Stock Code: 6446

PharmaEssentia Corp.

2022 Annual Report

PharmaEssentia's Annual Report is available at http://mops.twse.com.tw

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1. **The name, title, contact number, and e-mail address of the Company's spokesperson or acting spokesperson:**

   Spokesperson: Ko-Chung Lin　　E-mail: ir@pharmaessentia.com
   Title: Chief Executive Officer　　Tel: 886-2-2655-7688
   Acting Spokesperson: YuYing Yang　　E-mail: ir@pharmaessentia.com
   Title: Deputy Director　　Tel: 886-2-2655-7688

2. **The address and contact number of the Company's headquarters, branch offices, and factories:**

   Address of Headquarters: 13F, No. 3, Yuanqu Street, Nankang District, Taipei City
   Tel: 886-2-2655-7688
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3. **The name, address, website, and contact number of the agency handling share transfers:**

   Chinatrust Commercial Bank
   Website: http://www.ctbcbank.com
   Address: 5F, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City
   Tel: 886-2-6636-5566

4. **The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address, website, and contact number of said person's accounting firm:**

   Name of Certified Public Accountant: Chien-Ju Yu, Li-Feng Lin
   Name of Accounting Firm: Ernst & Young　　Address: No. 333, Section 1, Keelung Rd, Xinyi District, Taipei City
   Website: http://www.ey.com/tw/zh_tw/home　　Tel: 886-2-2757-8888

5. **The name of any exchanges where the company's securities are traded offshore, and the method for accessing information on said offshore securities:** None.
6. **The Company's website:** http://www.pharmaessentia.com

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I. Letter to Shareholders

Dear Shareholders,

First, we would like to thank you all for your years of love and support. The following is a summary of our business achievements in 2022 and the business plan for 2023:

1. 2022 Operations Report

(1) Business plan results

BESREMi® (Ropeginterferon alfa-2b, P1101), developed and produced by PharmaEssentia, was officially granted a drug license for the treatment of polycythemia vera (PV) by the European Medicines Agency (EMA) in February 2019. Thus far, BESREMi® has been marketed in multiple European countries (e.g., Germany, Austria, the United Kingdom, France, and Czech Republic). P1101 is the first long-acting interferon approved for the first-line treatment of PV. With an increasing number of European countries approving the sale and pricing of BESREMi®, the European market for BESREMi® is expected to continue to expand.

Before obtaining PV drug license in the United States in November 2021, PharmaEssentia had already obtained PV drug licenses for P1101 in the EU, Taiwan, Switzerland, Israel, and South Korea. P1101 is the first interferon approved by the U.S. Food and Drug Administration (FDA) for the treatment of adults with PV, regardless of whether the patient has received other treatments before. The National Comprehensive Cancer Network (NCCN) in the United States included BESREMi® as a treatment option for PV in its treatment guidelines released on February 28, 2022. BESREMi® is suitable for treating patients with high- and low-risk PV. Since the launch of BESREMi® in the United States at the end of 2021, PharmaEssentia has been actively expanding distribution channels and insurance coverage for BESREMi®. The revenue contribution of the U.S. subsidiary of PharmaEssentia Corporation exhibited considerable growth from the third quarter to the fourth quarter of 2022. As of December 2022, the combined cumulative revenue of PharmaEssentia reached NT$2,882,042,000, an increase of 339.31% compared with the same period of 2021.

Regarding PV in Japan, PharmaEssentia Japan KK, the Japanese subsidiary of PharmaEssentia Corporation, submitted a marketing authorization application to the Pharmaceuticals and Medical Devices Agency (PMDA), an independent administrative entity in Japan, on April 27, 2022, for the indication treatment of PV. The PMDA immediately initiated the review process, and from December 19 to 23, 2022, conducted the on-site preapproval inspection of PharmaEssentia Corporation’s drug substance and drug product plants in Taichung. This inspection was required for obtaining the drug permit license. On January 26, 2023, after the PMDA identified no major problems, PharmaEssentia received the official GMP factory inspection report from them. Japan Ministry of Health, Labour and Welfare (MHLW) approved the marketing authorization application of BESREMi for PV patients on March 27, 2023.

On October 13, 2021, marketing authorization for P1101 was obtained from South Korea's Ministry of Food and Drug Safety (MFDS). PharmaEssentia's South Korean subsidiary, PharmaEssentia Korea Corporation, has submitted an application to South Korea's National Health Insurance Service for obtaining coverage for P1101 in the country's national health insurance system. Meanwhile, PharmaEssentia Korea Corporation will continue to conduct pre-launch marketing activities and commercial sales.

Regarding PV drug license in China, the country's National Medical Products Administration (NMPA) approved the single-arm phase II bridging clinical trial report for P1101 marketing authorization application in April 2021. Moreover, PharmaEssentia submitted a marketing authorization application for P1101 on December 30, 2022, for the indication of PV with drug resistance or intolerance to HU.

In May 2020, P1101 passed the drug inspection and registration review conducted by Taiwan's Ministry of Health and Welfare, and in June 202, it was granted the license for use in the treatment of PV in Taiwan. Consequently, Taiwan became the first Asian country to use P1101 for the early treatment of PV, a clonal hematopoietic stem cell disorder. In September 2022, the National Health Insurance Administration approved the coverage of P1101 under Taiwan's health insurance system, which was officially implemented on September 1, 2022.

In addition to its application in the treatment of PV, P1101 can be used in the treatment of essential thrombocythemia (ET). For the phase III clinical trials of P1101 for ET indications, participants are being recruited from various countries across the world, including the United States, Japan, Taiwan, South Korea, Hong Kong, China, Singapore, and Canada. The Data and Safety Monitoring Board (DSMB) has reviewed the clinical trial data and has given a positive response for P1101 use and verified its safety. The DSMB recommends PharmaEssentia to proceed with its initial clinical plan.

In Taiwan, a phase I clinical trial was conducted to evaluate the safety and efficacy of KX01 for the treatment of plaque psoriasis. The results of the trial were obtained in August 2021, and in January 2022, PharmaEssentia submitted a clinical study report to the Taiwan Food and Drug Administration (TFDA) for ratification. In February 2022, the TFDA notified PharmaEssentia that the case had been closed. In August 2021, the TFDA reviewed the drug license for KX01 using a simplified review mechanism and approved it for the treatment of actinic keratosis (AK). The TFDA announced the aforementioned simplified drug review mechanism based on designated new drug review procedures and timetables, shortening the review process from 360 to 180 days. Thus, the drug license application for KX01 was submitted in November 2021 and passed in September 2022.

Regarding the use of KX01 in Japan, the results of the phase I clinical trial of KX01 were obtained in April 2022, and the drug is currently undergoing phase III clinical trials. Enrollment for phase III clinical trials has completed, and review and registration application for KX01 will be submitted at the end of phase III clinical trials.

(2) Budget

Unit: NT$1000

	Annual budget for 2022 (A)	Actual expenditure in 2022 (B)	Difference (B − A)
Operating revenue	4,197,866	2,882,042	(1,315,824)
Operating costs	(782,533)	(812,288)	(29,755)
Gross profit (loss)	3,415,333	2,069,754	(1,345,579)
Operating expenses	(4,268,701)	(4,097,946)	170,755
Net profit (loss)	(853,368)	(2,028,192)	(1,174,824)
Nonoperating revenue	19,727	186,321	166,594
Net profit (loss) before tax	(833,641)	(1,841,871)	(1,008,230)
Net profit (loss) this period	(833,641)	(1,374,810)	(541,169)
Other gains and losses	(20,575)	29,011	49,586
Total gains and losses this period	(854,216)	(1,345,799)	(491,583)

(3) Income and expenditure and profitability analysis

PharmaEssentia received its license for PV in Europe in 2020 and later received the license in the United States in November 2021. This successive launch of the products by PharmaEssentia has resulted in a considerable growth in its operating revenue since 2021. However, 2022 marked the first year of marketing P1101 in the United States after its launch; therefore, the Company's annual budget differed from the actual expenditure. As a new biotechnology drug company, PharmaEssentia is still investing substantially in the R&D of new drugs, which means it is still operating at an overall loss. For the year 2022, PharmaEssentia Corporation reported an operating revenue of NT$2,882,042,000, net operating loss of NT$2,028,192,000, and total comprehensive loss of NT$1,351,121,000, with a loss per share of NT$4.84.

(4) Research and development

A. 2022 annual research and development (R&D) staffing and expenses

Unit: NT$1,000

Item/year		2022
R & D expenses	Operating revenue (A)	2,882,042
	R&D funds (B)	1,425,964
	Total staffing (C)	466
	Total R&D staffing (D)	124
	R&D funding as percentage of operating revenue (B/A)	49.4%
	R&D staff percentage (D/C)	26.6%

PharmaEssentia is a new biotechnology drug company. In 2020, in addition to conducting multinational and multicenter phase III clinical trials for the treatment of ET worldwide, the Company has continually invested in the R&D of new drugs. This led to its overall R&D expenditure for 2022 exceeding its operating revenue for the same year.

B. Recent awards and R&D achievements

Year	Awards and R&D achievements
2018	➢ PharmaEssentia received GMP certification from the EMA and Taiwan's Ministry of Health and Welfare for its Taichung plant. ➢ PharmaEssentia received GMP certification from the EMA for pilot production in its Taipei laboratory.
2019	➢ BESREMi® was granted approval for its marketing authorization application (MAA) by the EU's EMA.
2020	➢ PharmaEssentia received a Taipei Biotech Award under the category of "Go Global Award" for the global marketing of BESREMi®.
2021	➢ BESREMi® was granted approval for its MAA by South Korea's Ministry of Food and Drug Safety (MFDS). ➢ BESREMi® was granted approval for its MAA by the U.S. FDA.
2022	➢ BESREMi® was awarded the Industry Innovation Award by the U.S. National Organization for Rare Disorders (NORD®). ➢ BESREMi® was awarded the 2022 Taiwan BIO Awards Industrial Innovation of the Year. ➢ PharmaEssentia received the U.S. BioTech Breakthrough Award under the category of Therapeutics Solution of the Year. ➢ PharmaEssentia received the Enterprise Innovation Award at the 19th National Innovation Award under the category of Biotechnology Pharmacy and Precision Medicine.

C. 2022 patent application outcomes

Patent issue date	Country	Patent title	Patent number
2022/2/2	Mexico	Dosage Regimen for PEGylated Interferon	389844
2022/3/2	Israel	Dosage Regimen for PEGylated Interferon	251627
2022/6/28	Malaysia	Dosage Regimen for PEGylated Interferon	MY-191506-A

Patent issue date	Country	Patent title	Patent number
2022/6/29	European Patent Organization: Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Malta, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, Türkiye, and the United Kingdom	Protein-Polymer Conjugate	EP 2205081
2022/8/2	New Zealand	Dosage Regimen for PEGylated Interferon	730924
2022/9/13	Brazil	Peptide-Polymer Conjugates	PI 0911722-9

2. Summary of the 2023 Business Plan

(1) P1101 for the treatment of rare blood diseases

- P1101 as a PV treatment

PharmaEssentia expanded its PV clinical research to Asia. In addition to having submitted drug license applications in Japan and China in 2022, PharmaEssentia submitted a marketing authorization application for P1101 to the National Pharmaceutical Regulatory Agency (NPRA) of Malaysia, with an aim to expand to the Southeast Asian market.

PharmaEssentia will conduct a trial of the accelerated titration regimen of P1101 for the treatment of PV. The main purpose of this trial is to compare the efficacy, safety, and tolerability of the accelerated titration regimen and the existing package insert as PV treatments. Participant enrollment is expected to begin at the end of March, and the participants' complete hematologic response (CHR) will be evaluated at weeks 20 and 24.

