

**MEDIGEN BIOTECHNOLOGY
CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Medigen Biotechnology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Medigen Biotechnology Corp. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

On December 31, 2022, the Company's subsidiaries, Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD., were the Group's primary operating entities, which were shown as investments accounted for using equity method. Refer to Note 6(5) for details. As the subsidiaries' financial status and financial performance had significant impact on the Company's parent company only financial statements, these subsidiaries' key audit matters, including impairment assessment on property, plant and equipment, right-of-use assets and intangible assets, assessment of loss allowance for inventory decline and the existence of sales revenue from major customers, were also included as key audit matters of the Company.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Realisability assessment of deferred income tax assets

Description

Refer to Note 4(20) for accounting policies on income taxes, Note 5(2) for accounting estimates and assumptions of deferred income tax assets, and Note 6(24) for details of significant accounting items of deferred income tax assets.

As of December 31, 2022, the Company had deferred income tax assets generated from the tax credit and loss carry forwards applicable for Act for the Development of Biotech and Pharmaceutical Industry in the amount of NT\$308,614 thousand.

The Company assesses the realisability of deferred income tax assets by using expected future sales revenue growth rate, gross profit rate, usable tax credit and other assumptions. As these assumptions contain a high degree of uncertainty and involves management's significant accounting judgement and estimates, we considered the realisability assessment of deferred income tax a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding on management's estimation procedures and basis of the Company's financial forecast of future operations.
2. Discussed financial forecast of future operations with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by management, and whether the usable tax credit was met with related regulations, and examined the accuracy of tax credit amount.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Description

Refer to Note 4(15) for accounting policies on non-financial assets impairment, Note 5(2) for accounting estimates and assumptions of impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Notes 6(6) and 6(7) for details of property, plant and equipment and right-of-use assets, and Note 6(8) for details of intangible assets.

The Company and Medigen Vaccine Biologics Corporation assesses the recoverable amount using value in use. As the assessment of cash-generating units involves management's subjective judgement, including the estimation of future cash flows and discount rate, the aforementioned assumptions contain a high degree of uncertainty, and the estimated results have a significant impact on the valuation of value in use, we considered the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the reasonableness of the Company's and Medigen Vaccine Biologics Corporation's future cash flows estimation procedures.
2. Discussed financial forecast of future operations with management, and compared with historical results for the reasonableness.
3. Reviewed the reasonableness of sales revenue growth rate, gross profit rate and other significant assumptions used by management, as well as the parameters of discount rate used, including the reasonableness of the risk-free rate for cost of equity capital, industry risk coefficient and the rate of return of similar assets in the market.

Investments accounted for using equity method - the existence of WINSTON MEDICAL SUPPLY CO., LTD.'s sales revenue from major customer

Description

WINSTON MEDICAL SUPPLY CO., LTD. is engaged in the sales of generic drug and aesthetic medicine products, and has a large number of customers including hospitals, clinics, pharmacies, medicine companies and channel vendors in the country. As the revenue from major customers for the current year comprised a significant portion of the consolidated operating revenue of WINSTON MEDICAL SUPPLY CO., LTD. and revenue has a high inherent risk in nature, we considered the existence of sales revenue from major customers a key audit matter.

How our audit addressed the matter

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

1. Understood, assessed and performed sampling test on the consistency and effectiveness of internal controls over sales revenue recognition from major customers, including inspecting customers' credit data, controls of credit facility, basis of sales revenue recognition and collection procedures.
2. Obtained the basic information of sales revenue from major customers, including the representative and major shareholders, established address, capital amount, primary operating items, and confirmed the reality of major customers and the reasonableness of transactions.
3. Obtained details of revenue from major customers in the current year, performed sampling test on related contracts, orders, delivery documents, invoice and collections, etc. in order to confirm whether the transactions indeed occurred.

4. Performed sampling test and examined whether the subsequent sales returns and discounts and subsequent collection were abnormal.

Investments accounted for using equity method - assessment of allowance for inventory valuation losses of Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD.

Description

Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD. is primarily engaged in the manufacture and sales of vaccines, generic drugs and aesthetic medicine products. Such inventories are subject to normal depletion, obsolescence or lack of market value, thus there is a risk of inventory valuation loss or obsolescence. Inventories are measured at the lower of cost and net realisable value. The net realisable value is identified using the item by item approach. Taking into consideration that the amounts of inventory and allowance for inventory valuation loss have a significant impact on the financial statements of Medigen Vaccine Biologics Corporation and WINSTON MEDICAL SUPPLY CO., LTD. and the determination of net realisable value at the balance sheet date is subject to management's judgement and estimation, we considered the assessment of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Medigen Vaccine Biologics Corporation's and WINSTON MEDICAL SUPPLY CO., LTD.'s operations and industry nature and assessed the provision policy on allowance for inventory valuation loss.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the accuracy of inventory age attribution to ensure the consistency in the report statement information and its policies.
4. Tested the report statement used in the inventory valuation and assessed the adequacy of allowance for inventory valuation loss.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Juanlu, Man-Yu

Lin, Ya-Hui

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 30, 2023

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

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

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 418,967	14	\$ 553,132	18
1110	Financial assets at fair value through profit or loss - current	6(2)	1,232	-	502	-
1140	Current contract assets	6(17) and 7	8,638	-	8,638	-
1170	Accounts receivable, net	6(3)	424	-	4,861	-
1180	Accounts receivable due from related parties, net	7	1,356	-	1,937	-
1220	Current income tax assets		4,673	-	4	-
130X	Inventory	6(4)	9,638	1	15,824	1
1470	Other current assets	7 and 8	47,613	2	70,295	2
11XX	Total current assets		<u>492,541</u>	<u>17</u>	<u>655,193</u>	<u>21</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5) and 8	1,511,674	51	1,493,554	48
1600	Property, plant and equipment	6(6) and 8	434,939	15	447,587	14
1755	Right-of-use assets	6(7)	2,993	-	5,433	-
1780	Intangible assets	6(8)	2,948	-	9,102	-
1840	Deferred income tax assets	6(24)	474,230	16	516,796	17
1900	Other non-current assets	7	41,842	1	10,708	-
15XX	Total non-current assets		<u>2,468,626</u>	<u>83</u>	<u>2,483,180</u>	<u>79</u>
1XXX	Total assets		<u>\$ 2,961,167</u>	<u>100</u>	<u>\$ 3,138,373</u>	<u>100</u>

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 268,000	9	\$ 240,000	8
2130	Current contract liabilities	6(17) and 7	26,385	1	26,385	1
2150	Notes payable		815	-	3,767	-
2170	Accounts payable		149	-	4	-
2200	Other payables		43,733	1	25,337	1
2230	Current tax liabilities		-	-	4,958	-
2320	Long-term liabilities, current portion	6(10) and 8	21,100	1	13,301	-
2399	Other current liabilities		1,348	-	727	-
21XX	Total current liabilities		<u>361,530</u>	<u>12</u>	<u>314,479</u>	<u>10</u>
Non-current liabilities						
2540	Long-term borrowings	6(10) and 8	401,188	14	412,892	13
2560	Current tax liabilities-non-current		-	-	8,924	1
2570	Deferred income tax liabilities	6(24)	665	-	487	-
2580	Non-current lease liabilities		3,026	-	5,480	-
2640	Net defined benenit liability, non-current	6(11)	731	-	1,723	-
25XX	Total non-current liabilities		<u>405,610</u>	<u>14</u>	<u>429,506</u>	<u>14</u>
2XXX	Total liabilities		<u>767,140</u>	<u>26</u>	<u>743,985</u>	<u>24</u>
Equity						
Share capital		6(13)				
3110	Common stock		1,394,463	47	1,393,625	44
3140	Advance receipts for share capital		-	-	225	-
Capital surplus		6(5)(12)(14)				
3200	Capital surplus		1,561,666	53	1,108,539	35
Accumulated deficit		6(15)				
3350	Accumulated deficit		(727,979)	(25)	(52,817)	(2)
Other equity interest		6(16)				
3400	Other equity interest		(34,123)	(1)	(55,184)	(1)
3XXX	Total equity		<u>2,194,027</u>	<u>74</u>	<u>2,394,388</u>	<u>76</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 2,961,167</u>	<u>100</u>	<u>\$ 3,138,373</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for loss per share in New Taiwan dollars)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(17) and 7	\$ 30,655	100	\$ 36,312	100
5000	Operating costs	6(4) and 7	(42,371)	(138)	(62,594)	(172)
5900	Net operating margin		(11,716)	(38)	(26,282)	(72)
5920	Realized profit from sales	6(5)	3,039	10	3,039	8
5950	Net operating margin		(8,677)	(28)	(23,243)	(64)
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(760)	(2)	(2,791)	(8)
6200	General and administrative expenses		(70,356)	(230)	(69,599)	(192)
6300	Research and development expenses		(160,164)	(522)	(171,155)	(471)
6450	Impairment loss determined in accordance with IFRS 9		(151)	(1)	-	-
6000	Total operating expenses		(231,431)	(755)	(243,545)	(671)
6900	Operating loss		(240,108)	(783)	(266,788)	(735)
	Non-operating income and expenses					
7100	Interest income	6(18)	605	2	139	-
7010	Other income	6(19)	1,725	6	5,469	15
7020	Other gains and losses	6(20)	(7,618)	(25)	(771)	(2)
7050	Finance costs	6(21)	(10,113)	(33)	(9,947)	(27)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(5)	(391,343)	(1277)	264,151	728
7000	Total non-operating income and expenses		(406,744)	(1327)	259,041	714
7900	Loss before income tax		(646,852)	(2110)	(7,747)	(21)
7950	Income tax expense	6(24)	(29,022)	(95)	(44,867)	(124)
8200	Loss for the year		(\$ 675,874)	(2205)	(\$ 52,614)	(145)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(11)	\$ 890	3	(\$ 254)	-
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(16)	16,231	53	(10,936)	(30)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(178)	(1)	2,238	6
8310	Other comprehensive income that will not be reclassified to profit or loss		16,943	55	(8,952)	(24)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(16)	(30)	-	(7,236)	(20)
8399	Income tax relating to the components of other comprehensive income	6(16)(24)	6	-	1,447	4
8360	Other comprehensive loss that will be reclassified to profit or loss		(24)	-	(5,789)	(16)
8300	Other comprehensive income (loss) for the year		\$ 16,919	55	(\$ 14,741)	(40)
8500	Total comprehensive loss for the year		(\$ 658,955)	(2150)	(\$ 67,355)	(185)
	Basic and diluted loss per share					
9750	Basic and diluted loss per share	6(25)	(\$ 4.86)		(\$ 0.38)	

The accompanying notes are an integral part of these parent company only financial statements.

