				End of the period	End of previous period	Quantity	Percentage (%)	Carrying amount (Note 1)				
Synmosa Biopharma Corporation	Achiever International Co., Ltd InnoPharmax Inc.	Samoa Taipei	Investment Holdings Biotechnology Services	\$ 338,645	\$ 338,645	11,007,677	100.00%	\$ 114,334	\$ 5,083	\$ 5,083	Subsidiary Investment accounted for using the equity method	
				234,088	247,914	12,874,773	13.58%	82,307	(35,154)	(6,745)		(Note 2)
		Intech Biopharm Ltd.	Taipei	Biotechnology Services	791,910	791,910	47,284,248	40.44%	209,710	(239,792)	(78,207)	Subsidiary
		U-Liang Pharmaceutical Co., Ltd.	Taipei	Manufacturing and trading of pharmaceutical products	783,950	783,950	31,434,789	77.54%	980,679	45,682	31,944	Subsidiary
		Health Chemical Pharmaceutical Co.	Taichung	Manufacturing and trading of pharmaceutical products	225,550	225,550	6,378,479	100.00%	156,020	7,290	4,743	Subsidiary
		Seven Star Pharmaceutical Co., Ltd.	New Taipei City	Manufacturing and trading of pharmaceutical products	858,623	858,623	424,155	77.83%	871,203	(28,838)	(22,446)	Subsidiary
		Synbest International Co., Ltd.	Taipei	Trading of pharmaceutical products	115,000	100,000	11,500,000	100.00%	137,674	9,892	9,892	Subsidiary
		CHIEN YU TRADING LIMITED	Macao	Trading of pharmaceutical products	10,658	10,658	-	100.00%	14,454	4,701	4,701	Subsidiary
		Purzer Pharmaceutical Co., Ltd.	Taipei	Trading of pharmaceutical products	521,521	521,521	51,812,487	92.60%	529,039	23,464	24,481	Subsidiary
		Upright Healthcare Inc.	Taipei	Manufacturing and trading of pharmaceutical products	286,126	286,126	16,040,970	69.17%	196,970	28,537	19,737	Subsidiary
	SYNMOSA BIOPHARMA PTE. LTD.	Singapore	Trading of pharmaceutical products	15,502	15,502	750,000	100.00%	5,043	(3,461)	(3,461)	Subsidiary	
U-Liang Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	Taipei	Manufacturing and trading of pharmaceutical products	6,132	6,132	613,207	2.64%	7,872	28,537	755	Subsidiary	
Purzer Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	Taipei	Manufacturing and trading of pharmaceutical products	21,054	21,054	701,790	3.03%	9,008	28,537	864	Subsidiary	
Upright Healthcare Inc.	Shunli Pharmacy	New Taipei City	Trading of pharmaceutical products	144,484	144,484	1,580,000	67.67%	146,377	(3,840)	(2,595)	Sub-subsidiar y	
Synbest International Co., Ltd.	Amrita Pharma Corporation	Taipei	Trading of pharmaceutical products	60,267	-	2,800,000	100.00%	62,686	2,210	2,210	Sub-subsidiar y	
Achiever International Co., Ltd	Synmosa Biopharma (HK) Corporation	Hong Kong	Trading of pharmaceutical products	79,056	79,056	-	100.00%	78,684	4,916	4,916	Sub-subsidiar y	
				USD 2,577	USD 2,577	-		USD 2,438	USD 159	USD 159	(Note 5)	
	Hitpharm Pharmaceutical Company Limited	Hong Kong	Trading of pharmaceutical products	32,885	32,885	-	100.00%	34,454	(144)	(144)	Sub-subsidiar y	
				USD 1,090	USD 1,090			USD 1,068	(USD 5)	(USD 5)	(Note 5)	

Note 1: Except for the investments accounted for under equity method, the above amounts have been consolidated and eliminated when the consolidated statements were prepared.

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 7 for information on investees in mainland China.

Synmosa Biopharma Corporation and subsidiaries
Information on investment in mainland China
For the nine months ended September 30, 2023

Exhibit 7

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 (Note 2)	Carrying amount of investments at the end of the period (Note 2)	Investment income remitted back as of the end of the period	Remarks
					Outward remittance	Recover							
Forview (Guangzhou) Consulting Co., Ltd. (Note 3)	Product information consulting, planning and related market research	\$ -	-	\$ 2,041 (USD 61)	\$ -	\$ -	NT\$ 2,041 (USD 61)	\$ -	-	\$ -	\$ -	\$ -	
Ningbo Youhe Pharmaceutical Co., Ltd. (Note 3)	Trading of pharmaceutical products	-	-	\$ 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))	\$ 2,434 (USD 80)	-	-	NT\$ 2,434 (USD 80)	(156)	100%	(156)	1,349	-	

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)

Note 2: Calculated based on the investee's financial statements for the same period reviewed by auditors of the parent company in Taiwan and the shareholding of the parent company in Taiwan.

Note 3: The company has been liquidated or disposed of, but the credit limit has not been canceled by the Investment Commission, MOEA.

Note 4: Consolidated and eliminated at the time of preparation of the consolidated financial statements.

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)	\$ 4,612,816

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
September 30, 2023

Exhibit 8

Information on major shareholders	Shares	
	Shareholding	Shareholding percentage
FORMOSA TIME PHARMACEUTICAL CO., LTD.	25,813,430	6.43%

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.