- P1101 as a treatment for ET

As of December 2022, the global phase III clinical trial of P1101 for ET has been randomly administered to 144 patients, of which 63 have completed the trial procedures. The trial is currently ongoing in a smooth manner. To accelerate patient enrollment, in addition to continually recruiting patients in the United States and Asia, PharmaEssentia has included study centers in Canada for patient recruitment. PharmaEssentia also plans to collect data from Australia. After completion of the clinical trial, PharmaEssentia will submit drug license applications in these countries.

(2) P1101 for chronic hepatitis treatment:

- P1101 for treating Hepatitis B or D

  A phase I clinical trial has been conducted to evaluate the safety and efficacy of administering P1101 followed by anti-PD1 drugs to patients with hepatitis B or hepatitis D who have not received interferon therapy. Currently, three patients have been selected, of which one has been treated. Patient enrollment is ongoing.

- P1101 for treating Hepatitis C

  The pharmacokinetic study required by the TFDA for treating patients with hepatitis C has been completed, and relevant test reports have been obtained. To meet regulatory requirements, PharmaEssentia plans to submit a clinical trial report to the TFDA for ratification in the first quarter of 2023.

- The safety and efficacy of the use of anti-PD1 antibody monotherapy and P1101 followed by anti-PD1 antibody therapy for treating hepatitis B–induced hepatocellular carcinoma that recurs after surgical treatment were evaluated in phase I and phase II trials. Patient enrollment for the phase I clinical trial has been completed, and the phase II clinical trial plan is under discussion and preparation.

(3) Cancer

- Anti-PD-1 antibody: This is an immune-checkpoint inhibitor that can be used to treat various malignant tumors (e.g., malignant pigment tumors, non-small-cell lung cancer, and advanced renal cancer). PharmaEssentia intends to leverage its experience in biopharmaceutical R&D as well as its expertise in production efficiency and quality control to develop high-quality and stable anti-PD-1 antibody and to construct a platform for developing new monoclonal antibodies in order to reduce production costs and the financial burden on patients.

- P1101 can be used in combination with anti-PD1 antibody (nivolumab) for the treatment of hepatitis B or D and for the prevention of hepatitis B–induced hepatocellular carcinoma that recurs after surgery, as mentioned previously.

- Anti-PD1 (P1801) as a new drug produced by PharmaEssentia: After coordinating with its R&D Department and considering completion schedules of technical documents, PharmaEssentia plans to apply to the TFDA for approval of a phase I clinical trial of new drugs for treating patients with cancer in 2023.

(4) New long-acting PEGylated protein drugs

PharmaEssentia applies the unique PEGylation process and site-specific PEGylation, a patented PEGylation technology platform, to develop new protein drugs. PharmaEssentia's R&D orientation aims to improve the existing drugs in the market by making them bio-better. The company initially selected several protein drugs, namely PEGylated granulocyte colony-stimulating factor (PEG-GCSF), PEG-Interleukin-2, PEG-Interferon-g, and PEG-Interferon-l. It employs various advanced technologies and processes including genetic recombination, proprietary PEG

molecules, selective PEGylation, and protein mass production to develop a unique development model for long-acting PEGylated protein drugs. This will improve the efficacy of biological agents for producing next-generation drugs.

(5) T-cell receptor-transgenic T (TCR-T) cell therapy:

The TCR-T therapy, suitable for the treatment of various solid tumors, involves the modification of T-cell surface receptors to recognize specific antigens in cancer cells when combined with the major histocompatibility complex on the cancer cell surface. This treatment enables T-cell receptors to efficiently detect cancer cells and attack them, yielding a precise immune response. Our latest TCR-T cell therapy is highly effective in the treatment of solid tumors and overcomes the limitations of the traditional CAR-T cell therapy.

The good tissue practice (GTP) plant of PharmaEssentia has entered TCR-T production; the product will be applied in compassionate treatment in 2023.

(6) Expected sales volume and the basis for its calculation

The estimation of a new drug's expected revenue involves several assumptions, including the estimated number of patients, the number of syringes required for treatment, and the drug prices in the areas where the drug is to be sold. The estimation of the number of patients is based on various factors, including the population growth rate according to published official statistics, disease prevalence rate according to the statistics reported by professional hematological disease research institutions, diagnostic rate or cure rate according to the statistics compiled by professional cancer research institutions, and the conservative market share (market penetration rate) estimated by international market research agencies commissioned by PharmaEssentia. The number of syringes required for treatment is estimated on the basis of the administration rate or medical compliance of patients in a country. The drug prices in the areas where the drug is to be sold are estimated by referencing the price range of similar drugs in the market and the drug pricing models and annual drug price variation patterns of the areas in question.

The marketing and distribution plans of PharmaEssentia and its subsidiaries for P1101 after its launch are developed on the basis of its primary indication. P1101, primarily designed to treat rare hematological diseases, is mainly marketed in advanced countries, such as those in Europe and Northern America. The reason for targeting these regions for marketing is because the United States is the largest consumer of new drugs and solely accounts for the consumption of 42% of new drugs worldwide. Moreover, the United States, in combination with advanced countries in Europe, accounts for the consumption of 80% of new drugs in the market. Compared with other countries, European and Northern American countries exhibit greater willingness to adopt expensive new drugs. Moreover, these advanced countries offer attention and benefits to orphan drugs, thereby allowing P1101 to enjoy a strategic advantage in sales. Among Asian countries, Japan accounts for 20% of the global new drug market and has a high demand for orphan drugs. Therefore, other than the

European and Northern American markets, PharmaEssentia plans to actively promote the clinical trials of P1101 in Japan and South Korea and commercialize it as an orphan drug for PV and ET in these countries.

(7) Major production and marketing policies

- PharmaEssentia plans to facilitate applications for local drug licenses and government medical insurance subsidies by actively promoting the international visibility of BESREMi®, enhancing the deployment of talent across its subsidiaries in various regions, and utilizing appropriate resources to assess local regulations and medical needs. Furthermore, the Company plans to maintain its strong relationships with important opinion leaders and physicians who specialize in treating blood cancer. The company also aims to obtain priority certification by submitting license applications for P1101 in various countries, with an aim to shorten licensing schedules and accelerate the release of products in each market.
- PharmaEssentia will continue to optimize and commercialize its new-generation process technologies to mass produce active pharmaceutical ingredients and proteins in order to enhance productivity levels and reduce costs.
- PharmaEssentia plans to establish its Taichung injection plant, which will be operated in compliance with the Pharmaceutical Inspection Cooperation Scheme (PIC/S) GMP specifications for manufacturing injection products. This will help PharmaEssentia to effectively link upstream and downstream manufacturing and improve the comprehensiveness of its product line. This will also enable the direct manufacturing of P1101 injections and worldwide shipping from Taiwan in the future, thereby fulfilling the Company's vision for global market deployment.
- PharmaEssentia plans to continually promote the marketing of BESREMi® and implement a comprehensive patient support plan that extends beyond treatment assistance and insurance applications. Furthermore, the Company aims to waive the copayment requirements for privately insured patients to alleviate their financial burden related to medication costs.

3. Future company development strategies

(1) Business plans

PharmaEssentia has obtained PV drug licenses in South Korea and the United States in 2021 and plans to apply for PV drug licenses in countries around the world to drive further growth of its business. In terms of clinical trials, PharmaEssentia has been conducting phase III global clinical trials of P1101 for the treatment of ET in the United States, Taiwan, Japan, South Korea, and China. In addition, the Company is conducting clinical trials of P1101 for other potential indications. The potential application of P1101 has expanded from rare myeloproliferative disorders to other tumor diseases. PharmaEssentia and its subsidiaries plan to steadily diversify their product lines to expand the indications for P1101 to target other relevant diseases and effectively address unmet needs. PharmaEssentia and its subsidiaries and the PharmaEssentia

Innovation Research Center in Boston, United States plan to develop more diverse product lines and explore new research areas.

(2) Marketing plans

PharmaEssentia's overall operations have transitioned from the R&D, clinical trial, and production stages to the independent planning and marketing stage. PharmaEssentia has successfully obtained PV drug licenses for P1101 in the EU, Taiwan, Switzerland, Israel, and South Korea. In addition, the U.S. FDA has approved the use of P1101 for treating adults with PV. PharmaEssentia will continue to expand its marketing planning teams in Taiwan and the United States to achieve sales of Besremi®. The company also aims to enhance its market and channel deployment by launching a patient service plan platform that proactively helps patients to obtain medicines and insurance subsidies.

4. Impact of external competition, legal, and overall business environments

Since its inception, PharmaEssentia's mission has been to remain patient-oriented, develop new drugs, and invest its resources into developing innovative drugs, conducting trials, establishing factories for production, and acquiring drug licenses to market its products internationally. Through comprehensive vertical integration, PharmaEssentia aims to achieve the goal of developing and manufacturing new drugs entirely in Taiwan. Moreover, it aims to be updated with the global standards of clinical trials and sales. Therefore, since its establishment in 2012, the Taichung biologic pilot plant has been responsible for handling trial mass production, TFDA inspections, and verification production required for drug license applications. Furthermore, in 2018, the Taichung plant and the Taipei laboratory of PharmaEssentia received GMP certifications from the EMA, making PharmaEssentia the first new-drug company in Taiwan to have EMA-certified biologic plants. The EMA and FDA granted a drug license to PharmaEssentia in February 2019 and in 2021, respectively. The company plans to establish a supply chain that aligns with its global marketing plan and sales demand to fulfill its vision of being a company that is "based in Taiwan, marketed around the world." The company also strives to realize its mission of "endeavoring to solve unmet medical needs around the world, exploring and developing potential new drugs and technologies, and providing affordable and accessible drugs to patients."

With the establishment of the P1101 technology platform for a complete global patent layout, PharmaEssentia continues to utilize external resources and collaborate with reputable vendors for outsourcing operations. PharmaEssentia has also established supply chains and sales channels through strategic alliances. Additionally, it has recruited international experts with local knowledge to form core teams that ensure the quality of clinical trials and compliance with local regulations. This approach helps to minimize disparities between countries. This strategy also helps the Company to navigate local regulations, successfully manage the progress, and ensure the quality of its ongoing projects. Therefore, PharmaEssentia will continue to focus on its long-term goal of sustainable development by fulfilling its social obligations in R&D innovation, marketing its drugs, and integrating operational resources to maximize shareholder profit.

We would like to wish all our shareholders good health and the best of luck.

Chairperson of the Board of Directors Ching-Leou Teng

Chief Executive Officer: Ko-Chung Lin

Manager: Chan-Kou Hwang

II. Company Profile

1. Date of Establishment

PharmaEssentia (hereinafter also referred to as "the Company") was founded on May 9, 1990 and began operations in October 2003. The Company is committed to developing new drug products, with Taiwan as the base where new drugs are innovated, invented, tested, produced, developed, and distributed across European and American countries to integrate with international markets.