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital		Capital Reserves						Other equity interest			Total equity	
		Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Capital Surplus, changes in ownership interests in subsidiaries	Employee stock warrants	Capital Surplus, restricted stock	Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Other equity, others
2021														
Balance at January 1		\$ 1,389,856	\$ 1,130	\$ 3,317	\$ 325,954	\$ 472,376	\$ 18,567	\$ 15,591	\$ 265,503	(\$ 631,375)	(\$ 5,161)	(\$ 26,603)	(\$ 13,737)	\$ 1,815,418
Loss for the year		-	-	-	-	-	-	-	-	(52,614)	-	-	-	(52,614)
Other comprehensive loss	6(16)	-	-	-	-	-	-	-	-	(203)	(5,789)	(8,749)	-	(14,741)
Total comprehensive income		-	-	-	-	-	-	-	-	(52,817)	(5,789)	(8,749)	-	(67,355)
Capital surplus used to offset accumulated deficit	6(15)	-	-	-	(325,954)	(39,918)	-	-	(265,503)	631,375	-	-	-	-
Changes in ownership interests in subsidiaries	6(5)	-	-	-	-	18,424	-	-	-	-	-	-	-	18,424
Changes in equity of associates accounted for using equity method, net	6(5)	-	-	-	-	-	-	-	166,581	-	-	-	-	166,581
Issuance of new shares due to the exercise of stock options by employees		3,769	(905)	14,109	-	-	(5,701)	-	-	-	-	-	-	11,272
Compensation costs of employee stock options	6(12)	-	-	-	-	-	3,727	-	-	-	-	-	-	3,727
Compensation cost of restricted stocks	6(12)(16)	-	-	-	-	-	-	-	-	-	-	-	4,855	4,855
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(5)	-	-	-	441,466	-	-	-	-	-	-	-	-	441,466
Balance at December 31		\$ 1,393,625	\$ 225	\$ 17,426	\$ 441,466	\$ 450,882	\$ 16,593	\$ 15,591	\$ 166,581	(\$ 52,817)	(\$ 10,950)	(\$ 35,352)	(\$ 8,882)	\$ 2,394,388
2022														
Balance at January 1		\$ 1,393,625	\$ 225	\$ 17,426	\$ 441,466	\$ 450,882	\$ 16,593	\$ 15,591	\$ 166,581	(\$ 52,817)	(\$ 10,950)	(\$ 35,352)	(\$ 8,882)	\$ 2,394,388
Loss for the year		-	-	-	-	-	-	-	-	(675,874)	-	-	-	(675,874)
Other comprehensive income (loss)	6(16)	-	-	-	-	-	-	-	-	712	(24)	16,231	-	16,919
Total comprehensive income		-	-	-	-	-	-	-	-	(675,162)	(24)	16,231	-	(658,955)
Changes in ownership interests in subsidiaries	6(5)	-	-	-	-	90,834	-	-	-	-	-	-	-	90,834
Changes in equity of associates accounted for using equity method, net	6(5)	-	-	-	-	-	-	-	15,126	-	-	-	-	15,126
Issuance of new shares due to the exercise of stock options by employees		838	(225)	2,748	-	-	(951)	-	-	-	-	-	-	2,410
Compensation costs of employee stock options	6(12)	-	-	-	-	-	1,603	-	-	-	-	-	-	1,603
Compensation cost of restricted stocks	6(12)(16)	-	-	-	-	-	-	-	-	-	-	-	4,854	4,854
Acquisition of subsidiaries	6(5)	-	-	-	(34,273)	-	-	-	-	-	-	-	-	(34,273)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(5)	-	-	-	378,040	-	-	-	-	-	-	-	-	378,040
Balance at December 31		\$ 1,394,463	\$ -	\$ 20,174	\$ 785,233	\$ 541,716	\$ 17,245	\$ 15,591	\$ 181,707	(\$ 727,979)	(\$ 10,974)	(\$ 19,121)	(\$ 4,028)	\$ 2,194,027

The accompanying notes are an integral part of these parent company only financial statements.

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 646,852)	(\$ 7,747)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(22)	14,528	16,262
Depreciation charges on right-of-use assets	6(7)(22)	4,061	3,670
Amortisation expense	6(8)(22)	6,154	8,950
Excepted credit loss		151	-
Net (gain) loss on financial assets at fair value through profit or loss	6(20)	(70)	28
Interest expense	6(21)	10,044	9,853
Interest expense on lease liabilities	6(7)(21)	69	94
Interest income	6(18)	(605)	(139)
Share-based payments	6(12)(23)	6,457	8,582
Share of loss (profit) of subsidiary - associates and joint ventures accounted for using equity method	6(5)	391,343	(264,151)
Property, plant and equipment transferred to expenses		-	365
Loss (gain) on disposals of investments	6(20)	7	(61)
Gain arising from lease modifications		(4)	-
Cash dividends from investments accounted for using equity method	6(5)	43,626	32,719
Unrealised gain on inter-affiliate accounts	6(5)	(3,039)	(3,039)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(667)	561
Current contract assets		-	(4,598)
Accounts receivable		4,286	(3,123)
Accounts receivable due from related parties		581	(1,937)
Inventory		6,186	14,635
Other current assets		25,992	43,230
Changes in operating liabilities			
Current contract liabilities		-	26,304
Notes payable		(2,952)	(5,635)
Accounts payable		145	(622)
Other payables		19,512	10,388
Other current liabilities		621	208
Net defined benefit liability, non-current		(992)	120
Cash outflow generated from operations		(121,418)	(115,083)
Interest received		573	111
Interest paid		(10,113)	(9,947)
Income taxes paid		(5,001)	(8,039)
Net cash flows used in operating activities		(135,959)	(132,958)

(Continued)

MEDIGEN BIOTECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(26)	(\$ 2,106)	(\$ 1,417)
Increase in refundable deposits		(280)	(1,170)
Acquisition of intangible assets	6(8)	-	(169)
Increase in prepayments for business facilities		(854)	(750)
(Increase) decrease in restricted assets		(7,800)	24,500
Net cash flows (used in) from investing activities		(11,040)	20,994
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term debt	6(27)	218,000	250,000
Repayments of short-term debt	6(27)	(190,000)	(360,000)
Repayments of long-term debt	6(27)	(3,905)	(3,000)
Disposal of ownership interests in subsidiaries (without losing control)	6(26)	434,264	480,073
Acquisition of investments accounted for using equity method - increase in capital in subsidiaries	6(5)	(413,864)	(21,452)
Increase in prepayments for investments		(30,000)	-
Payments of lease liabilities	6(27)	(4,071)	(3,655)
Exercise of employee share options		2,410	11,272
Net cash flows from financing activities		12,834	353,238
Net (decrease) increase in cash and cash equivalents		(134,165)	241,274
Cash and cash equivalents at beginning of year		553,132	311,858
Cash and cash equivalents at end of year		\$ 418,967	\$ 553,132

The accompanying notes are an integral part of these parent company only financial statements.

MEDIGEN BIOTECHNOLOGY CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

Medigen Biotechnology Corporation (the “Company”) was established on December 31, 1999, and started operations on September 1, 2000. The Company is primarily engaged in the research and development of biopharmaceutical business, cytotherapy business, retail and wholesale of veterinary drugs, wholesale and retail of medical instruments business. The Company’s shares were listed in the Taipei Exchange starting from November 2011.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 30, 2023.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(9) Leasing arrangements (lessor) – lease receivables / operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries were in consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	25 to 49 years
Testing equipment	3 to 5 years
Office equipment	3 to 5 years
Other equipment	4 to 5 years

(13) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Acquired special technology

Special technique is stated initially at its cost and amortised on a straight-line basis over their estimated useful life of 10~15 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Employee restricted shares:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

- (a) The Company is engaged in manufacture and sales of biopharmaceutical and virus reagent related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract, net of sales returns, volume discounts, and sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Accumulated experience is used to estimate such returns using the expected value method.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical service revenue

The Company provides cytotherapy technical supporting services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of delivered report relative to the total number of committed report. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and gross profit rate, available tax credits, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. Details of Significant Accounts

(1) Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 156	\$ 68
Checking accounts and demand deposits	<u>418,811</u>	<u>553,064</u>
Total	<u>\$ 418,967</u>	<u>\$ 553,132</u>

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

B. The Company has no cash pledged to others.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares	\$ 14,505	\$ 14,505
Beneficiary certificates	1,300	500
Valuation adjustment	(14,573)	(14,503)
Total	\$ 1,232	\$ 502

A. The Company recognised net (loss) gain amounting to (\$77) and \$33 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

B. The Company had no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 424	\$ 4,861
Less: Allowance for uncollectible accounts	-	-
	\$ 424	\$ 4,861

A. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$2,580.