2. Company History

Year	Important Milestones
1990	• The Company was established, with paid-in capital of NT$1,000,000.
2003	• Received additional capital of NT$500,000,000, raising paid-in capital to NT$501,000,000.
2004	• Awarded the Small Business Innovation Research (SBIR) grant by the Department of Industrial Technology (DOIT), Ministry of Economic Affairs (MOEA), for the first stage of the Company's PEC002 drug development.
2005	• Awarded the SBIR grant by the DOIT for the second stage of the Company's PEC002 drug development.
2006	• Awarded a grant by Taiwan's MOEA for a project on the development of third generation Ropeginterferon alfa-2b (P1101). • Invited to present new drug R&D results at the BIO International Convention. • Received a drug permit for Gemflor (Gemcitabine; GCTB) from Taiwan's health regulatory authorities. • Awarded the 4th National Innovation Award by the Institute for Biotechnology and Medicine Industry (IBMI). • Received additional capital of NT$489,000,000, raising paid-in capital to NT$990,000,000.
2007	• Awarded the SBIR grant by the DOIT for a project on PEG-EPO (pegylated erythropoietin) drug development. • Received the Industry Innovation Award in Recognition of Achievement - Product/System Innovation Category from the DOIT.
2008	• Designated a biotech and new biopharmaceutical company by the MOEA in accordance with the Act For The Development of Biotech and New Pharmaceuticals Industry. • Received additional capital of NT$92,500,000, raising paid-in capital to NT$1,082,500,000.
2009	• Granted US patent for stereoselective synthesis of β-nucleosides of Gemcitabine. • Obtained TFDA approval for a P1101 Phase I clinical trial (MOHWFDA No. 0980303443 on June 11, 2009). • Obtained U.S. FD approval for a P1101 Phase I clinical trial (IND 105,653, 7/20/2009).

Year	Important Milestones
	• Obtained BGTD approval for a P1101 Phase I clinical trial in Canada (control # 131397, 8/14/2009). • Licensed P1101 to AOP Orphan Pharmaceutical (AOP) of Austria for clinical trials of P1101 in the treatment of rare hematologic diseases in European regions and obtained a permit to sell P1101. • Awarded an SBRI grant by the DOIT for a project on the research and development of new processes for anti-cancer GCTB and pilot production. • Awarded an SBRI grant by the DOIT for a project on the development of long-acting interferon beta drugs. • Initiated a P1101 Phase I clinical trial in Montreal, Canada. • Received additional capital of NT$126,485,000, including NT$58,571,000 in capital contributions by claims, raising paid-in capital to NT$1,208,985,000.
2010	• Awarded the 7th National Innovation Award - Corporate Group/R&D Technique Category by the IBMI. • Awarded the 2010 Industry Innovation Award in Recognition of Achievement by the DOIT. • Won Silver Award - Pharmaceutical Category in the 2010 Incentive Reward for Research and Development of Pharmaceutical Technology. • Obtained US FDA Drug Master File (DMF) (No.24278) for GCTB API (active pharmaceutical ingredients). • Received a TFDA drug permit for GCTB API. • Concluded P1101 Phase I clinical trial in Canada; 48 subjects completed the trial. • Initiated a P1101 Phase I/II clinical trial for treatment of PV (polycythemia vera) in Europe.
2011	• Granted TFDA approval to conduct a P1101 Phase II clinical trial for treatment of hepatitis C (Genotype 1) (FDA No. 1005016854 dated May 17, 2011 and FDA No. 1015061146 dated February 4, 2013). • P1101 received Orphan Designation from the EMA (European Medicines Agency) (127th plenary meeting of Committee for Orpha Medicinal Products, 10/5/2011). • Won Award of Excellence – Biomedical Group in the 2011 Taiwan Biomedical and Biotech Agriculture Contest. • AOP presented Phase I/II interim data of P1101 for PV in Europe at the America Society of Hematology (ASH) Annual Meeting and Exposition.

Year	Important Milestones
2012	• P1101 obtained US patent for N-terminal modified interferon alpha. • P1101 obtained US patent for protein–polymer conjugates. • GCTB obtained US patent for novel synthesis of β-nucleosides. • GCTB obtained an R.O.C. patent for stereoselective synthesis of β-nucleosides. • Long-acting PEG-EPO obtained a US patent for protein–polymer conjugates. • P1101 received Orphan Designation from the US FDA (#12-3670, 4/2/2012). • Granted TFDA approval to conduct a P1101 Phase II clinical trial for the treatment of hepatitis C (Genotype 2) (FDA No. 1015013110 dated April 19, 2012 and FDA No. 1025015443 dated May 17, 2013). • Completed plant construction for new protein drugs manufacturing in Taichung and commenced pilot production for validation in November. • AOP presented Phase I/II clinical trial data of P1101 for PV in Europe at the ASH Annual Meeting and Exposition.
2013	• Received NT$252,015,000 in capital contributions by claims, raising paid-in capital to NT$1,461,000,000. • Production plant for protein new drugs in Taichung obtained a TFDA GMP certificate on April 18. • P1101 obtained an R.O.C. patent for protein–polymer conjugates. • P1101 obtained patents for protein–polymer conjugates from nine member states of the Eurasian Economic Union. Received NT$220,000,000 in cash, raising paid-in capital to NT$1,681,000,000. • Received NT$70,000,000 in cash, raising paid-in capital to NT$1,751,000,000. • Initiated a Phase III clinical trial of P1101 for PV in Europe. • Won the Taipei Biotech Award – Gold in the 2013 R&D Innovation Award. • Received NT$17,520,000 from subscription of employee stock options, raising paid-in capital to NT$1,768,520,000. • Won Gold Award – Biomedical Group in the 2013 Taiwan Biomedical and Biotech Agriculture Contest. • Received NT$100,000,000 in cash, raising paid-in capital to NT$1,868,520,000. • Held a Pre-IND meeting with the US FDA to talk about Phase III clinical trial of P1101 for PV treatment in the US. • AOP and multiple hematologic specialists presented the results of the P1101 PV clinical trial in Europe and other groundbreaking basic study results at the ASH Annual Meeting and Exposition. • Listed as a public company by the Securities and Futures Bureau, Financial Supervisory Commission (stock code: 6446).

Year	Important Milestones
2014	• Received NT$23,302,000 from subscription of employee stock options, raising paid-in capital to NT$1,888,828,000. • Listed on the Emerging Stock Market by Taipei Exchange. • P1101 obtained Australia patent for protein–polymer conjugates. • P1101 for MF (myelofibrosis) treatment received Orphan Designation from the US FDA (#14-4244, 4/1/2014). • P1101 for ET (essential thrombocythemia) treatment received Orphan Designation from the US FDA (#14-4245, 4/1/2014). • Completed recruitment in Taiwan for a Phase II clinical trial of P1101 hepatitis C GT2 treatment. • Received notice of IND (investigational new drug) acceptance from the US FDA for Phase III trial of P1101 for ET. • Awarded the 11th National Innovation Award - Corporate Group/Innovative Product Category by the IBMI.
2015	• Received US FDA approval to conduct a clinical trial of P1101 on primary myelofibrosis in the US. • Completed the recruitment of a Phase III study (PROUD-PV) of P1101 for the treatment of PV. • Received TFDA approval to conduct a Phase III clinical trial of P1101 for HCV GT2. • Obtained a "successful and marketable opinion on science and technology business and product or technology development" issued by the Industrial Development Bureau, MOEA. • Submitted an IND application to the TFDA in December 2014 after obtaining the licensing rights from Kinex Pharmaceuticals for the development of the new drug KX01 in Greater China and Southeast Asian territories, and received approval from the TFDA on May 27, 2014. • Won the MOHW & MOEA Pharmaceutical Technology Research and Development Award and Gold Award – Pharmaceutical Category. • Received NT$14,004,000 from subscription of employee stock options, raising paid-in capital to NT$1,902,832,000.
2016	• Collaborated with the Hematology Society of Taiwan to jointly organize "MPN Asia," the 1st Annual International Symposium on Myeloproliferative Neoplasms. • Received MFDS approval to conduct a Phase III clinical study of P1101 for HCV GT2 treatment. • Received TFDA approval to conduct a clinical trial protocol (IND) for Oraxol (HM30181 tablets 15 mg/Paclitaxel capsules 30 mg) in breast cancer treatment. • Publicly listed on the Taipei Exchange. • AOP presented the pivotal study results of P1101 in PV treatment at the 2016 ASH Annual Meeting and Exposition. • P1101 obtained a South Korea patent for protein–polymer conjugates.

Year	Important Milestones
	• Received NT$14,004,000 from subscription of employee stock options, NT$23,708,000 from restricted employee stocks, and NT$250,000,000 in cash, raising paid-in capital to NT$2,184,601,000.
2017	• Established the subsidiaries PharmaEssentia Japan KK and PharmaEssentia USA Corporation. • Received TFDA approval to conduct a registration trial of the concurrent use of Oraxol and Ramucirumab Solution in the treatment of advanced gastric and esophageal cancer. • Hosted the MPN Asia 2nd Annual International Symposium on Myeloproliferative Neoplasms in Japan. • Received US FDA approval for Compassionate Use of P1101 for treatment of PV patients stably controlled on Pegasys. • The Company's P1101 was listed in Priority Review by the CFDA. • Received approval from the MOHW for the compassionate use of P1101 in patients with persistent MF and ET. • The Company's European partner AOP Orphan submitted an application to EMA for permission to sell the Company's P1101 on the market. • The Company's strategic partner AOP presented the CONTI-PV clinical result of P1101 for PV treatment at the 2017 ASH Annual Meeting and Exposition. • Received NT$5,649,000 from subscription of employee stock options and cancelled NT$(2,954,000) in restricted employee stocks, raising paid-in capital to NT$2,187,208,000.
2018	• PharmaEssentia's Taichung Plant received a GMP certificate approved by the EMA and Taiwan's MOHW. • PharmaEssentia's Taipei Laboratory received a GMP certificate approved by the EMA. • TGA permitted a Phase I trial for P1101 in Japan. • Filed anti-arbitration injunction with the International Chamber of Commerce (ICC) for the AOP arbitration case. • Received CFDA approval to conduct a clinical trial of P1101 in China. • CHMP recommended granting marketing authorization for Besremi® (P1101) by AOP. • Received CFDA approval to conduct an international multicenter clinical trial of P1101 for chronic hepatitis C GT2 in China. • Received NT$5,750,000 from subscription of employee stock options and cancelled NT$(2,109,000) in restricted employee stocks, raising paid-in capital to NT$2,190,849,000.
2019	• The EMA granted marketing authorization application (MAA) for AOP's P1101 (Besremi®) on February 19. • Received TFDA approval to conduct a registration trial of the Company's P1101 (injection 500 μg/mL). • Received meeting minutes of face-to-face discussion with the US FDA on PV treatment.

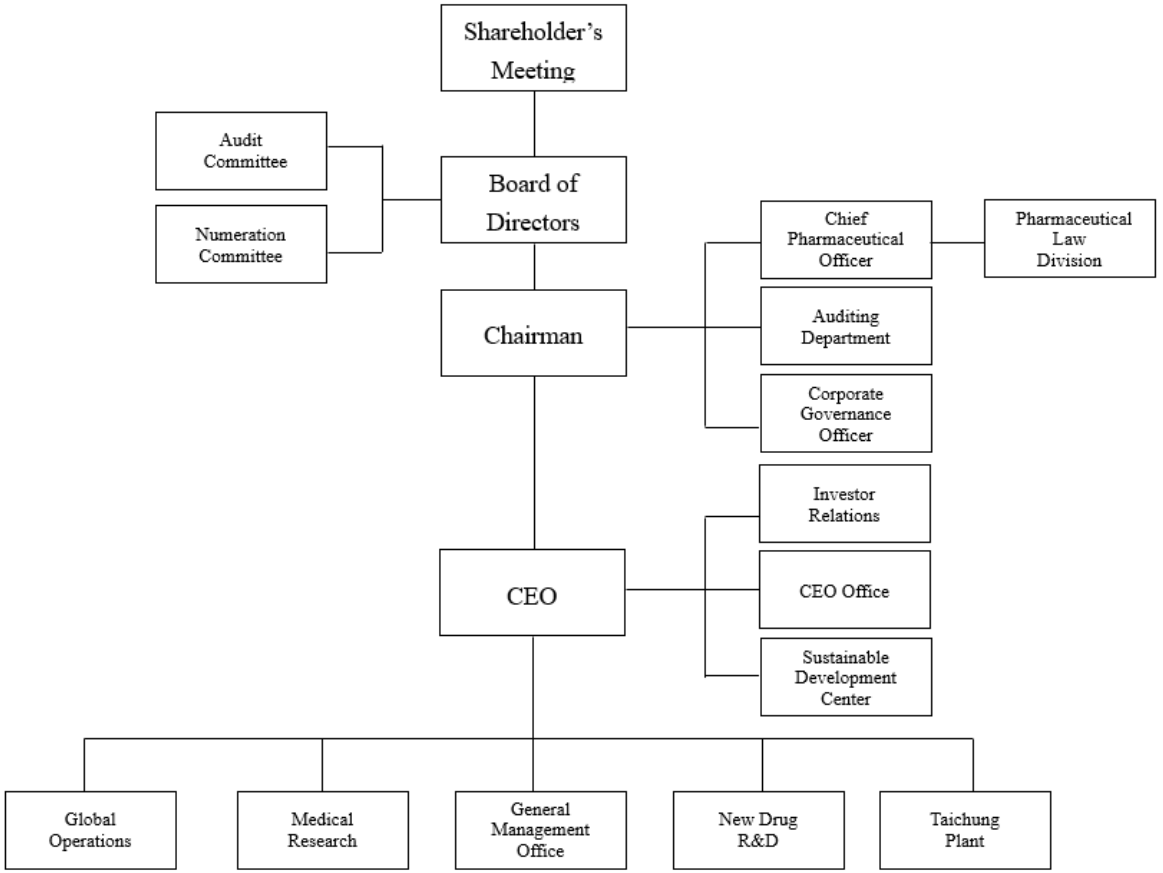
Year	Important Milestones
	• Received approval from the MOHW to conduct a registrational trial of Oraxol for prostate cancer treatment. • EMA website announced AOP's withdrawal of orphan designation for Besremi® for PV treatment.
2020	• The Corporation submitted a New Drug Application for PV to the U.S. FDA. • The new pharmaceutical manufacturing branch of the Corporation's Taichung Plant passed the certification for GMP and GDP issued by Taiwan's Ministry of Health and Welfare. • The Corporation's New Drug Application for Ropeginterferon alfa-2b was approved by Taiwan's Ministry of Health and Welfare; the indication is adult PV in the absence of symptomatic splenomegaly. • PharmaEssentia Corporation acquired 100% ownership of Panco Healthcare Co. Ltd., which is responsible for the marketing, sale, and distribution of PharmaEssentia's pharmaceutical products. • The Corporation's phase Ib clinical trial proposal for P1101, which is used to treat chronic hepatitis B or chronic hepatitis B with hepatitis D, was approved for implementation by Taiwan's Ministry of Health and Welfare. • The Corporation submitted a New Drug Application for Ropeginterferon alfa-2b to South Korea's Ministry of Food and Drug Safety; the indication is PV.
2021	• The Corporation's Taichung Plant was certified by the South Korea's Ministry of Food and Drug Safety for GMP. • Pyramid, a US syringe-filling service provider contracted by the Corporation, completed the U.S. FDA's preapproval inspection, which revealed no serious or major nonconformity. • The Corporation signed an additional agreement of authorization for KX01 with Athenex to authorize the drug for use in additional countries and to include more indications in the agreement. • The Corporation's single-arm phase II bridging clinical trial report for P1101 license application was approved by China's National Medical Products Administration (NMPA). • The phase III clinical trial for the use of P1101 to treat COVID-19 was approved for use by the Taiwan Food and Drug Administration (TFDA). • TFDA agreed and reviewed drug license for KX01 using a simplified review mechanism. • P1101 received marketing authorization from the Ministry of Food and Drug Safety (MFDS). • The phase III clinical trial report of the use of KX01 in Japan was approved by Pharmaceuticals and Medical Devices Agency (PMDA). • The Corporation received formal FDA approval for the use of P1101 to treat PV and was granted 7 years of orphan drug exclusivity (from November 12, 2021, onward) in the U.S. • The Corporation has submitted its drug license application for the use of KX01 to treat AK.

Year	Important Milestones
	• The Corporation received a positive response om the clinical trial data P1101 from Data and Safety Monitoring Board (DSMB) and verified its safety. The DSMB recommended the Corporation to proceed with its initial clinical plan. • The Corporation conduct two private placement of common shares in with total amount of NT 27.26 billion. • The Corporation's 2021 ESG report received the Golden Award in Healthcare Industry in 14th Taiwan Corporation Sustainability Awards
2022	• The National Comprehensive Cancer Network (NCCN) in the United States included BESREMi® as a treatment option for PV in its treatment guidelines released on February 28, 2022. BESREMi® is suitable for treating patients with high- and low-risk PV. • The Corporation's Japanese subsidiary, PharmaEssentia Japan KK, submitted a marketing authorization application in Japan on April 27, 2022, for the indication treatment of PV. • The Corporation submitted the marketing authorization application for P1101 in China on December 30, 2022 for the indication of PV with drug resistance or intolerance to HU. • Taiwan Ministry of Health and Welfare Approved the New Drug Application of KX01 (Tirbanibulin) for Actinic Keratosis (AK) • The Corporation Received "Prior Authorization for Import of Medicines" for P1101 in Macau • PharmaEssentia honored at the National Organization of Rare Disorders (NORD(R)) 2022 Rare Impact Awards for the Introduction of BESREMi(R) for PV. • PharmaEssentia honored "Outstanding Biotechnology Industry Award－Annual Industrial Innovation Award" at the Taiwan BIO Awards. • PharmaEssentia honored at the 19th National Innovation Award Enterprise Innovation Award" in the category of biotechnology, pharmaceuticals and precision medicine based on its "Taiwan's first comprehensive operation model of innovative biotechnology and new drugs - taking BESREMi® as an example, research and development, manufacturing, global clinical trials and marketing".
2023	• The Company submitted New Drug Registration of P1101 for PV in Malaysia • Japan MHLW approved the marketing authorization application of P1101 for subcutaneous injection for PV patients that the existing treatments are insufficient or inappropriate.

III. Corporate Governance

1. Organization System

(1) Organization Chart



(2) Major Department Functions

Department	Functions
Pharmaceutical Law Division	• Formulate and organize relevant strategies or plans regarding applications for domestic drug licenses and regarding drug development life cycles • Assist and supervise subsidiaries' formulation of strategies or plans related to applications for drug licenses and drug development life cycles • Collaborate with approved foreign business partners or contractors to plan and promote implementation of strategies for applications for drug licenses • Facilitate communication between various departments and the relevant authorities for concerns related to pharmaceutical regulations • Assist in developing principles and strategies in response to new information or interpretations of pharmaceutical regulations; assist various departments in resolving problems related to pharmaceutical regulations • File pharmaceutical vendor permit applications and change registrations
Auditing Department	• Develop and implement a company audit system and formulate an annual audit plan based on risk assessment • Perform an annual audit, supervise departmental audits and self-assessments, and track improvement • Handle work related to the convening and deliberation of the Board of Directors
Investor Relations	• Handle work related to IR, PR, fundraising affairs, industry information compilation, and research
Sustainable Development Center	• Define and establish environmental, social, and governance (ESG) and sustainability concerns that significantly affect the operations and reputation of the corporate group and its relevant stakeholders • Review and discuss critical international trends related to the sustainable development of the corporate group • Lead, manage, and supervise the promotion of sustainable development organizations and policies, commitments, strategic goals, resource input, performance evaluation mechanisms, and plans of the corporate group • Lead, manage, and supervise the corporate group's sustainable development blueprint and annual plan, budget spending, efficacy review, strategic objectives, and revision of relevant regulations • Lead the implementation and integration of the evaluation criteria reported by international sustainable development organizations, peer benchmark companies, and third-party ESG research units as the Company standard for disclosure of ESG information • Complete the Company headquarters annual sustainable development report in both Chinese and English and publish it on the Company headquarters website, on the Market Observation Post System for listed and OTC companies, and in the annual report

Department	Functions
	• Regularly report to the board of directors and report on the performance of annual sustainable development plans approved by the board of directors at shareholder meetings • Supervise the sustainable development education and training of all functional groups and employees at the headquarter offices to introduce sustainable development into the Company's operations • Lead and supervise the operations of the Sustainable Development Center at the headquarter office and its various functional groups, review the effectiveness of the center and its strategic objectives, and revise relevant regulations • Regularly convene and manage the Headquarters Sustainable Development Executive Committee, which comprises functional group representatives
Legal	• Coordinating and formulating the Company's legal-related policies and regulations • Review of the Company's legal documents • Manage and handle the risks of legal disputes • Provide legal advice on business activities • Legal documents and information management • Manage the Company's seal and signature application • Maintain relationships with external legal institutions
Global Operations	• Collate and stipulate short-/mid-/long-term strategies for global business operations to develop new drug markets in different countries • Conduct market trend assessment and development planning • Establish group cooperation and partnership and promote research and development plans • Formulate preassessment and development plans for new businesses and provide an appropriate operating model and market operating mechanism • Establish new business development goals and a market introduction mechanism • Plan and develop new products or new client bases and manage product commercialization • Plan technology transfer and product authorization • Vie for international strategic partners
Medical Research	• Plan product medical strategies, create clinical development plans for new drugs, interact and communicate with external academic experts, and launch academic events for the medical community • Plan clinical trials, select study centers and investigators, assess and select a contact research organization (CRO) and supplier, execute or assist in domestic and international investigational new drug (IND) applications

Department	Functions
	• Supervise and manage the clinical trial center, clinical trial investigators, CROs, and affiliated researchers during the implementation of clinical trials to ensure compliance with clinical trial protocols, GCP, and relevant legal requirements • Track the progress of clinical trials, submit reports on the adverse reactions of the studied drug, report on the statistical analyses of the study results and study reports, and communicate with the relevant regulatory units in Taiwan and overseas • Write clinical trial protocols, investigator's brochures, and other medical technical documentation and publish test results • Handle tasks related to drug safety monitoring
General Management Office	• Business Planning: Plan and conduct business analysis and propose planning recommendations • Finance and Accounting: Plan budgeting system, supervise budgeting progress, and conduct various financial and accounting operations • Intellectual Property: Plan and implement intellectual property management and handle legal affairs • Human Resources: Plan, develop, and implement a system for human resources and training and increase the efficacy of compensation and welfare management, talent recruitment, talent cultivation, and employee relations • Information: Formulate global information systems and procedural strategies and promote and implement the Company's data security regulations and control mechanisms • Procurement: Plan and execute procurement activities to achieve cost-effective procurement goals • Administrative affairs
New Drug R&D	• Screen for and assess candidate drugs, research and develop dosage/formulas, and develop drug products. • Evaluate in-vitro screening methods and build animal assessment models (primarily outsourced). • Conduct small mass production of candidate drugs for early toxicological or animal testing requirements. • Transfer technology to GMP (good manufacturing practice) production department (or outsourced GMP manufacturer) for mass production. • Ensure that product does not infringe upon patent and apply for patent. • Develop, verify, and validate drug molecular analysis methods. • Characterize and identify product purity and impurity structure. • Assess and introduce new technologies, improve analytical methods, and transfer analytical techniques. • Manufacture, identify, and analyze the activities of new antibody drugs.