B. The Company had no accounts receivable pledged to others as collateral.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Company was \$424 and \$4,861, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying amount
Goods	\$ 34,322	(\$ 31,975)	\$ 2,347
Raw materials	24,569	(17,709)	6,860
Work in progress	476	(45)	431
Total	\$ 59,367	(\$ 49,729)	\$ 9,638

	December 31, 2021		
	Cost	Allowance for	
		valuation loss	Carrying amount
Goods	\$ 58,769	(\$ 47,963)	\$ 10,806
Raw materials	5,000	(369)	4,631
Work in progress and semi-finished goods	791	(404)	387
Total	\$ 64,560	(\$ 48,736)	\$ 15,824

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 15,931	\$ 13,858
Loss on decline in market value	993	48,736
Loss on abandonment of inventory	25,447	-
	\$ 42,371	\$ 62,594

(5) Investments accounted for using equity method

	Year ended December 31	
	2022	2021
At January 1	\$ 1,493,554	\$ 1,113,106
Addition of investments accounted for using equity method	413,864	21,452
Disposal of investments accounted for using equity method	(429,742)	(483,774)
Cash dividends from investments accounted for using equity method	(43,626)	(32,719)
Share of (loss) profit of investments accounted for using equity method	(391,343)	264,151
Realised gain on inter-affiliate accounts	3,039	3,039
Changes in capital surplus	449,727	626,471
Changes in other equity items (Note 6(16))	16,201	(18,172)
At December 31	\$ 1,511,674	\$ 1,493,554

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TBG Diagnostics Limited	\$ 77,193	\$ 146,251
TDL Holding Co.	54,514	-
Medigen Vaccine Biologics Corporation	966,369	960,642
Medigen Biotechnology (Xiamen) Corporation	2,543	2,416
WINSTON MEDICAL SUPPLY CO., LTD.	308,821	287,302
Medigen Biotechnology (Beijing) Corporation	102,234	96,943
	<u>\$ 1,511,674</u>	<u>\$ 1,493,554</u>

resulting to an increase in capital surplus of A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

B. For the years ended December 31, 2022 and 2021, share of profit (loss) of subsidiaries accounted for using equity method is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
TBG Diagnostics Limited	(\$ 128,490)	(\$ 25,818)
TDL Holding Co.	(4,331)	-
Medigen Vaccine Biologics Corporation	(295,327)	295,643
Medigen Biotechnology (Xiamen) Corporation	91	(72)
WINSTON MEDICAL SUPPLY CO., LTD.	65,145	44,982
Medigen Biotechnology (Beijing) Corporation	(28,431)	(50,584)
	<u>(\$ 391,343)</u>	<u>\$ 264,151</u>

C. Because the Company was optimistic about the prospects of the future development of molecular diagnostics business, on April 21, 2022, the Board of Directors of the Company approved to carry out a reorganisation of the Group and planned to acquire all of the equity interest in TDL Holding Co., which was wholly owned by the subsidiary, TBG Diagnostics Limited, in the amount no higher than AUD 6.5 million by cash. Additionally, on October 28, 2022, the shareholders during the extraordinary general meeting of TBG Diagnostics Limited approved to dispose all of the equity interest in its subsidiary, TDL Holding Co., to the Company, for a consideration of AUD 6.3 million (NT\$130,032 thousand), and the settlement date was on November 2, 2022. After the reorganisation of the Group, the Company's equity interest in TDL Holding Co. increased from 51.76% indirect ownership to 100% direct ownership, resulting to a decrease of \$34,273 in the Company's capital surplus.

D. For the year ended December 31, 2022, the increases in investments accounted for using the equity method were the acquisitions of the cash capital increase of Medigen Biotechnology (Beijing) Corporation and Medigen Vaccine Biologics Corporation in the amount of \$30,612 and \$253,220, respectively.

E. For the year ended December 31, 2021, the increase in investments accounted for using equity method pertains to the acquisition of the equity interest in Medigen Biotechnology (Beijing)

Corporation for the consideration of \$21,452.

- F. The Company's subsidiary issued employee stock options. Company recognised capital surplus according to the shareholding ratio in the amounts of \$13,792 and \$14,668 for the years ended December 31, 2022 and 2021, respectively.
- G. On March 1, 2022, the Board of Directors of the Company's subsidiary, Medigen Vaccine Biologics Corporation, approved the capital increase, however, the Company did not participate in the capital increase in proportion to its shareholding ratio. Further, for the years ended December 31, 2022 and 2021, the Company converted employee stock options into common shares, resulting to an increase in capital surplus of \$58,742 and \$7,197, respectively.
- H. On May 9, 2022, the Company's subsidiary, Medigen Vaccine Biologics Corporation, issued domestic convertible bonds, and the Company recognised capital surplus according to the shareholding ratio in the amount of \$18,300.
- I. For the year ended December 31, 2021, the Company's subsidiary, WINSTON MEDICAL SUPPLY CO., LTD., converted employee stock options into common shares. As a result, the capital surplus decreased by \$3,441.
- J. For the years ended December 31, 2022 and 2021, the Company disposed equity shares in the subsidiary, Medigen Vaccine Biologics Corporation, in the amounts of 2,460 thousand shares and 1,891 thousand shares, and the differences between the actual disposal price of equity interest and the book value were \$378,040 and \$435,595, respectively, which were recognised as capital surplus.
- K. For the year ended December 31, 2021, the Company disposed equity shares in the subsidiary, WINSTON MEDICAL SUPPLY CO., LTD., in the amount of 547 thousand shares, and the difference between the actual disposal price of equity interest and the book value was \$5,871, which was recognised as capital surplus.

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(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 246,214	\$ 221,022	\$ 91,329	\$ 22,639	\$ 50,103	\$ 631,307
Accumulated depreciation	-	(44,113)	(85,223)	(20,509)	(33,875)	(183,720)
	<u>\$ 246,214</u>	<u>\$ 176,909</u>	<u>\$ 6,106</u>	<u>\$ 2,130</u>	<u>\$ 16,228</u>	<u>\$ 447,587</u>
<u>2022</u>						
Opening net book amount	\$ 246,214	\$ 176,909	\$ 6,106	\$ 2,130	\$ 16,228	\$ 447,587
Additions	-	-	1,504	376	-	1,880
Depreciation charge	-	(5,044)	(4,264)	(1,253)	(3,967)	(14,528)
Closing net book amount	<u>\$ 246,214</u>	<u>\$ 171,865</u>	<u>\$ 3,346</u>	<u>\$ 1,253</u>	<u>\$ 12,261</u>	<u>\$ 434,939</u>
<u>At December 31, 2022</u>						
Cost	\$ 246,214	\$ 221,022	\$ 92,833	\$ 23,015	\$ 50,103	\$ 633,187
Accumulated depreciation	-	(49,157)	(89,487)	(21,762)	(37,842)	(198,248)
	<u>\$ 246,214</u>	<u>\$ 171,865</u>	<u>\$ 3,346</u>	<u>\$ 1,253</u>	<u>\$ 12,261</u>	<u>\$ 434,939</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2021</u>							
Cost	\$ 246,214	\$ 221,022	\$ 90,467	\$ 22,032	\$ 50,017	\$ 365	\$ 630,117
Accumulated depreciation	-	(39,069)	(80,085)	(18,951)	(29,441)	-	(167,546)
	<u>\$ 246,214</u>	<u>\$ 181,953</u>	<u>\$ 10,382</u>	<u>\$ 3,081</u>	<u>\$ 20,576</u>	<u>\$ 365</u>	<u>\$ 462,571</u>
<u>2021</u>							
Opening net book amount	\$ 246,214	\$ 181,953	\$ 10,382	\$ 3,081	\$ 20,576	\$ 365	\$ 462,571
Additions	-	-	950	607	86	-	1,643
Disposal - cost	-	-	(88)	-	-	-	(88)
Disposal - Accumulated depreciation	-	-	88	-	-	-	88
Reclassifications	-	-	-	-	-	(365)	(365)
Depreciation charge	-	(5,044)	(5,226)	(1,558)	(4,434)	-	(16,262)
Closing net book amount	<u>\$ 246,214</u>	<u>\$ 176,909</u>	<u>\$ 6,106</u>	<u>\$ 2,130</u>	<u>\$ 16,228</u>	<u>\$ -</u>	<u>\$ 447,587</u>
<u>At December 31, 2021</u>							
Cost	\$ 246,214	\$ 221,022	\$ 91,329	\$ 22,639	\$ 50,103	\$ -	\$ 631,307
Accumulated depreciation	-	(44,113)	(85,223)	(20,509)	(33,875)	-	(183,720)
	<u>\$ 246,214</u>	<u>\$ 176,909</u>	<u>\$ 6,106</u>	<u>\$ 2,130</u>	<u>\$ 16,228</u>	<u>\$ -</u>	<u>\$ 447,587</u>

- A. For the years ended December 31, 2022 and 2021, no interest was capitalised property, plant and equipment.
- B. There were no significant components in property, plant and equipment.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(7) Lease transactions – lessee

A. The Company leases various assets including business vehicles and computer and communication equipment. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Transportation equipment (Business vehicles)	\$ 2,619	\$ 5,433
Other equipment	374	-
	<u>\$ 2,993</u>	<u>\$ 5,433</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Transportation equipment (Business vehicles)	\$ 3,687	\$ 3,206
Other equipment	374	464
	<u>\$ 4,061</u>	<u>\$ 3,670</u>

The movements of right-of-use assets of the Company during 2022 and 2021 are as follows:

	<u>2022</u>		
	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
At January 1	\$ 5,433	\$ -	\$ 5,433
Additions	1,129	748	1,877
Modification	(256)	-	(256)
Depreciation charge	(3,687)	(374)	(4,061)
At December 31	<u>\$ 2,619</u>	<u>\$ 374</u>	<u>\$ 2,993</u>

	<u>2021</u>		
	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
At January 1	\$ 4,908	\$ 464	\$ 5,372
Additions	3,972	-	3,972
Modification	(241)	-	(241)
Depreciation charge	(3,206)	(464)	(3,670)
At December 31	<u>\$ 5,433</u>	<u>\$ -</u>	<u>\$ 5,433</u>

C. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 69	\$ 94
Expense on short-term lease contracts	721	525
Gain arising from lease modifications	4	-

D. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$4,861 and \$4,274, respectively.

(8) Intangible assets

	2022		
	Software	Acquired special technology	Total
<u>At January 1, 2022</u>			
Cost	\$ 12,919	\$ 116,289	\$ 129,208
Accumulated amortisation	(11,651)	(108,455)	(120,106)
	<u>\$ 1,268</u>	<u>\$ 7,834</u>	<u>\$ 9,102</u>
<u>2022</u>			
Opening net book amount	\$ 1,268	\$ 7,834	\$ 9,102
Amortisation charge	(496)	(5,658)	(6,154)
Closing net book amount	<u>\$ 772</u>	<u>\$ 2,176</u>	<u>\$ 2,948</u>
<u>At December 31, 2022</u>			
Cost	\$ 12,919	\$ 116,289	\$ 129,208
Accumulated amortisation	(12,147)	(114,113)	(126,260)
	<u>\$ 772</u>	<u>\$ 2,176</u>	<u>\$ 2,948</u>

	2021		
	Software	Acquired special technology	Total
<u>At January 1, 2021</u>			
Cost	\$ 12,750	\$ 116,289	\$ 129,039
Accumulated amortisation	(11,045)	(100,111)	(111,156)
	<u>\$ 1,705</u>	<u>\$ 16,178</u>	<u>\$ 17,883</u>
<u>2021</u>			
Opening net book amount	\$ 1,705	\$ 16,178	\$ 17,883
Additions	169	-	169
Amortisation charge	(606)	(8,344)	(8,950)
Closing net book amount	<u>\$ 1,268</u>	<u>\$ 7,834</u>	<u>\$ 9,102</u>
<u>At December 31, 2022</u>			
Cost	\$ 12,919	\$ 116,289	\$ 129,208
Accumulated amortisation	(11,651)	(108,455)	(120,106)
	<u>\$ 1,268</u>	<u>\$ 7,834</u>	<u>\$ 9,102</u>

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

	Year ended December 31	
	2022	2021
Administrative expenses	\$ 238	\$ 271
Research and development expenses	5,916	8,679
	<u>\$ 6,154</u>	<u>\$ 8,950</u>

- B. For the years ended December 31, 2022 and 2021, the Company had no interest capitalisation of intangible assets.
- C. Aforementioned expertise primarily includes acquisition of research and development expertise authorisation of new anticancer agents, and acquisition by outsourcing the expertise in relation to monoclonal antibody.
- D. For the year ended December 31, 2008, the Company signed a strategic alliance contract with Oncolys Biopharma Inc. who authorised related expertises (primarily used in anticancer) to the Company for use in human subject research. The Company is jointly responsible for the development expenses, and the Company can share the royalty based on a certain percentage after the expertise generates commercial profit. On April 8, 2019, it was authorised to Chugai Pharmaceutical Co., Ltd. by Oncolys Biopharma Inc., and the authorised areas were Japan and Taiwan. On October 19, 2021, the Company received the notice of announcement from Oncolys Biopharma Inc. indicating that Oncolys Biopharma Inc. has informed Chugai Pharmaceutical Co., Ltd. to terminate the authorisation contract earlier. Further, on February 25, 2022, Oncolys Biopharma Inc. formally notified the Company that the effective date of termination of the authorisation contract will be October 15, 2022. Oncolys Biopharma Inc. and the Company will

continue to develop OBP-301 and accept the clinical trial which was formerly performed by Chugai Pharmaceutical Co., Ltd.

- E. In February 2017, the Company processed the unblinding of PI-88 Phase III clinical trial data and statistical analysis procedures, and externally announced on February 28, 2017. The data analysis result showed that the drug safety of PI-88 was good and was in the acceptable range. For the whole efficacy, the primary endpoint of the treatment group who applied PI-88 was not significantly better than the control group, however it did not reach the statistical significance which was asked by the clinical trial. In the clinical trial, the efficacy analysis of sub-group was found that, in the group with microvascular invasion, the treatment group who applied PI-88 was better than control group on the primary endpoint of “disease-free survival”, and the difference belongs to a marginally significant level. According to the research analysis result of the aforementioned PI-88 Phase III clinical trial which the Company had published in the European Society for Medical Oncology (ESMO) and consulted the medicines competent authority of each country and searched for international collaboration. Additionally, on December 18, 2019, the Company had authorised the global (excluding Taiwan) rights of development and commercialisation to CELLXPRT BIOTECHNOLOGY CORP.. Refer to Note 9(2)E for details.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured bank borrowings	\$ 193,000	1.77%~2.28%	Land, buildings and structures, restricted assets and securities
Unsecured bank borrowings	75,000	1.99%~2.33%	None.
	<u>\$ 268,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured bank borrowings	\$ 190,000	1.16%~1.75%	Land, buildings and structures, restricted assets and securities
Unsecured bank borrowings	50,000	1.42%	None.
	<u>\$ 240,000</u>		

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Installment-repayment borrowings				
Secured borrowings from Taiwan Cooperative Bank	Interests was repayable monthly from August 2014 to August 2017 while the principal and interests were repayable monthly from September 2017 to August 2029 (however, interest was repayable monthly in the grace period from January 2018 to June 2023).	2.05%	Land, buildings and structures	\$ 48,000
Secured borrowings from Taiwan Cooperative Bank	Interests was repayable monthly from June 2015 to June 2018 while the principal and interests were repayable monthly from June 2018 to June 2035 (however, interest was repayable monthly in the grace period from July 2018 to June 2023).	1.92%	Land, buildings and structures	178,000
Secured borrowings from Sunny Bank Ltd.	The principal and interests were repayable monthly from April 17, 2018 to April 17, 2038 (however, interest was repayable monthly in the grace period from September 2018 to August 2024).	1.99%	Land, buildings and structures	196,288
				<hr/> 422,288
Less: Current portion				(21,100)
				<hr/> \$ 401,188

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Installment-repayment borrowings				
Secured borrowings from Taiwan Cooperative Bank	Interests was repayable monthly from August 2014 to August 2017 while the principal and interests were repayable monthly from September 2017 to August 2029 (however, interest was repayable monthly in the grace period from January 2018 to June 2022).	1.42%	Land, buildings and structures	\$ 48,000
Secured borrowings from Taiwan Cooperative Bank	Interests was repayable monthly from June 2015 to June 2018 while the principal and interests were repayable monthly from June 2018 to June 2035 (however, interest was repayable monthly in the grace period from July 2018 to June 2022).	1.42%	Land, buildings and structures	181,000
Secured borrowings from Sunny Bank Ltd.	The principal and interests were repayable monthly from April 17, 2018 to April 17, 2038 (however, interest was repayable monthly in the grace period from Sptember 2018 to August 2022).	1.45%	Land, buildings and structures	197,193
				426,193
Less: Current portion				(13,301)
				\$ 412,892

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last

6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 8,337)	(\$ 8,649)
Fair value of plan assets	<u>7,606</u>	<u>6,926</u>
Net defined benefit liability	<u>(\$ 731)</u>	<u>(\$ 1,723)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
At January 1	(\$ 8,649)	\$ 6,926	(\$ 1,723)
Interest (expense) income	<u>(60)</u>	<u>47</u>	<u>(13)</u>
	<u>(8,709)</u>	<u>6,973</u>	<u>(1,736)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	518	518
Change in financial assumptions	305	-	305
Experience adjustments	<u>67</u>	<u>-</u>	<u>67</u>
	<u>372</u>	<u>518</u>	<u>890</u>
Pension fund contribution	-	115	115
Paid pension	<u>-</u>	<u>-</u>	<u>-</u>
At December 31	<u>(\$ 8,337)</u>	<u>\$ 7,606</u>	<u>(\$ 731)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	(\$ 8,271)	\$ 6,668	(\$ 1,603)
Interest (expense) income	(22)	18	(4)
	<u>(8,293)</u>	<u>6,686</u>	<u>(1,607)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	102	102
Change in financial assumptions	314	-	314
Experience adjustments	(670)	-	(670)
	<u>(356)</u>	<u>102</u>	<u>(254)</u>
Pension fund contribution	-	138	138
Paid pension	-	-	-
At December 31	<u><u>(\$ 8,649)</u></u>	<u><u>\$ 6,926</u></u>	<u><u>(\$ 1,723)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.16%	0.69%
Future salary increases	1.00%	1.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 299)	\$ 325	\$ 324	(\$ 301)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 344)	\$ 376	\$ 373	(\$ 345)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$115.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	4,271
1 to 2 year(s)		-
2 to 5 years		4,051
5 to 10 years		445
	\$	<u>8,767</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$2,592 and \$2,931, respectively.

(12) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2018.12.12	1,410 thousand shares	6 years	2 to 4 years' service
Employee stock options	2019.3.12	90 thousand shares	6 years	2 to 4 years' service
Restricted stocks to employees	2019.12.31	300 thousand shares	Explanation (a)	Explanation (a)

(a) After employees were distributed employee restricted shares, for whom were working and reached the Company's requirement of "operating performance target", employees could be vested shares in several times according to the conditions in the Company's regulations on the issuance of employee restricted shares.

After employees were distributed employee restricted shares from the Company, if there were violations with labour contract and work rules, the Company would collect back employee restricted shares, which were distributed but the vesting conditions were not reached, without prices and cancelled them.

(b) After employees were distributed employee restricted shares, and before reaching the vesting conditions, employees may not sell, pledge, transfer, gift to another person, set real right, or otherwise disposal, excluding inheritance. Before that the vesting conditions of employee restricted shares which were issued by the Company this time were reached, other rights including but not limited to dividends, the distribution rights of bonuses and capital surplus, and share options and voting rights of the cash capital increase, etc., are the same as the Company's issued ordinary shares.

(c) The abovementioned share-based payment arrangements all are equity-settled.

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

	<u>2022</u>		<u>2021</u>	
	<u>No. of options (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	1,063	\$ 41.60	1,352	\$ 41.12
Options expired	(9)	39.35	(3)	39.35
Options exercised	(61)	39.35	(286)	39.35
Options outstanding at December 31	<u>993</u>	41.76	<u>1,063</u>	41.60
Options exercisable at December 31	<u>971</u>	41.20	<u>676</u>	41.12

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2022	2021
Equity-settled	\$ 6,457	\$ 8,582

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2022		December 31, 2021	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2018.11.29	2024.12.11	903	\$ 39.35	973	\$ 39.35
2018.11.29	2025.03.11	90	65.90	90	65.90

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2018.12.12	39.35	39.35	45.84%	4 years	0%	0.72%	14.27
Employee stock options	2018.12.12	39.35	39.35	48.84%	4.5 years	0%	0.75%	15.97
Employee stock options	2018.12.12	39.35	39.35	48.86%	5 years	0%	0.78%	16.78
Employee stock options	2019.03.12	65.9	65.9	46.42%	4 years	0%	0.64%	24.1
Employee stock options	2019.03.12	65.9	65.9	48.61%	4.5 years	0%	0.65%	26.54
Employee stock options	2019.03.12	65.9	65.9	49.95%	5 years	0%	0.67%	28.55
Restricted stocks to employees	2019.12.31	61.97	-	-	-	-	-	61.97

Note: The Company's expected price volatility of granted share-based payments adopted the average volatility of the Company's monthly average price which was announced by Taipei Exchange.