Department	Functions
	• New Research Plan: Introduce new research plans, conduct feasibility assessments, and assist with designing business development and commercial implementation plans. • Academic research and cooperation • Industry specialist
Taichung Plant	• Conduct process development and feasibility study. • Conduct process amplification, improvement, and technology transfer. • Synthesize drugs and conduct small mass production for early toxicological or animal testing requirements. • Apply for patents and assist with completing drug development and market introduction. • Plan and conduct GMP biopharmaceutical product production and manufacturing operations. • Plan and conduct production and logistics management operations. • Plan and conduct improvements to construction works and maintenance and servicing of various support systems. • Ensure that production procedures are compliant with GMP regulations. • Plan and conduct procurement operations for the Taichung Plant to achieve the purpose of cost-effective procurements. • Plan and conduct operations related to plant safety and health, including environmental protection, fire prevention management, and building safety inspections. • Conduct matters related to the management of general affairs, company cars, and dormitories. • Conduct matters concerning liaison and business dealings with the Central Taiwan Science Park. • Plan and conduct GMP quality control (QC) operations at QC laboratories, including quality analysis and quality control techniques. • Ensure that the operations of the Taichung Plant comply with all requirements and undertake GMP-related tasks, with respect to the quality system, production quality, quality engineering, and quality compliance

2. Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Heads of all the Company's Divisions and Branch Units

(1) Directors

As of March 26, 2023; Shares; %

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	R.O.C.	ChingLeou Teng	Female	110.8.5	3 years	101.9.24	2,783,046	1.06	3,128,046	1.02	200,000	0.07	-	-	• Ph.D. in Pharmaceutics, University of Michigan • Post-Doctoral Fellowship, University of Michigan • Reviewer, US Food and Drug Administration (FDA) • Assistant Director, ISIS Pharmaceutical, Inc.	• Chief Pharmaceutical Officer and Chariperson, PharmaEssentia Corp. • Director, PharmaEssentia Asia (Hong Kong) Limited. • Director, PharmaEssentia (Hong Kong) Limited. • Director, PharmaEssentia Japan KK • Director, PharmaEssentia USA Corporation • Director, PharmaEssentia Korea Corporation • Director, Panco Healthcare Co., Ltd. • Director, Apeximmune • Chariperson, PharmaEssentia Innovation Research Center, Inc.	-	-	-
Director	R.O.C.	KoChung Lin	Male	110.8.5	3 years	110.8.5	3,533,964	1.35	3,973,964	1.30	1,300,000	0.43	-	-	• Ph.D., Chemistry, University of Missouri • Post-doctoral Fellowship, Anti-Cancer Drug Innovation Research, University of Missouri • Former Head of Adentri™ Program & Pegylated-Avonex™ Program, Biogen Inc. • Lead inventor of PEG-IFN b (Plegridy), Biogen Inc., Monsanto – Searle	• Director and CEO, PharmaEssentia Corporation • Director and CEO, PharmaEssentia USA Corporation • Chairperson, PharmaEssentia Japan KK • Executive Director, PharmaEssentia Biotechnology (Beijing) Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
																• Chairperson, PharmaEssentia Korea Corporation • Director, PharmaEssentia Singapore Pte Ltd • Director, Panco Healthcare Co., Ltd. • Director, PharmaEssentia Innovation Research Center, Inc.			
Director	R.O.C.	Rep: ShenYou Gong	Male	110.8.5	3 years	110.8.5	-	-	-	-	10,439	0.00	-	-	• Tamkang University • Master's degree in National Chengchi University	• Representative, EON Capital Group Limited	-	-	-
		EON Capital Group Limited					6,663,152	2.53	6,210,022	2.03	-	-	-	-			-	-	-
Director	R.O.C.	BenYuan Chen	Male	110.8.5	3 years	95.6.30	1,855,415	0.70	2,173,155	0.71	227,236	0.07	-	-	• Department of Electronic Engineering, National Taipei University of Science and Technology • Teacher, Department of Electronics, the Affiliated Industrial Vocational High School of National Changhua University of Education, Taichung Municipal Taichung Industrial High School • President, 1st Alumni association of Electronic Science of Taichung Municipal Taichung Industrial High School • President, Alumni Association of Taichung Municipal Taichung Industrial High School	• Chairman, Chuan Hwa Book Co., Ltd. • Chairman, Yui-Da Culture Business Co., Ltd. • Chairman, Chuen-Hua Culture Co., Ltd. • Chairman, Chuen-Yi Information Co., Ltd. • Chairman, Chuan-Hsun Computers Co., Ltd. • Chairman, Taichung Chih-Yung Senior High School • Chairman, Nantou Jerry Foundation • Chairman, Da-Kao Communications Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
															• President, Alumni Association of National Taipei University of Science and Technology • Chairman, Alumni Scholarship Fund of National Taipei University of Science and Technology • Chairman, Association of Taiwan Private School Culture and Education R.O.C. • Chairman, Publisher Association, Republic of China				
Director	R.O.C.	Rep: YenChing Hwang	Female	110.8.5	3 years	95.6.30	-	-	-	-	-	-	-	-	• Master, Business Administration, University of Birmingham • Taiwan Central Bank officer • In-charge of Central Deposit Insurance Corporation • Officer, Executive Officer, Auditor, and Assistant Director at Council for Economic Planning and Development, Executive Yuan	• Special Committee Member of Department of Industrial Development of National Development Council	-	-	-
	R.O.C.	National Development Fund, Executive Yuan					22,066,296	8.37	22,066,296	7.22	-	-	-	-			-	-	-
Director	R.O.C.	ChanKou Hwang	Male	110.8.5	3 years	104.5.29	1,330,073	0.50	1,760,073	0.58	795,983	0.26	-	-	• Ph.D., Organic Chemistry, University of Pennsylvania, USA • Researcher, Amgen Inc., USA • Team Leader, Array BioPharma Inc., USA • Director, Optimer Pharmaceuticals, Inc., USA	• General Manager, PharmaEssentia Corp. • Supervisor, PharmaEssentia Biotechnology (Beijing) Co., Ltd. • Diretor, Panco Healthcare Co., Ltd. • Director, PharmaEssentia Japan KK • Director, PharmaEssentia Asia (Hong Kong) Limited	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	R.O.C.	Rep: ChienHsin Lai	Male	110.8.5	3 years	95.6.30	-	-	-	-	-	-	-	-	• Ph.D. Degree in Soil and Water Conservation at the National Chung-Hsing University • Visiting scholar at the University of California-Berkeley • Committee Member of the Panel of Experts of Belmont Forum • Fellow, Chinese Society for Management Of Technology • Member of Chinese Institute of Engineers • President of the Chinese Water Resources Management Society • Commissioner of the Disaster Prevention and Protection Expert Consultation Committee • President of the International Society of Paddy and Water Environment Engineering • President of the Taiwan Agricultural Engineers Society	• Director-General of Water Resources Agency (WRA), Ministry of Economic Affairs (MOEA)	-	-	-
	R.O.C.	YaoHwa Co., Ltd. Management Commission					9,666,000	3.67	9,666,000	3.16	-	-	-	-			-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	R.O.C.	ShenYi Li	Male	110.8.5	3 years	110.8.5	698,485	0.27	825,242	0.27	5,219	0.00	-	-	• Ph.D at Department of Law Chinese Culture University • Bachelor's degree in Department of Law, National Taiwan University • Lawyer • Chairman of Consumers' Foundation, Chinese Taipei • Member of Political Party Registration Review Committee, Executive Yuan • Member of Fair-Trade Commission, Executive Yuan • Member of the 2nd and 3rd Control Yuan • Adjunct Associate Professor at National Chengchi University • Adjunct Associate Professor at Chinese Culture University	• Chairman of Singapore Hengyi Fund Co., Ltd. • Supervisor of Chinese Culture University • National Policy Advisor • Independent Director of WIN Semiconductors Corporation • Independent Director of Capital Securities Corporation • Director of Nan Ya Plastics Corporation • Supervisor of Dharma Drum Humanities and Social Improvement Foundation • Director of East Tender Optoelectronics Corporation • Vice Chairman of Taiwan New Economy Foundation	-	-	-
Independent Director	R.O.C.	JienHeh Tien	Male	110.8.5	3 years	107.6.25	2,000	0.00	2,000	0.00	-	-	-	-	• Ph.D., Organic Chemistry, University of Massachusetts, USA • Section Manager, Abbott Laboratories • Associate Director, Theravance Inc. • Senior Director, ARYx Therapeutics Inc., USA • Chairman, Sanli Pharmaceutical Technology Co., Ltd. • Chief Scientific Officer of Sunny Pharmtech Inc.	• Senior Deputy General Manager of XW Pharma • Consultant of SCI Pharmtech. Inc	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	R.O.C.	JinnDer Chang	Male	110.8.5	3 years	103.3.27	91,511	0.03	95,534	0.03	-	-	-	-	• Ph.D., Accounting, Federal State International University, USA • Ph.D., Law, National Chung Cheng University • Auditor, Taipei National Tax Bureau Audit Department, Ministry of Finance • First Chairman, R.O.C. Association of Accountants • Member, Taiwan Provincial Government Appeals Review Committee • Member of Financial Supervisory Commission Appeal Review Committee • Associate Professor, Graduate Institute of Business Administration, Taipei University • Dean, School of Management, Chaoyang University of Science and Technology/Chair Professor, Department of Accounting • Associate Professor Feng Chia University • Associate Professor, Department of Financial and Economic Law, Asia University • Associate Professor at Department of Law at National Chung Hsing University • Chairman of Taiwan Corporate Law Institute	• Director, CROWN& CO., CPAs • Adjunct Professor, Department of Law, National ChungHsing University • Arbitrator of Republic of Chinese Arbitration Association, Taiwan and Taiwan Construction Arbitration Association • Chairman of Corporate University Cultural and Educational Foundation • Chairman of Chung Cheng University Academic Foundation • Independent Director, Hua Eng Wire & Cable • Chairnan of Jukao Engineering Corporation • Chairman of Guanbao International Consulting Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term of Contract	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Selected Current Positions at PharmaEssentia and Other Companies	Spouse of or Related Within the Second Degree of Kinship to Any Head of Department, Director, or Supervisor		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	U.S.	Patrick Y. Yang	Male	110.8.5	3 years	103.3.27	-	-	-	-	-	-	-	-	• Ph.D., Electrical Engineering, Ohio State University, USA • Laureate at Industrial Technology Research Institute • Executive Vice President, Operations Department, Genentech Biotech, USA • President, Global Technology Operations, Roche Pharmaceuticals, Switzerland • Vice President, Merck, USA • Member, Bio Taiwan Committee, Executive Yuan • Executive Vice president, Juno Therapeutics	• Director of Polaris Pharmaceuticals • Chairman of National Resilience, Inc. • Chairman of AlttruBio, Inc • Chairman of Acepodia, Inc. • CEO of Patrick Y. Yang, LLC • Director of Sana Biotechnology, Inc. • Director of Antheia, Inc. • Director of Codexis, Inc.	-	-	-

(2) Major Shareholders of Institutional Shareholders

As of March 26, 2023

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
National Development Fund, Executive Yuan	In accordance with Article 29 of the Statute for Industrial Innovation, the Executive Yuan establishes the National Development Fund and a Management Commission that organizes matters related to fund collection and payment, safekeeping, and use. The Management Commission shall comprise 11 to 13 members, all of whom shall be appointed (hired) by the Executive Yuan.
YaoHwa Co., Ltd. Management Commission	The Yao-Hwa Co., Ltd. Management Commission is a management commission managed by the Ministry of Economic Affairs. Currently, the Management Commission comprises 2–6 citizen representatives and 8 government representatives.
EON Capital Group Limited	Millegrove Enterprise Group Limited (100%)

(3) Major Shareholders of Institutions that serve as Institutional Shareholders

Name of Institution	Major Shareholder of Institution
Millegrove Enterprise Group Limited	Langford Asset Holdings Ltd (100%)

(4) Professional Qualifications and Independence Analysis of Directors

A. Diversification policy

To reinforce company management and promote sound development in the composition and structure of the board, the "board member diversification" policy in the second item of Act 20 of "Company Management Practice Regulations" states the following: The development scale of company operations and the shareholdings of major shareholders should be considered in board composition. Actual practice should be considered in setting the adequate board member number. In addition, various aspects of diversity should be addressed, such as basic conditions and values (gender, age, nationality, cultural background, etc.) and professional experience and skills (law, accounting, industry, finance, marketing, technology, etc.).

B. Specific management goals

The board formulates company strategies and supervises management. They are responsible to the Company and to shareholders. The operations and arrangements of the Company management system ensure that the board exercises its powers according to legislations, company regulations, and shareholder meeting resolutions. For the Company's business development needs, the board of this company should be composed of experts and scholars in industry, finance, accounting, and management. The board must have at least one member in

each professional field of operation judgement, operation management, finance and accounting, international market perspective, and biotechnology industry. In addition, gender equality in board composition is important for the Company, where at least one of the board members is to be a female.

C. The current diversification implementation state of board members is as follows:

The incumbent 11 board members comprise 8 board members and 3 independent board members. The members have abundant experience in and professional knowledge of biology, electronics, food, education, and marketing. Among the 11 board members, 3 are members are employees; the tenure of the two of the three independent board members are over 8 years, and of them is over 4 years. The Company's independent directors have diverse and abundant experiences in Industry, Official and University, and in the production and manufacturing aspects of Biotechnology Industry. Therefore, the Company continue to rely on their experiences to supervise the Company and provide professional advice. Most of the board members are aged 51–80 years. In addition, gender equality in board composition is important. Two of the board members are female.

The implementation state of the diversification policy of the board members of this company is shown in the following table:

Core Items of Diversification	Basic conditions and values					Professional knowledge and skills	Abilities							
	Nationality	Gender	Concurrent Employee	Age	Independent board member		Operation judgement	Accounting and finance analysis	Operation management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision making
ChingLeou Teng	R.O.C	Female	✓	71~80		Biotechnology	✓		✓	✓	✓	✓	✓	✓
KoChung Lin	R.O.C	Male	✓	71~80		Biotechnology	✓		✓	✓	✓	✓	✓	✓
ShenYou Gong	R.O.C	Male		61~70		Financing	✓	✓	✓	✓		✓	✓	✓
BenYuan Chen	R.O.C	Male		71~80		Education	✓		✓				✓	✓

Core Items of Diversification	Basic conditions and values					Professional knowledge and skills	Abilities							
	Nationality	Gender	Concurrent Employee	Age	Independent board member		Operation judgement	Accounting and finance analysis	Operation management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision making
YenChing Hwang	R.O.C	Female		51~60		Financing	✓	✓				✓		✓
ChienHsin Lai,	R.O.C	Male		51~60		Water Resources Management.	✓		✓	✓	✓	✓	✓	✓
ChanKou Hwang	R.O.C	Male	✓	61~70		Biotechnology	✓		✓	✓	✓	✓	✓	✓
ShenYi Li	R.O.C	Male		71~80	—	Law	✓				✓	✓		✓
JinnDer Chang	R.O.C	Male		71~80	9	Accounting and law	✓	✓	✓	✓		✓	✓	✓
Patrick Y. Yang	United States of America	Male		71~80	9	Biotechnology	✓		✓	✓	✓	✓	✓	✓
JienHeh Tien	R.O.C	Male		71~80	5	Biotechnology	✓		✓	✓	✓	✓	✓	✓

D. The standards for the scope, complementarity, and implementation of board member diversification have been specified in Article 20 of the Corporate Governance Practice Principles; in the future, the diversity policy will be revised in a timely manner according to the operations of the board of directors, operational patterns, and the development needs of

the Company, which include but are not limited to two major standards: (1) basic conditions and values and (2) professional knowledge and skills. The standards were set to ensure that board members have the knowledge, skills, and literacy required to fulfil their duties.

(5) The General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's Divisions and Branch Units

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions at Other Companies	Managers Who Are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
CEO	R.O.C.	KoChung Lin	Male	106.1.1	3,973,964	1.30	1,300,000	0.43	-	-	• Ph.D., Chemistry, University of Missouri • Post-doctoral Fellowship, Anti-Cancer Drug Innovation Research, University of Missouri • Former Head of Adentri™ Program & Pegylated-Avonex™ Program, Biogen Inc. • Lead inventor of PEG-IFN b (Plegridy), Biogen Inc., Monsanto – Searle	• Director and CEO, PharmaEssentia Corporation • Director and CEO, PharmaEssentia USA Corporation • Chairperson, PharmaEssentia Japan KK • Executive Director, PharmaEssentia Biotechnology (Beijing) Co., Ltd. • Chairperson, PharmaEssentia Korea Corporation • Director, PharmaEssentia Singapore Pte Ltd • Director, Panco Healthcare Co., Ltd. • Director, PharmaEssentia Innovation Research Center, Inc.	-	-	-
General Manager	R.O.C.	ChanKou Hwang	Male	104.6.25	1,760,073	0.58	795,983	0.26	-	-	• Ph.D., Organic Chemistry, University of Pennsylvania, USA • Director, Optimer Pharmaceuticals, Inc., USA • Team Leader, Array BioPharma Inc., USA • Researcher, Amgen Inc., USA	• General Manager of PharmaEssentia Corp. • Supervisor, PharmaEssentia Biotechnology (Beijing) Co., Ltd. • Director, Panco Healthcare Co., Ltd. • Director, PharmaEssentia Japan KK • Director, PharmaEssentia Asia (Hong Kong) Limited	-	-	-
Chief Pharmaceutical Officer	R.O.C.	ChingLeou Teng	Female	104.6.25	3,128,046	1.02	200,000	0.07	-	-	• Ph.D. in Pharmaceutics, University of Michigan • Post-Doctoral Research, University of Michigan • Reviewer, US FDA • Assistant Director, ISIS Pharmaceutical, Inc.	• Chief Pharmaceutical Officer and Chariman, PharmaEssentia Corp. • Director, PharmaEssentia Asia (Hong Kong) Limited. • Director, PharmaEssentia (Hong Kong) Limited. • Director, PharmaEssentia Japan KK • Director, PharmaEssentia USA Corporation	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions at Other Companies	Managers Who Are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
												• Director, PharmaEssentia Korea Corporation • Director of Apeximmun • Director, PharmaEssentia Innovation Research Center, Inc.			
Medical Officer	USA	Albert Qin	Male	106.1.13	70,242	0.02	-	-	-	-	• Ph.D., Biochemistry and Molecular Pharmacology, Harvard University (1994) • Various positions at international advanced pharmaceutical companies, including senior scientists, clinical assistant directors, clinical general directors, chief scientific officers, and executive directors. • Chief Scientific Officer, SymBio in Japan • Medical Director, ImmunoGen, USA • Associate Director, Pfizer • Pharmacologist, Bayer Pharmaceuticals, USA • Biologist, Biogen USA	-	-	-	-
Chief Scientific Officer	R.O.C.	Lih-Ling Lin	Female	111.8.11	200,000	0.07	-	-	-	-	• BS and MS National Taiwan University • Ph D University of Arizona • Pfizer, Head of Innate Immunity • Sanofi,Head of Checkpoint immunology I&I	• Chief Scientific Officer, PharmaEssentia Corp. • Director and President	-	-	-
Senior Manager of Finance	R.O.C.	Snow Chang	Female	104.10.14	82,523	0.03	-	-	-	-	• Master, Accounting, Soochow University • Senior Manager, KGI Securities • Manager, First Taiwan Securities Inc. • Senior Manager at Settlement Department, Grand Cathay Securities Corporation • Manager, First Taiwan Securities Inc.	• Director, PharmaEssentia Japan KK • Supervisor, PharmaEssentia Korea Corporation	-	-	-

3. Remuneration Paid to Directors, Supervisors, General Managers, Assistant General Managers

(1) Remuneration Paid to Directors (Including Independent Directors)

Unit: NT$1,000; 1,000 shares

Title	Name	Directors' Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income After Tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income After Tax (%)		Compensation Paid to Directors From Invested Companies, Other Than Subsidiaries
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Director(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Bonus (G)						
		From PharmaEssentia	From All Consolidated	From PharmaEssentia	From All Consolidated	From PharmaEssentia	From All Consolidated	From PharmaEssentia	From All Consolidated	From Pharma Essentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated	From PharmaEssentia		From All Consolidated Entities		From PharmaEssentia	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	ChingLeou Teng	-	-	-	-	-	-	195	195	-	-	15,776	15,776	-	-	-	-	-	-	-1.16%	-1.16%	None
Director	KoChung Lin	-	-	-	-	-	-	195	195	-	-	15,871	15,871	171	171	-	-	-	-	-1.18%	-1.18%	None
Director	EON Capital Group Limited Rep.:ShenYou Gong	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	BenYuan Chen	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	National Development Fund, Executive Yuan Rep: YenChing Hwang	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	YaoHwa Co., Ltd. Management Commission	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	ChanKou Hwang	-	-	-	-	-	-	195	195	-	-	13,639	13,639	-	-	-	-	-	-	-1.01%	-1.01%	None
Director	ShenYi Li	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Patrick Y. Yang	-	-	-	-	-	-	150	150	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	JinnDer Chang	-	-	-	-	-	-	180	180	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	JienHeh Tien	-	-	-	-	-	-	195	195	-	-	-	-	-	-	-	-	-	-	-	-	None

1. Please describe the payment policy, system, standard and structure of remuneration of independent directors, and describe the factors considered when determining directors' fees such as the borne responsibility, risk and time commitment etc. According to the regulations of Articles of Incorporation of the Company, Remuneration Committee will determine remuneration of the directors according to their engagement in the operations of the Company by considering the normal industry payment standard and make proposal to Board of Directors for resolution. In the year of 2022, the Company only paid NT$15,000 as traffic allowance for each attending Board of Directors Meeting.
2.Apart from those disclosed in the above table, the remuneration received by company directors for providing service to all companies in financial report in recent years (such as taking a post as an adviser other than an employee etc.): N.A.