(13) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$2,500,000, consisting of 250,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,394,463 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousand shares):

	2022	2021
At January 1	139,363	138,986
Employee options which were executed in the previous period and were registered in the current period	22	113
Employee stock options exercised	61	286
Employee options exercised but unregistered	-	(22)
At December 31	139,446	139,363

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and then, the Company appropriates or reverses special reserve as requirements or regulations when necessary. The remainder, if any, should be combined with beginning undistributed earnings (including adjusted undistributed earnings amounts) to be retained or to be appropriated which shall be proposed by the Board of Directors and be resolved by the stockholders at their meetings.
- B. The Company's dividend policies were that dividends should be distributed in the forms of shares (including retained earnings or capital surplus) or cash. The Board of Directors proposed the appropriation of earnings with reference to the operating status, capital requirement and earnings of current year (reducing the provision in accordance with regulations and appropriation of directors' and supervisors' remuneration and employees' bonus), and the appropriation of earnings should be approved by the shareholders. The amount of cash dividends should not exceed 50% of distributable dividends, however, if there will be significant capital expenditure plans in the future, the dividends could all be distributed in shares after obtaining approval from the shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 6, 2022 and August 2, 2021, the shareholders of the Company approved the offset of deficits for the years ended December 31, 2021 and 2020, and the deficits was offset with capital surplus in the amounts of \$0 and \$631,375, respectively.
- F. The Company's accumulated deficits to be covered exceeded half of paid-in capital, in accordance with the Company Act, on March 30, 2023, the Board of Directors resolved and approved the deficit compensation for the year ended December 31, 2022 to adopt a resolution to use capital surplus to offset deficit in \$541,716, which would be reported to the shareholders for admission on June 26, 2023.

(16) Other equity items

	2022			
	Unrealised gains (losses) on valuation	Currency translation	Unearned compensation	Total
At January 1	(\$ 35,352)	(\$ 10,950)	(\$ 8,882)	(\$ 55,184)
Valuation adjustments - subsidiaries	16,231	-	-	16,231
Currency translation differences:				
– Subsidiaries	- (30)	- (30)	- (30)	- (30)
– Tax on subsidiaries	- 6	- 6	- 6	- 6
Unearned compensation	-	-	4,854	4,854
At December 31	<u>(\$ 19,121)</u>	<u>(\$ 10,974)</u>	<u>(\$ 4,028)</u>	<u>(\$ 34,123)</u>
	2021			
	Unrealised gains (losses) on valuation	Currency translation	Unearned compensation	Total
At January 1	(\$ 26,603)	(\$ 5,161)	(\$ 13,737)	(\$ 45,501)
Valuation adjustments - subsidiaries	(10,936)	-	-	(10,936)
Valuation adjustments - tax on subsidiaries	2,187	-	-	2,187
Currency translation differences:				
– Subsidiaries	- (7,236)	- (7,236)	- (7,236)	- (7,236)
– Tax on subsidiaries	- 1,447	- 1,447	- 1,447	- 1,447
Unearned compensation	-	-	4,855	4,855
At December 31	<u>(\$ 35,352)</u>	<u>(\$ 10,950)</u>	<u>(\$ 8,882)</u>	<u>(\$ 55,184)</u>

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of services over time and goods at a point in time in the following major product lines:

<u>Year ended December 31, 2022</u>	<u>Test reagents and instruments</u>	<u>Cytherapy technology services</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 24,663</u>	<u>\$ 600</u>	<u>\$ 5,392</u>	<u>\$ 30,655</u>
Timing of revenue recognition				
At a point in time	24,663	600	5,392	30,655
Over time	-	-	-	-
Total	<u>\$ 24,663</u>	<u>\$ 600</u>	<u>\$ 5,392</u>	<u>\$ 30,655</u>
<u>Year ended December 31, 2021</u>	<u>Test reagents and instruments</u>	<u>Cytherapy technology services</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 15,444</u>	<u>\$ 11,982</u>	<u>\$ 8,886</u>	<u>\$ 36,312</u>
Timing of revenue recognition				
At a point in time	15,444	5,446	8,886	29,776
Over time	-	6,536	-	6,536
Total	<u>\$ 15,444</u>	<u>\$ 11,982</u>	<u>\$ 8,886</u>	<u>\$ 36,312</u>

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract assets:			
Contract assets - technology service contract	\$ 8,638	\$ 8,638	\$ 4,040
Contract liabilities:			
Contract liabilities-advance sales receipts	\$ 81	\$ 81	\$ 81
Contract liabilities-advance royalty receipts	26,304	26,304	-
	<u>\$ 26,385</u>	<u>\$ 26,385</u>	<u>\$ 81</u>

(18) Interest income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 573	\$ 111
Other interest income	32	28
Total interest income	<u>\$ 605</u>	<u>\$ 139</u>

(19) Other income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ -	\$ 3,733
Other income	1,725	1,736
	<u>\$ 1,725</u>	<u>\$ 5,469</u>

(20) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net loss on financial assets at fair value through profit or loss	(\$ 70)	(\$ 28)
Net currency exchange loss	(2,307)	(804)
(Loss) gain on disposals of investments	(7)	61
Other loss	(5,234)	-
	<u>(\$ 7,618)</u>	<u>(\$ 771)</u>

(21) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 10,044	\$ 9,853
Lease liability	69	94
	<u>\$ 10,113</u>	<u>\$ 9,947</u>

(22) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 72,286	\$ 82,904
Depreciation charges on property, plant and equipment	14,528	16,262
Depreciation charges on right-of-use assets	4,061	3,670
Amortisation charges on intangible assets	6,154	8,950
	<u>\$ 97,029</u>	<u>\$ 111,786</u>

(23) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 55,980	\$ 63,942
Share-based payments	6,457	8,582
Labour and health insurance fees	4,728	5,368
Pension costs	2,605	2,935
Other personnel expenses	2,516	2,077
	<u>\$ 72,286</u>	<u>\$ 82,904</u>

A. The profit of the current year shall be distributed by no lower than 2% as employees' compensation and distributed no higher than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the aforementioned ratios.

Employees' compensation can be distributed to subsidiaries who meet certain specific requirements in the form of shares or cash. If the Company's current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and then, the Company appropriates or reverses special reserve as requirements or regulations when necessary. The remainder, if any, should be combined with beginning undistributed earnings (including adjusted undistributed earnings amounts) to be retained or to be appropriated which shall be proposed by the Board of Directors and be resolved by the stockholders at their meetings.

- B. For the years ended December 31, 2022 and 2021, the Company still had accumulated deficit, and thus did not accrue employees' compensation and directors' and supervisors' remuneration.
- C. For the year ended December 31, 2021, the Company still had accumulated deficit, and thus did not distribute employees' bonus and directors' and supervisors' remuneration.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Tax (expense) benefit

(a) Components of income tax (expense) benefit:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	(\$ 4,105)
Prior year income tax under (over) estimation	13,550	(17,829)
Total current tax	\$ 13,550	(\$ 21,934)
Deferred tax:		
Origination and reversal of temporary differences	(42,572)	(22,933)
Income tax expense	(\$ 29,022)	(\$ 44,867)

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

	Year ended December 31	
	2022	2021
Share of other comprehensive income of subsidiaries	\$ -	\$ 2,187
Currency translation differences	6	1,447
Remeasurement of defined benefit obligations	(178)	51
	(\$ 172)	\$ 3,685

B. Reconciliation between income tax expense (benefit) and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on (loss) profit before tax and statutory tax rate (note)	(\$ 130,404)	\$ 2,555
Expenses disallowed by tax regulation	101,318	6,626
Tax exempt income by tax regulation	(13,029)	(68,137)
Prior year income tax underestimation	(13,550)	17,829
Change in assessment of realisation of deferred tax assets	42,104	47,476
Taxable loss not recognised as deferred tax assets	42,583	38,518
Income tax expenses	\$ 29,022	\$ 44,867

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Company entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealised gross profit from sales	\$ 3,545	(\$ 608)	\$ -	\$ 2,937
Unrealised foreign exchange loss	4	185	-	189
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for under equity method	93,995	-	-	93,995
Share of other comprehensive income of subsidiaries	8,838	-	-	8,838
Currency translation differences	2,738	-	6	2,744
Loss on market value decline and obsolete and slow-moving inventories	9,748	-	-	9,748
Others	1,601	(45)	-	1,556
Tax losses	82,759	(42,104)	-	40,655
Investment tax credits	267,959	-	-	267,959
Subtotal	516,796	(42,572)	6	474,230
– Deferred tax liabilities:				
Others	(\$ 487)	\$ -	(\$ 178)	(\$ 665)
Subtotal	(487)	-	(178)	(665)
Total	\$ 516,309	(\$ 42,572)	(\$ 172)	\$ 473,565

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealised gross profit from sales	\$ 4,153	(\$ 608)	\$ -	\$ 3,545
Unrealised foreign exchange loss	-	4	-	4
Impairment loss on financial instruments	45,609	-	-	45,609
Losses on investments accounted for under equity method	78,700	15,295	-	93,995
Share of other comprehensive income of subsidiaries	6,651	-	2,187	8,838
Currency translation differences	1,291	-	1,447	2,738
Loss on market value decline and obsolete and slow-moving inventories	-	9,748	-	9,748
Others	1,652	(51)	-	1,601
Tax losses	130,235	(47,476)	-	82,759
Investment tax credits	267,959	-	-	267,959
Subtotal	<u>536,250</u>	<u>(23,088)</u>	<u>3,634</u>	<u>516,796</u>
– Deferred tax liabilities:				
Unrealised exchange gain	(\$ 156)	\$ 156	\$ -	\$ -
Others	(537)	(1)	51	(487)
Subtotal	<u>(693)</u>	<u>155</u>	<u>51</u>	<u>(487)</u>
Total	<u>\$ 535,557</u>	<u>(\$ 22,933)</u>	<u>\$ 3,685</u>	<u>\$ 516,309</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022				
Legal basis	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceutical Industry	Research and development	\$ 267,959	\$ -	Note

December 31, 2021				
Legal basis	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act for the Development of Biotech and Pharmaceutical Industry	Research and development	\$ 267,959	\$ -	Note