Director Remuneration Bracket

Remuneration the Company Paid to Each Director by Range	Name of Director			
	Total Remuneration from (A+B+C+D)		Total Remuneration from (A+B+C+D+E+F+G)	
	From PharmaEssentia	From All Consolidated Entities I	From PharmaEssentia	From All Consolidated Entities J
< NT$1,000,000	ChingLeou Teng, KoChung Lin, ShenYou Gong, BenYuan Chen, YenChing Hwang, ChienHsin Lai, ChanKou Hwang, ShenYi Li, JinnDer Chang, Patrick Y. Yang, JienHeh Tien	ChingLeou Teng, KoChung Lin, ShenYou Gong, BenYuan Chen, YenChing Hwang, ChienHsin Lai, ChanKou Hwang, ShenYi Li, JinnDer Chang, Patrick Y. Yang, JienHeh Tien	ShenYou Gong, Ben-Yuan Chen, YenChing Hwang, ChaoChung Kuo, ShenYi Li, JinnDer Chang, Patrick Y. Yang, Jien-Heh Tien	ShenYou Gong, BenYuan Chen, YenChing Hwang, ChienHsin Lai, ShenYi Li, JinnDer Chang, Patrick Y. Yang, JienHeh Tien
NT$1,000,000–NT$2,000,000	None	None	None	None
NT$2,000,000–NT$3,500,000	None	None	None	None
NT$3,500,000–NT$5,000,000	None	None	None	None
NT$5,000,000– NT$10,000,000	None	None	None	None
NT$10,000,000–NT$15,000,000	None	None	ChanKou Hwang	ChanKou Hwang
NT$15,000,000–NT$30,000,000	None	None	ChingLeou Teng, KoChung Lin	ChingLeou Teng, KoChung Lin
NT$30,000,000–NT$50,000,000	None	None	None	None
NT$50,000,000–NT$100,000,000	None	None	None	None
> NT$100,000,000	None	None	None	None
Total	11	11	11	11

(2) Remuneration Paid to General Managers and Assistant General Managers

Unit: NT$1,000

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Amount of Employee Remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income After Tax (%)		Compensation Paid to Directors from Invested Companies Other Than Subsidiaries
		From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia		From All Consolidated Entities		From PharmaEssentia	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	KoChung Lin	15,871	15,871	171	171	-	-	-	-	-	-	-1.17	-1.17	None
General Manager	ChanKou Hwang	13,639	13,639	-	-	-	-	-	-	-	-	-0.99	-0.99	None

General Managers and Assistant General Managers Remuneration Bracket

Remuneration Paid by the Company to Each General Manager and Assistant General Manager by Range	Name of General Manager and Assistant General Manager	
	From PharmaEssentia	From All Consolidated Entities (E)
< NT$1,000,000	None	None
NT$1,000,000–NT$2,000,000	None	None
NT$2,000,000–NT$3,500,000	None	None
NT$3,500,000–NT$5,000,000	None	None
NT$5,000,000– NT$10,000,000	None	None
NT$10,000,000– NT$15,000,000	ChanKou Hwang	ChanKou Hwang
NT$15,000,000– NT$30,000,000	KoChung Lin	KoChung Lin
NT$30,000,000– NT$50,000,000	None	None
NT$50,000,000– NT$100,000,000	None	None
> NT$100,000,000	None	None
Total	2	2

(3) Name of Managers Receiving Employee Compensation and the Distribution Status

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Amount of Employee Remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income After Tax (%)		Compensation Paid to Directors from Invested Companies Other Than Subsidiaries
		From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia		From All Consolidated Entities		From PharmaEssentia	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	KoChung Lin	15,871	15,871	171	171	-	-	-	-	-	-	-1.17	-1.17	None
Chief Pharmaceutical Officer	ChingLeou Teng	15,776	15,776	-	-	-	-	-	-	-	-	-1.15	-1.15	None
General Manager	ChanKou Hwang	13,639	13,639	-	-	-	-	-	-	-	-	-0.99	-0.99	None
Chief Medical Officer	Albert Qin	6,603	6,603	-	-	-	-	-	-	-	-	-0.48	-0.48	None
Senior Scientific Fellow	YenTung Luan	5,840	5,840	108	108	-	-	-	-	-	-	-0.43	-0.43	None

(4) Employee remuneration distributed to managers and distribution situation: None

(5) This section presents a comparison of the ratio of the total amount of remuneration paid to directors, supervisors, general managers, and assistant general managers of the Company and all companies covered in the consolidated financial statements in the past 2 years to after-tax net income shown through the individual or respective financial statements; in addition to explanations of the policies, standards, and composition for remuneration payment, procedures to fix remuneration, and the interrelationship between the business performance and future risks.

A. Analysis of the ratio of the total amount of remuneration paid to directors, supervisors, general managers, and assistant general managers of the Company and all companies covered in the consolidated financial statements in the past 2 years to after-tax net income:

Unit: NT$1,000

Item	2021				2022			
	Total Remuneration		As a Percentage of Net Income After Tax (%)		Total Remuneration		As a Percentage of Net Income After Tax (%)	
	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities	From PharmaEssentia	From All Consolidated Entities
Directors	8,372	8,372	-0.30	-0.30	15,776	15,776	-1.15	-1.15
CEO and General Manager	17,666	17,666	-0.63	-0.63	29,681	29,681	-2.16	-2.16

B. Policies, standards, and composition for remuneration payment, procedures to fix remuneration, and the interrelationship between business performance and future risk.

i. Remuneration paid to directors and supervisors is handled in accordance with the Company's Articles of Incorporation and determined by considering the position of the director/supervisor in the Company and the value of their participation and contribution to Company operations. The remuneration is internally proposed by the Company to the Remuneration Committee for approval and presented to the Board of Directors for review.

(A) "Director Remuneration" is the travel expenditure spent to attend Board meetings. In the year of 2022, the Company only paid NT$15,000 as traffic allowance for each attending Board of Directors Meeting.

(B) "Relevant Remuneration Received by Directors Who are Also Employees" refers to the salary paid to: Chairman ChingLeou Teng, who is also the Chief Pharmaceutical Officer; Director KoChung Lin, who is also the Chief Executive Officer; Director ChanKou Hwang, who is also the General Manager and Representative of the Company's Taichung Plant. Remuneration Committee will determine remuneration of the directors according to their engagement in the operations of the Company by considering the industry benchmarks and make proposals to Board of Directors for review and resolution.

ii. Remuneration paid to the CEO and General Manager is based on the Company's managerial performance evaluation method, which is based on the annual key performance indicators of each department as set by the Company's operational objectives each year. In addition to the Company's operational performance, future risks, development strategies and industry trends, we also take into account the industry benchmarks and other factors to provide reasonable compensation. The performance evaluation and compensation distribution are approved by the Remuneration Committee and the Board of Directors in accordance with the regulations. The Company will review the compensation distribution policy in a timely manner in light of the general environment and corporate management strategy to take into account the sustainable operation of the Company and the interests of the stakeholders.

4. Corporate Governance

(1) Operation of the Board of Directors

As of the time of publication, the Board of Directors have been convened for 17 times for 2022 and 2023. The attendance of the directors is as follows:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Attendance Rate in Person (B/A)	Notes
Chairman	ChingLeou Teng	17	0	100%	
Director	KoChung Lin	17	0	100%	
Director	ChanKou Hwang	17	0	100%	
Director	BenYuan Chen	17	0	100%	
Director	Representative of National Development Fund, Executive Yuan: YenChing Hwang	17	0	100%	
Director	Management Committee Representative of Yao Hwa Glass Co. Ltd: Chao-Chung Kuo	14	0	100%	Discharged on February 14, 2023
Director	Management Committee Representative of Yao Hwa Glass Co. Ltd: ChienHsin Lai	3	0	100%	Elected on February 14, 2023
Director	ShenYi Li	17	0	100%	
Independent Director	Patrick Y. Yang	14	3	82%	
Independent Director	JinnDer Chang	16	1	94%	
Independent Director	JienHeh Tien	17	0	100%	

Other matters of note:

1. In the event of any of the following in the operations of the Board of Directors, the date, term, and motion content, opinions of all independent directors, and the Company's response shall be recorded:
   (1) Items listed in Article 14-3 of the Securities and Exchange Act:

   The Securities and Exchange Act §14-3 is not applicable because the Company has established the Audit Committee. For relevant information, please refer to the "Audit Committee Meeting Status" in this Annual Report.

   (2) Other recorded or written board meeting resolutions expressing dissenting opinions or reservations from independent directors apart from the above matters: none
2. In the event of a conflict of interests with any director when reviewing a motion, the director's name, motion content, reason behind conflict of interest, and participation status in passing resolution shall be recorded:

Date of Meeting	Content	Director name, reason behind conflict of interest, and participation status in passing resolution
March 1, 2022	Review of the 2021 manager performance appraisal	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. All other attending directors agreed on the remuneration adjustment plan.
March 1, 2022	Review of the 2021 manager remuneration adjustment plan	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. Independent director JinnDer Chang served as the Acting Chairman. All other attending directors agreed on the amended remuneration adjustment plan.
February 24, 2023	Review of the 2022 manager performance appraisal	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. All other attending directors agreed on the remuneration adjustment plan.
February 24, 2023	Review of the 2022 manager remuneration adjustment plan	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. Independent director JinnDer Chang served as the Acting Chairman. All other attending directors agreed on the amended remuneration adjustment plan.
March 9, 2023	Review of matters related to the Company's issuance of Employee Restricted Stock Awards (RSA)	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. All other attending directors agreed on the remuneration adjustment plan.

3. Exchange-Listed and OTC-Listed Companies shall disclose information such as evaluation cycle and period, scope and method of evaluation, and evaluation content in the self (or peer) evaluation of the Board of Directors.

Evaluation cycle	Once every year
Evaluation period	Based on the performance of the Board of Directors for the period from January 1, 2022, to December 31, 2022
Evaluation scope	Performance assessment of the Board of Directors, individual board members, Audit Committee, and Remuneration Committee
Evaluation method	Performance assessment based on the internal self-evaluation of the Board of Directors, and the self-assessment of the board members
Evaluation content	(1) Board performance assessment: including level of participation in company operations, quality of board decisions, composition and structure of the board, appointment of the directors and their continuing education, and internal control. (2) Performance assessment of individual board members: including understanding and control of the Company goals and tasks, knowledge of director responsibilities, level of participation in company operations, management of internal relationships and communication, director professionalism and continuing education, and internal control. (3) Performance assessment of functional committees: including level of participation in company operations, knowledge of functional committee responsibilities, quality of functional committee decisions, composition of the functional committees and the appointment of its members, and internal control.

4. Evaluation on the objectives for reinforcing the functions of the Board of Directors in the current and recent years (e.g., establishing an audit committee, improving information transparency) and its implementation:

(1) The Company has appointed a spokesperson and a deputy spokesperson to ensure that all material information is disclosed in a timely and fair manner to shareholders and stakeholders as references on the Company's financial and business-related information.

(2) The operation of the current Board of Directors is governed by relevant rules and regulations such as the "Rules and Procedures of Board of Directors Meetings."

(3) All members of the current Board of Directors have participated in advanced courses on corporate governance topics.

(4) The Company has appointed dedicated personnel responsible for reviewing and updating the Company website to enhance the transparency of financial and business information.

(2) Operation of the Audit Committee

The focus of the Audit Committee's work is to assist the Board of Directors in supervising and fulfilling the quality and integrity requirements on the Company's accounting, auditing, financial reporting process, and financial controls. Matters deliberated by the Audit Committee include financial statements, auditing and accounting policies and procedures, internal control systems, major asset or derivative transactions, major capital loans and endorsements or guarantees, placement or issuance of securities, regulatory compliance, and appointment, termination, and service fees of the CPA.