Note: On June 10, 2011, the Company was approved as a biotechnology and new medicine company by the Ministry of Economic Affairs, the Company and the Company's shareholders were applicable for the related reward measures of 'Act for the Development of Biotech and Pharmaceutical Industry'. The approval letter of the Ministry of Economic Affairs approved the credit to business income tax of each year, within 5 years started from the year should pay business income tax. As of December 31, 2022, the Company had no profits.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	\$ 390,187	\$ 390,187	\$ 390,187	2023
2014	551,819	551,819	551,819	2024
2015	435,038	435,038	435,038	2025
2016	290,254	290,254	290,254	2026
2017	223,002	223,002	223,002	2027
2018	198,593	198,593	198,071	2028
2021	192,591	192,591	96,296	2031
2022	212,916	212,916	106,458	2032
	<u>\$ 2,494,400</u>	<u>\$ 2,494,400</u>	<u>\$ 2,291,125</u>	
December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	390,187	390,187	390,187	2023
2014	551,819	551,819	551,819	2024
2015	435,038	435,038	435,038	2025
2016	290,254	290,254	183,553	2026
2017	223,002	223,002	111,501	2027
2018	198,593	198,593	99,297	2028
2021	192,591	192,591	96,296	2031
	<u>\$ 2,281,484</u>	<u>\$ 2,281,484</u>	<u>\$ 1,867,691</u>	

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Loss per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ <u>675,874</u>)	<u>139,126</u>	(\$ <u>4.86</u>)

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ <u>52,614</u>)	<u>138,970</u>	(\$ <u>0.38</u>)

The potential ordinary shares have anti-dilutive effect due to net loss for the years ended December 31, 2022 and 2021, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 1,880	\$ 1,643
Add: Opening balance of payable on equipment	226	-
Less: Ending balance of payable on equipment	-	(226)
Cash paid during the year	<u>\$ 2,106</u>	<u>\$ 1,417</u>

B. Financing activities with partial cash returns

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Disposal of investments accounted for using equity method	\$ 429,742	\$ 483,774
Add: Opening balance of receivables from stocks	5,842	2,141
Less: Ending balance of receivables from stocks	(1,320)	(5,842)
Cash collected during the year	<u>\$ 434,264</u>	<u>\$ 480,073</u>

(27) Changes in liabilities from financing activities

	2022		
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability
At January 1	\$ 240,000	\$ 426,193	\$ 5,480
Changes in cash flow from financing activities	28,000	(3,905)	(4,071)
Changes in other non-cash items	-	-	1,617
At December 31	<u>\$ 268,000</u>	<u>\$ 422,288</u>	<u>\$ 3,026</u>

	2021		
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability
At January 1	\$ 350,000	\$ 429,193	\$ 5,404
Changes in cash flow from financing activities	(110,000)	(3,000)	(3,655)
Changes in other non-cash items	-	-	3,731
At December 31	<u>\$ 240,000</u>	<u>\$ 426,193</u>	<u>\$ 5,480</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chang Shi Chung	The Company's chairman
Chang Tse Ling	The Company's director
EVERSPRING INDUSTRY CO., LTD.	The Company's director
TBG Biotechnology Corp.	The Company is the ultimate parent company of this company
UMO INTERNATIONAL CO., LTD.	The Company is the ultimate parent company of this company
Medigen Vaccine Biologics Corporation	The Company is the ultimate parent company of this company
CELLXPRT BIOTECHNOLOGY CORP.	Associate
TBG Biotechnology (Xiamen) Corp.	Associate
U-GEN	Associate

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of services:		
CELLXPRT BIOTECHNOLOGY CORP.		
(technical supporting service)	\$ -	\$ 5,082
TBG Biotechnology (Xiamen) Corp.	-	1,937
	<u>\$ -</u>	<u>\$ 7,019</u>

B. Purchases:

	Year ended December 31	
	2022	2021
Purchases of goods:		
TBG Biotechnology Corp.	<u>\$ 28,053</u>	<u>\$ 41,930</u>

The purchase price and terms for goods were based on the mutual agreement. For some purchase unit prices, there were no prices available from other suppliers for comparison.

C. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
TBG Biotechnology (Xiamen) Corp.	\$ 1,507	\$ 1,937
Less: Allowance for accounts receivable due from related parties	(151)	-
	<u>\$ 1,356</u>	<u>\$ 1,937</u>

Accounts receivable due from related parties primary came from technical supporting service. The receivables are unsecured in nature and bear no interest.

D. Prepayments

	December 31, 2022	December 31, 2021
TBG Biotechnology Corp.	<u>\$ -</u>	<u>\$ 24,436</u>

E. Contract assets and liabilities

	December 31, 2022	December 31, 2021
Contract assets:		
CELLXPRT BIOTECHNOLOGY CORP.	<u>\$ 8,638</u>	<u>\$ 8,638</u>
Contract liabilities:		
CELLXPRT BIOTECHNOLOGY CORP.	<u>\$ 26,304</u>	<u>\$ 26,304</u>

F. Professional service fees

	Year ended December 31	
	2022	2021
TBG Biotechnology (Xiamen) Corp.	\$ 2,183	\$ -

G. Acquisition of financial assets:

- (a) For the years ended December 31, 2022 and 2021, the amounts of the Company's cash capital increase in subsidiaries were \$283,832 and \$21,452, respectively. Refer to Note 6(5) for details.
- (b) For the year ended December 31, 2022, the Company acquired 100% of equity interest in TDL Holding Co. from the subsidiary, TBG Diagnostics Limited, for \$130,032, the settlement date was on November 2, 2022, and proceeds were paid in the full amount on November 4, 2022. Refer to Note 6(5) for details.
- (c) On December 29, 2022, the Company participated in the cash capital increase of the subsidiary, TDL Holding Co., with \$30,000 which was accounted as prepayments for investment (shown as "other non-current assets").

H. Others

Fro the years ended December 31, 2022 and 2021, the joint guarantor of the Company's loan from financial institutions was the related party, Chang Shi Chung.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 22,723	\$ 19,950
Post-employment benefits	615	432
Share-based payment	-	1,370
Total	\$ 23,338	\$ 21,752

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Land	\$ 246,214	\$ 246,214	Guarantees for borrowings
Buildings and structures	171,865	176,909	"
Restricted assets - other current assets	12,800	5,000	"
	\$ 430,879	\$ 428,123	

On December 31, 2022 and 2021, the Company had 12,600 thousand equity shares in Medigen Vaccine Biologics Corporation as the collateral for short-term borrowings.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. In November 2011, the Company obtained the grant from Industry - Technology Development Programs of Ministry of Economic Affairs - Fast Track “PI-88 treatment after curative resection for hepatocellular carcinoma global phase III clinical trial development plan”. In the plan, commitments were as follows: (1) After the beginning of the plan, if the plan product, PI-88, externally authorised successfully, the Company committed to appropriate 5% of the signing bonus and milestones as feedbacks, and 2% of the feedback should be donated to the research foundations with the nature of charity and work in the biomedical related research, in order to fulfil the research and development expenditures of domestic biomedical research institutes with the nature of charity. Additionally, 3% will be the collaborative research and development expenditure of the Company and domestic academic research institutes or legal entity, the amount of feedbacks was not limited to the grants. (2) If “PI-88” which would be developed in the plan was approved to sell in the market in the country, before obtaining payment from national health insurance, the Company needed to provide this medicine to 15 post-operative hepatocellular carcinoma patients in the underprivileged or low-income family.
- B. According to the transference contract of monoclonal antibody expertise, the Company committed that after signing the contract in July 2012, the Company should pay milestone payments according to the result of research and development phase within 10 years, and pays 7% of royalty for all the profit from uses or disposal of platform technology, platform antibody or platform medicines within 11 years started from the date of signature.
- C. In August 2012, the Company communicated with one hospital for collaborative research and development plan for 6 years, according to the agreement, both parties have to distribute \$3,000 each for the expenditures of collaborative plan in the collaborative period which ended in August 2018. Additionally, except for the first collaborative sub-project, after the marketing of researched and developed products which had been generated from the collaborative research and development plan, the Company should feedback 1% of the sales amount of the product to the hospital. The ceiling of accumulated feedbacks of the sub-project of collaborative research and development plan was 150% of the research and development period multiplying \$3 million per year.

- D. On October 7, 2019, the Company and a listed Japan company, MEDINET Co., Ltd. (collectively referred to herein as the “MEDINET”) entered into an exclusive authorisation contract for obtaining MEDINET’s exclusive authorisation of immunocyte, Gamma Delta T cell (collectively referred to herein as the “GDT cell”), in Taiwan. In the future, the Company would collaborate with medical institutions in accordance with “Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices” to use GDT cell in the immunotherapy and pays royalties at certain proportion in accordance with the contract.
- E. On December 18, 2019, the Company signed the PI-88 authorisation contract with CELLXPART BIOTECHNOLOGY CORP. to exclusively authorised the global rights (excluding Taiwan) of development and commercialisation to CELLXPART BIOTECHNOLOGY CORP., who could research, develop, manufacture, sales, reauthorise and other commercialisation activities in the authorised area. The Company would receive upfront payment after signing the authorisation contract and receive milestone payments based on each stage. Additionally, the Company could proportionately share profits from incomes of sales and reauthorisation of PI-88.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On November 30, 2022, the Board of Directors of the Company resolved to gradually invest in the associate, U-GEN, with an amount no higher than USD 5 million (approximate \$158,000). And, on January 17, 2023, March 6, 2023 and March 23, 2023, the Company gradually remitted investments in the total amount of \$152,952 (USD 5 million).
- (2) On March 30, 2023, the Board of Directors approved the deficit compensation for the year ended December 31, 2022. Refer to Note 6(15) F. for details.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments

Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,232	\$ 502
Financial assets at amortised cost	<u>444,904</u>	<u>581,146</u>
	<u>\$ 446,136</u>	<u>\$ 581,648</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 734,985	\$ 695,301
Lease liability	<u>3,026</u>	<u>5,480</u>
	<u>\$ 738,011</u>	<u>\$ 700,781</u>

Note: Financial assets at amortised cost included cash, accounts receivable (including related parties), other receivables, restricted assets, guarantee deposits paid; financial liabilities at amortised cost included short-term borrowings, notes and accounts payable, other payables, long-term borrowings (including current portion).

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Company's financial status and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from various currency, primarily with respect to the USD, JPY and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

<u>December 31, 2022</u>			
	<u>Foreign currency amount</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
	<u>(In thousands)</u>	<u></u>	<u>(New Taiwan dollar)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,483	30.71	\$ 76,253

<u>December 31, 2021</u>			
	<u>Foreign currency amount</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
	<u>(In thousands)</u>	<u></u>	<u>(New Taiwan dollar)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 250	27.68	\$ 6,920

(iii) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to (\$2,307) and (\$804), respectively.

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

<u>Year ended December 31, 2022</u>			
<u>Sensitivity analysis</u>			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 610	-

	December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 55	\$ -

ii. Price risk

- (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- (ii) The Company's investments in equity securities comprise listed equity instruments and open-end funds issued by foreign and domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$12 and \$5, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

iii. Cash flow and fair value interest rate risk

- (i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- (ii) The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$845 and \$852, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Company's credit policy, each operation unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set by the credit controlling manager based on internal or external factors. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only institutions with good credit rating are accepted.
- v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- viii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

- ix. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	<u>Not past due</u>	<u>1~ 90 days past due</u>	<u>91~180 days past due</u>
<u>December 31, 2022</u>			
Expected loss rate	1.06%	32.51%	100%
Total book value	\$ <u>121</u>	\$ <u>303</u>	\$ <u>1,507</u>
Loss allowance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>151</u>
		<u>Over 181 days past due</u>	<u>Total</u>
Expected loss rate		100%	
Total book value		\$ -	\$ <u>1,931</u>
Loss allowance		\$ <u>-</u>	\$ <u>151</u>
	<u>Not past due</u>	<u>1~ 90 days past due</u>	<u>91~180 days past due</u>
<u>December 31, 2021</u>			
Expected loss rate	1.28%	39.26%	100%
Total book value	\$ <u>5,189</u>	\$ <u>1,477</u>	\$ <u>132</u>
Loss allowance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
		<u>Over 181 days past due</u>	<u>Total</u>
Expected loss rate		100%	
Total book value		\$ -	\$ <u>6,798</u>
Loss allowance		\$ <u>-</u>	\$ <u>-</u>

- x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>Accounts receivable</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ -	\$ 842
Impairment loss determined in accordance with IFRS 9	151	-
Write-offs	-	(842)
At December 31	\$ <u>151</u>	\$ <u>-</u>

- xi. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	Accounts receivable	
	December 31, 2022	December 31, 2021
Not past due	\$ 121	\$ 5,189
1 to 90 days	303	1,477
91 to 180 days	1,507	132
Over 181 days	-	-
	<u>\$ 1,931</u>	<u>\$ 6,798</u>

The above ageing analysis was based on past due date.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions and Investment Commission related regulations.
- ii. When residual cash held by each operating unit exceeded the requirement of managing operating capital, Company treasury would supervise or integrate each operating unit, and invested the residual capital in the interest bearing demand deposits, time deposits, deposits in currency market and securities, the instrument it chose contained adequate due date and sufficient liquidity to response to aforementioned forecast and provide sufficient headroom. As at December 31, 2022 and 2021, the Company held money market position of \$418,967 and \$553,132, respectively, and current financial assets at fair value through profit or loss of \$1,232 and \$502, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. As at December 31, 2022 and 2021, the Company has undrawn borrowing facilities amounting to \$2,200 and \$80,000, respectively.
- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Within 1 year</u>	<u>Over 1 years</u>	<u>Within 1 year</u>	<u>Over 1 years</u>
Long-term borrowings (including current portion)	\$ 28,992	\$ 450,114	\$ 19,377	\$ 453,551
Lease liability	2,737	311	3,452	2,099
	<u>\$ 31,729</u>	<u>\$ 450,425</u>	<u>\$ 22,829</u>	<u>\$ 455,650</u>

Except for the above, all of the Company's non-derivative financial liabilities mature within 1 year.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks and beneficiary certificates were included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables, lease liabilities and long-term borrowings (including current portion) are approximate to their fair values.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,232	\$ -	\$ -	\$ 1,232
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 502	\$ -	\$ -	\$ 502

The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the

Company's credit quality.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

(4) Other matter

Due to the outbreak of Covid-19 pandemic and pandemic prevention measures prompted by government, the Company has taken reactions and continuously managed related event. For the years ended December 31, 2022, there were no significant impacts on the Company's operation and business.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital : Refer to table 3.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 5.

(3) Information on investments in Mainland China

Basic information: Refer to table 6.

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

MEDIGEN BIOTECHNOLOGY CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Collateral		Allowance for Creditor Counterparty doubtful accounts	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
												Item	Value				
1	TBG Biotechnology Corp.	TBG Biotechnology (Xiamen) Corp.	Other receivables due from related parties	Y	\$ 4,281	\$ -	\$ -	1%	Short-term financing	\$ -	Revolving funds	-	-	\$ -	\$ 4,939	\$ 19,756	-
2	Medigen Biotechnology (Beijing) Corporation	TBG Biotechnology (Xiamen) Corp.	Other receivables due from related parties	Y	5,686	8,816	-	4%	Short-term financing	-	Revolving funds	-	-	-	9,947	39,787	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2022.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: 1. The Company's ceiling of total loan to others could not exceed 40% of net equity, and the ceiling of total loan to single business could not exceed 10% of net equity.

2. For the foreign companies which the Company holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

MEDIGEN BIOTECHNOLOGY CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				
				Number of shares (thousand shares)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
The Company	Lanka Graphite Limited	-	Financial assets at fair value through profit or loss - current	3,000	\$ -	2.77%	\$ -	-
"	CytoPharm Inc.	-	Financial assets at fair value through profit or loss - current	537	-	0.95%	-	-
"	Neuberger Berman Global Strategic Income Securities Investment Trust Fund Class TWD T Accumulating	-	Financial assets at fair value through profit or loss - current	30	473	-	473	-
"	Cathay US ESG Fund TWD	-	Financial assets at fair value through profit or loss - current	50	462	-	462	-
"	Taishin Future Health Fund A-USD	-	Financial assets at fair value through profit or loss - current	30	297	-	297	-
Medigen Vaccine Biologics Corporation	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,030	50,850	-	50,850	-
"	Franklin Templeton SinoAm Emerging Markets Bond Fund A-TWD	-	Financial assets at fair value through profit or loss - current	303	2,143	-	2,143	-
Medigen Capital Corporation	TAIWAN BIO THERAPEUTICS CO., LTD.	Other related party	Financial assets at fair value through other comprehensive income - non-current	5,176	175,634	10.05%	175,634	-
"	Thermolysis Co.,Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	30,000	6.06%	30,000	-
TBG Diagnostics Limited	Lanka Graphite Limited	-	Financial assets at fair value through profit or loss - current	3,750	-	3.46%	-	-
"	Zucero Therapeutics Limited	-	Financial assets at fair value through other comprehensive income	12,500	-	9.62%	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instrument: recognition and measurement.'

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

MEDIGEN BIOTECHNOLOGY CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Gain (loss) on disposal Note 5	Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
The Company	Medigen Vaccine Biologics Corporation	Investments accounted for using equity method	-	This company was the Company's subsidiary (Note 5)	44,616,811	\$ 960,642	1,151,000	\$ 253,220	2,460,000	\$ 429,742	\$ 51,702		64,728,844	\$ 966,369

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, thus gains (losses) on disposal were not recognised.

Note 6: The ending balance was not in agreement with the beginning balance after reducing the current cash amount of disposal because of the current gains (losses) on investment accounted for using equity method and the accumulated translation adjustment.

Note 7: The ending number of shares was not in agreement with the beginning number of shares after adding the number of shares of additions in the year and reducing the number of shares of disposal in the year because of the current stock dividends which were distributed by the investee.

MEDIGEN BIOTECHNOLOGY CORPORATION
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	2(3)	Sales revenue	\$ 23,025	No significant difference with general customers	2.18%
2	TBG Biotechnology Corp.	The Company	2(2)	Sales revenue	28,053	According to the agreement between the two parties	2.66%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

MEDIGEN BIOTECHNOLOGY CORPORATION

Information on investees

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	TBG Diagnostics Limited	Australia	Biotechnology service and retail and wholesale business of medical instruments	\$ 599,056	\$ 599,056	112,615,938	51.76%	\$ 77,193	(\$ 248,241)	(\$ 128,490)	-
The Company	Medigen Vaccine Biologics Corporation	Taiwan	Research and development and wholesale business of vaccines and biopharmaceutical, and retail and wholesale business of medical instruments	992,734	771,147	64,728,844	19.74%	966,369	(1,476,167)	(295,327)	-
The Company	WINSTON MEDICAL SUPPLY CO., LTD.	Taiwan	Manufacturing and marketing of chemistry medicine, ophthalmic anti-infectives, aesthetic medicine, dietary supplement and other medicines and products	205,716	411,433	10,906,400	59.22%	308,821	110,126	65,145	-
The Company	TDL HOLDING	Cayman Islands	Investments business	219,437	-	1,700,508	100%	54,514	(5,648)	(4,331)	Note 3
TBG Diagnostics Limited	U-GEN	Cayman Islands	Biotechnology service and retail and wholesale business of medical instrument	529,522	529,522	67,129,159	36.37%	28,324	(637,039)	-	Note 4 and 5
TBG Diagnostics Limited	TDL Holding Co.	Cayman Islands	Investments business	-	219,437	-	-	-	5,648	-	Note 3 and 4
WINSTON MEDICAL SUPPLY CO., LTD.	UMO INTERNATIONAL CO., LTD.	Taiwan	Retail and wholesale of skincare products and makeup	10,000	10,000	1,000,000	100%	17,311	5,813	-	Note 4
WINSTON MEDICAL SUPPLY CO., LTD.	SHINY LILY CO., LTD.	Taiwan	Retail and wholesale of western medicine	3,271	3,271	-	100%	3,297	29	-	Note 4
TBG INC./TDL Holding Co.	Texas BioGene, Inc.	USA	Biotechnology service and retail and wholesale business of medical instrument	19,682	19,682	739,328	100%	169	(59)	-	Note 4
TBG INC./TDL Holding Co.	TBG Biotechnology Corp.	Taiwan	Biotechnology service and retail and wholesale business of medical instrument	199,755	199,755	20,000,000	100%	49,390	(8,579)	-	Note 4
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman Islands	Investments business	7,081	7,081	50,000	100%	3,510	(83)	-	Note 4
Medigen Vaccine Biologics Corporation	Medigen Capital Corporation	Taiwan	Investments business	200,000	200,000	20,000,000	100%	282,152	(74)	-	Note 4
Medigen Capital Corporation	U-GEN	Cayman Islands	Biotechnology service and retail and wholesale business of medical instrument	57,922	-	1,727,893	0.94%	3,560	(637,039)	-	Note 4 and 5

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Refer to Note 4(3) note 4 for details.

Note 4: According to the related regulations, it was not required to disclose gains (losses) on investment recognised by the Company.

Note 5: Refer to Note 6(8) note 2 for details.

MEDIGEN BIOTECHNOLOGY CORPORATION

Information on investments in Mainland China

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Medigen Biotechnology (Xiamen) Corporation	Research and development of clinical new medicine, supports of production technology and consult of related technology and after-sale service	\$ 3,026	1	\$ 3,026	\$ -	\$ -	\$ 3,026	\$ 91	100%	\$ 91	\$ 2,543	\$ -	Note 2(2) B.
Medigen Biotechnology (Beijing) Corporation	Investments business	182,686	1	152,076	30,610	-	182,686	(28,431)	100%	(28,431)	102,234	-	Note 2(2)B.
CELLXPRT BIOTECHNOLOGY CORP.	Cytotherapy business	323,775	3	-	-	-	-	(63,100)	26.25%	(28,807)	69,812	-	Note 2(2)B.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	\$ 185,712 (USD 6,361 thousand)	\$ 533,423 (USD 17,628 thousand)	\$ 3,882,607

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: According to the MOEA Regulation No. 09704604680, "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", announced on August 29, 2008, limit on accumulated amount of investment in Mainland China is the higher of 60% of net assets and consolidated net assets. The ultimate limit of investment is 60% of the consolidated net assets (6,471,013x 60% =3,882,607).

Note 4: The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 was disclosed based on the amounts of subsidiaries included in the consolidated financial statements and investees accounted for using the equity method.

MEDIGEN BIOTECHNOLOGY CORPORATION

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Others	
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate		Interest during the year ended December 31, 2022
CELLXPRT BIOTECHNOLOGY CORP.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	Note

Note: The royalties income received in advance in the year was \$26,304 (shown as current contract liabilities), which presented 0.75% in the consolidated total liabilities.

MEDIGEN BIOTECHNOLOGY CORPORATION

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
EVERSPRING INDUSTRY CO.,LTD.	14,093,380	10.10%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF CASH
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds		\$ 156
Checking accounts		730
Demand deposits		323,033
Foreign currency deposits	USD 2,483 thousand, conversion rate: 30.71; CAD 4 thousand, conversion rate: 22.67; RMB 4,168 thousand, conversion rate: 4.41; HKD 52 thousand, conversion rate: 3.94;	95,048
		<u>\$ 418,967</u>

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

Item	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance			Market Value or Net Assets Value			
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
TBG Diagnostics Limited	112,616	\$ 146,251	-	\$ 60,980	-	(\$ 130,038)	112,616	51.76%	\$ 77,193	-	\$ -	None	-
TDL Holding Co.	-	-	1,700,508	130,032	-	(75,518)	1,700,508	100%	54,514	-	-	"	-
Medigen Vaccine Biologics Corporation	44,617	960,642	22,572	352,756	(2,460)	(347,029)	64,729	19.74%	966,369	-	-	Refer to Note 8	-
Medigen Biotechnology (Xiamen) Corporation	-	2,416	-	127	-	-	-	100%	2,543	-	-	None	-
WINSTON MEDICAL SUPPLY CO., LTD.	10,906	287,302	-	65,145	-	(43,626)	10,906	59.22%	308,821	-	-	"	-
Medigen Biotechnology (Beijing) Corporation	-	96,943	-	32,174	-	(26,883)	-	100%	102,234	-	-	"	-
		<u>\$ 1,493,554</u>		<u>\$ 641,214</u>		<u>(\$ 623,094)</u>			<u>\$ 1,511,674</u>		<u>\$ -</u>		

Note 1: Additions included cash capital increase, gain or loss on investment, realised income between affiliated company, capital surplus and changes in other equity interest.

Note 2: Decreases included disposal of investments, gain or loss on investment, cash dividends, capital surplus and changes in other equity interest.

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note
Land	\$ 246,214	\$ -	\$ -	\$ 246,214	Refer to Note 8 for details of pledged collaterals.	-
Buildings and structures	221,022	-	-	221,022	"	-
Testing equipment	91,329	1,504	-	92,833	None	-
Office equipment	22,639	376	-	23,015	"	-
Other equipment	50,103	-	-	50,103	"	-
	<u>\$ 631,307</u>	<u>\$ 1,880</u>	<u>\$ -</u>	<u>\$ 633,187</u>		

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Buildings and structures	\$ 44,113	\$ 5,044	\$ -	\$ 49,157	-
Testing equipment	85,223	4,264	-	89,487	-
Office equipment	20,509	1,253	-	21,762	-
Other equipment	33,875	3,967	-	37,842	-
	<u>\$ 183,720</u>	<u>\$ 14,528</u>	<u>\$ -</u>	<u>\$ 198,248</u>	

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

Nature	Description	Ending Balance	Contract Period	Range of Interest		Collateral	Note
				Rate	Credit Line		
Unsecured borrowings	SUNNY BANK.	\$ 50,000	2022.10.11-2023.10.11	1.99%	\$ 50,000	None	-
"	TAICHUNG COMMERCIAL BANK Co., Ltd.	25,000	2022.6.2-2023.6.2	2.33%	25,000	"	-
Secured borrowings	SUNNY BANK.	30,000	2022.10.11-2023.10.11	1.99%	30,000	Collateral	-
"	The Shanghai Commercial & Savings Bank, Ltd.	50,000	2022.1.10-2023.1.10	2.14%	50,000	"	-
"	Taiwan Cooperative Financial Holding Co. Ltd.	30,000	2022.6.27-2023.6.27	1.77%	30,000	"	-
"	International Bills Finance Corporation	30,000	2022.2.9-2023.2.8	1.85%	30,000	"	-
"	CHANG HWA COMMERCIAL BANK, LTD.	28,000	2022.6.13-2023.6.13	2.28%	50,000	"	-
"	First Commercial Bank	25,000	2022.9.15-2023.3.15	2.14%	25,000	"	-
		<u>\$ 268,000</u>			<u>\$ 290,000</u>		

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue	944	\$ 24,663	-
Technical service revenue		600	-
Other operating revenue		5,392	-
Operating revenue, net		<u>\$ 30,655</u>	

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

Items	Amount
<u>Cost of goods sold from manufacturing</u>	
Direct raw materials	
Add: Beginning balance of raw materials	\$ 5,000
Raw materials purchased	26,262
Less: Ending balance of raw materials	(24,569)
Less: Others	(4,359)
Raw materials used in the year	2,334
Direct labor	642
Manufacturing expense	3,252
Manufacturing cost	6,228
Add: Beginning work in progress and the semi-finished goods	791
Less: Ending work in progress and semi-finished goods	(476)
Less: Others	(4,052)
Cost of finished goods	2,491
Less: Others	(2,082)
Cost of finished goods sold	409
<u>Cost of goods sold from purchase</u>	
Add: Beginning goods	\$ 58,769
Net purchases for the year	7,958
Less: Ending goods	(34,322)
Others	(26,202)
Cost of goods sold	6,203
Total cost of sales	6,612
Other operating costs	9,319
Loss on inventory valuation and obsolescence	993
Loss on abandonment of inventory	25,447
Total operating costs	\$ 48,574

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Amount	Note
Wages and salaries	\$ 30,333	
Cost of services	14,101	
Depreciation	6,597	
Others	<u>19,325</u>	Balance of individual accounts has not exceeded 5% of total account balance
	<u>\$ 70,356</u>	

MEDIGEN BIOTECHNOLOGY CORPORATION
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount	Note
Clinical trials cost	\$ 74,526	
Wages and salaries	32,764	
Depreciation	10,757	
Research and development expense	12,147	
Amortisations	5,916	
Others	24,054	Balance of individual accounts has not exceeded 5% of total account balance
	<u>\$ 160,164</u>	

MEDIGEN BIOTECHNOLOGY CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 10

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 642	\$ 60,493	\$ 61,135	\$ 676	\$ 70,744	\$ 71,420
Labour and health insurance fees	-	4,728	4,728	-	5,368	5,368
Pension costs	-	2,605	2,605	-	2,935	2,935
Directors' remuneration	-	1,302	1,302	-	1,104	1,104
Other personnel expenses	-	2,516	2,516	-	2,077	2,077
Depreciation	1,235	17,354	18,589	1,236	18,696	19,932
Amortisation	-	6,154	6,154	-	8,950	8,950

Note:

1. As at December 31, 2022 and 2021, the Company had 53 and 53 employees, respectively, including 6 non-employee directors for both years.
- 2.(1) For the years ended December 31, 2022 and 2021, average employee benefit expense are \$1,510 thousand and \$1,740 thousand, respectively.
(2) For the years ended December 31, 2022 and 2021, average employees' salary expenses are \$1,301 thousand and \$1,520 thousand, respectively.
(3) Adjustment of current average employees' salaries was (14%).
(4) For directors' remuneration, according to the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated deficit, shall be appropriated as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3%~6% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
If the Company has an accumulated deficit (including adjusted distributable balances), earnings should be reserved to cover deficit.
- (5) The Remuneration Policy for directors and managers are set out according to the Regulations Governing Salaries and Bonuses and take into account the general pay levels in the same industry, individual performance assessment results, the input time of the individual, responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years, as well as, the reasonableness of the correlation between the individual's performance and this Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Company.
- (6) According to the Company's Remuneration Policy for employees, annual salary included the 12-month base salary and year-end bonuses, employees are rewarded with bonuses based on the achievement of the operating performance of the Group (Company) or business unit in the year and the individual performance assessment results.