As of the time of publication, the Audit Committee has been convened for 15 times (A) for 2022 and 2023. The attendance of the committee members is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate % (B/A)	Notes
Independent director	JinnDer Chang	15	-	100%	-
Independent director	Patrick Y. Yang	12	3	80%	
Independent director	JienHeh Tien	15	-	100%	

Other matters of note:

1. In the event of any of the following in the operations of the Audit Committee, the date and term of the Board of Directors meeting, motion content, resolutions of the Audit Committee, and the Company's response to the opinions of the Audit Committee shall be recorded and expounded:

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Board Meeting	Proposal content and follow up	Items listed in Article 14-5 of the Securities and Exchange Act	Resolutions passed by two-thirds majority of the board of directors but not approved by the audit committee
2022 1st Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others.	V	None

	2. Approved the Company's financial statements and business reports for the fiscal year 2021. 3. Appropriation of loss for the fiscal year 2021 4. Approved the appointment of Ernst & Young for the preparation of financial and tax return of 2022, and the annual evaluation of its independence. 5. Approved 2022 audit fees 6. Approved the Company's plan to make new loans to its subsidiary PharmaEssentia USA Corp. 7. Amendment to the Company's "Internal Control System Improvement Plan 8. Approved the Company's Statement of Internal Control of 2021 9. Amendments to the Company's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, Procedures for the Acquisition or Disposal of Assets and Code of Corporate Governance Practices 10. Establishment of the Company's representative office in Vietnam 11. Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the fourth quarter of 2021 12. Approved the relevant matters of 2022 Regular Shareholder's Meeting. 13. Review of the Company's 2021 Manager Performance Review 14. Review of the Company's manager's salary adjustment for fiscal year 2021		
	Resolution of the Audit Committee (March 1, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 2nd Meeting	Approved the Company's (Revised) Statement of Internal Control of 2021	V	None
	Resolution of the Audit Committee (April 6, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 3rd Meeting	1. To authorize the Company's Korean subsidiary, PharmaEssentia Korea Corporation, to carry out marketing, service, use, research and other rights related to P1101 drugs in South Korea, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company 2. To authorize the Company's subsidiary, PharmaEssentia Singapore Pte. Ltd., to carry out marketing, service, use, research and other rights related to P1101 drugs in Singapore, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company 3. Amendment to the Purchase Agreement between the Company and its US subsidiary PharmaEssentia USA Corporation 4. Report on the status of new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/ issue overseas or domestic convertible bonds in private placement following resolution of 2021 annual stockholder's meeting. 5. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital	V	None

	increase by private placement/issue overseas or domestic convertible bonds in private placement. 6. Appointment of an additional Board of Director of the Company's subsidiary PharmaEssentia Japan KK 7. Approved the Company's capital increase in the subsidiary PharmEssentia Asia (Hong Kong) Co., Ltd. 8. Approved the Company's capital increase in the subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd. 9. Issuance of new Employee Restricted Stock Awards 10. Amendment to the agenda of the Company's 2022 Regular Shareholder's Meeting.		
	Resolution of the Audit Committee (April 12, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 4th Meeting	Approved the Company's (Revised) Statement of Internal Control of 2021	V	None
	Resolution of the Audit Committee (April 15, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 5th Meeting	1. Recognized the Company's Internal Control Special Audit Report by CPA 2. Approved the price, the number of shares, the subscribers, the period of payment and the capital increase record date of the third private placement of ordinary shares in 2021	V	None
	Resolution of the Audit Committee (April 19, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 6th Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q1 Consolidated Financial Statements 3. Approved the Company's capital increase in the subsidiary PharmEssentia USA Corporation 4. Approved the Company's capital increase in the subsidiary PharmEssentia Japan KK 5. Approved the Company's extension of bank financing credit and to make guarantees for its subsidiary PharmaEssentia USA Corporation 6. Approved the Company's new "Policy on Cybersecurity Control"	V	None
	Resolution of the Audit Committee (May 13, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 7th Meeting	1. The Company entered into a license agreement for South America area with PINT PHARMA GMBH 2. Approved the budget amount of the Company's first stage construction of its Zhubei plant	V	None
	Resolution of the Audit Committee (May 27, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 8th Meeting	The Company intends to participate in the tender and sale of land in the priority industrial zone of the Taoyuan Aviation City Project	V	None
	Resolution of the Audit Committee (June 17, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 9th Meeting	1. Approved the Company's budget for the construction of its Zhubei Plant	V	None

	2. Approved the Company's budget for the construction of its Houli Plant 3. Approved the Company's plan of fund raising through Issuance of New Shares in the fiscal year 2022 4. Approved the Company's sound operating plan 5. Approved the changes in the Company's capital utilization plan for the 2019 cash capital increase of private placement of common stock 6. Approved the changes in the Company's capital utilization plan for the 2020 cash capital increase of private placement of common stock 7. Approved the Company's capital increase in the subsidiary PharmEssentia Korea Corporation		
	Resolution of the Audit Committee (July 14, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 10th Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the second quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q2 Consolidated Financial Statements 3. Approved the clinical trial budget of the Company's US subsidiary, PharmaEssentia USA Corporation	V	None
	Resolution of the Audit Committee (August 11, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 11th Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the third quarter are considerations of normal sales, not loaning funds to others. 2. Approved 2022 Q3 Consolidated Financial Statements 3. Approved the establishment of an Innovation Research Center in Boston, the business plan of the Center, and approved the Company's capital increase to the Center 4. Amendments to the Company's "Regulations Governing Endorsements and Guarantees" 5. Approved the Company's plan to make endorsement and guarantee to its US subsidiary PharmaEssentia USA Corporation 6. The Company to apply for a comprehensive credit limit from Citi Bank (Taiwan)	V	None
	Resolution of the Audit Committee (December 23, 2021): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2022 12th Meeting	1. The list of non-assurance dervices expected to be provided by Ernst & Young and its affiliated companies in 2023 2. Approved the Company's 2023 business plan and budget 3. Approved the Company's annual audit plan for 2023 4. Amendments to the Company's "Level of Authorization" 5. Amendments to the Company's internal control systems and managerial regulations	V	None

	6. Approved the Company's capital increase by 2,400 million US dollars to the subsidiary PharmEssentia Japan KK 7. Appointment of directors and managers in PharmaEssentia Innovation Research Center, Inc. 8. The Company's plan of additional loaning of funds by NT$541,000 thousand to its US subsidiary, PharmaEssentia USA Corporation 9. Approved the Company's sound operating plan		
	Resolution of the Audit Committee (December 5, 2022): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2023 1st Meeting	1. Approved the Company's capital increase by 3,000 million US dollars to the subsidiary PharmEssentia USA Corporation 2. Amendments to the Regulations of Employee Restricted Stock Awards (RSA) 3. Prior consent to the non-assurance services expected to be provided by Ernst & Young	V	None
	Resolution of the Audit Committee (February 10, 2023): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2023 2nd Meeting	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the fourth quarter of 2022 are considerations of normal sales, not loaning funds to others. 2. Approved the Company's financial statements and business reports for the fiscal year 2022 3. Appropriation of loss for the fiscal year 2022 4. Reviewed the annual evaluation of independence of the Company's certified public accountant Ernst & Young. 5. Approved the appointment of Ernst & Young for the preparation of financial and tax return of 2023 and the change of certified public accountant following the CPA firm's internal adjustments. 6. Approved 2023 audit fees 7. Approved the Company's Statement of Internal Control of 2022 8. Approved the Company's capital increase by 200 million US dollars to the subsidiary PharmEssentia USA Corporation 9. The Company to apply for a comprehensive credit limit from Citi Bank (Taiwan) 10. Approved the Company's plan to make additional 45.8 million US dolloar guarantees to its subsidiary PharmaEssentia USA Corporation 11. Approved the Company's plan to make additional 0.7 million US dolloar guarantees to its subsidiary PharmaEssentia Innovation Research Center, Inc. 12. Approved the Company's capital increase by 80 million US dollars to the subsidiary PharmEssentia Japan KK 13. Approved the Company's capital increase by 6 million US dollars to the Subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd. 14. To authorize the Company's subsidiary,	V	None

	PharmaEssentia Japan KK, to carry out marketing, service, use, research and other rights related to P1101 drugs in Singapore, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company 15. Approved the Service Contract with Everest Clinical Research Corporation for the Clinical Trial of P1101 for Polycythemia Vera (PV) 16. Amendments to the Company's Regulations Governing Investment of marketable securities and Procedures for the Acquisition or Disposal of Assets 17. Report on the status of new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/ issue overseas or domestic convertible bonds in private placement following resolution of 2022 annual stockholder's meeting 18. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/issue overseas or domestic convertible bonds in private placement 19. Approved the relevant matters of 2023 Regular Shareholder's Meeting.		
	Resolution of the Audit Committee (February 24, 2023): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		
2023 3rd Meeting	1. Approved the Company's sound operating plan 2. Approved to issue common shares for cash for sponsoring issuance of global depositary shares according to market conditions, within the limit of USD 500,000 thousand 3. Approved the relevant matters of the Company's issuance of new employee restricted stock awards 4. Prior consent to the non-assurance services expected to be provided by Ernst & Young	V	None
	Resolution of the Audit Committee (March 9, 2023): Passed by all Audit Committee members.		
	Company's response to the Audit Committee opinion: passed by all participating directors		

(2) Resolutions passed by two-thirds or more of the board of directors but not approved by the audit committee, apart from the above matters: none

2. In the event of a conflict of interests with any independent director when reviewing a motion, the independent director's name, motion content, reason behind conflicts of interest, and participation status in passing resolution shall be recorded: none

3. Communication between independent directors with internal control managerial personnel and the CPA:

(1) Communication between independent directors and the CPA

Date	Focal points of communication
2022.3.1	Communication matters between EY with the Audit Committee, independent directors, and Company management (2021 consolidated and parent company only financial statements.)
2022.5.13	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q1 consolidated financial statements.)
2022.8.11	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q2 consolidated financial statements.)

2022.11.14	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 Q3 consolidated financial statements.)
2023.2.24	Communication matters between EY with the Audit Committee, independent directors, and Company management (2022 consolidated and parent company only financial statements and Audit Quality Indicators)

(2) Communication between independent directors and internal control managerial personnel

Date	Meeting	Focal points of communication	Results
2022.3.1	Audit Committee meeting	The internal audit report of 4th quarter of 2021	No additional recommendations
2022.5.13		The internal audit report of 1st quarter of 2022	No additional recommendations
2022.8.11		The internal audit report of 2nd quarter of 2022	No additional recommendations
2022.11.14		The internal audit report of 3rd quarter of 2022	No additional recommendations
2023.2.24		The internal audit report of 4th quarter of 2022	No additional recommendations

(3) Corporate governance practices, its dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
1. Has the Company formulated and disclosed corporate governance practices based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies	✓		The Company has formulated corporate governance practices, which have been approved by the Board of Directors.	None
2. Company ownership structure and shareholder interests (1) Has the Company formulated internal operating procedures to handle shareholder suggestions, concerns, disputes, and litigation matters, and implemented them in accordance with the procedures? (2) Does the Company have a list of major shareholders who control the Company and the ultimate controlling party of the major shareholders?	✓ ✓		(1) The Company has formulated Internal Material Information Processing Operation Procedures and has appointed a spokesperson and deputy spokesperson to handle shareholder enquiries. (2) The company has dedicated shareholder service management personnel who manages relevant information and has appointed a dedicated shareholder service agent to assist in handling shareholder service-related matters. The Company is informed of the major shareholders who actually control the Company and their ultimate controlling party.	None

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
(3) Has the Company established and implemented control risk management and firewall mechanisms between affiliate companies?	✓		(3) The Company has formulated control mechanisms such as the Transaction Operation Procedures for Corporate Group Member, Specified Companies, and Related Parties and the Operational Procedures for Supervising Subsidiary Companies.	
(4) Has the Company formulated internal regulations prohibiting insiders of the company from using undisclosed information to buy or sell securities?	✓		(4) The Company has formulated the Operation Procedures for Processing Internal Material Information and Preventing Insider Trading, which regulate all employees, managers and directors of the Company, as well as anyone who has knowledge of the Company's information based on professional or control relationships, to prohibits any behavior that may involve insider trading. The Company holds regular internal training about the regulations.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors formulated and implemented a	✓		(1) The Company appointed 11 directors (including 3	None

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
diversification policy regarding its composition?			independent directors) based on the Articles of Incorporation. The composition of the Board is diversified; it has 2 female directors, and the Board members have business, legal, financial, and industry-related experience.	
(2) In addition to setting up a Remuneration Committee and an Audit Committee in accordance with the law, has the Company voluntarily established other functional committees?	✓		(2) The Company has set up a Remuneration Committee and established an Audit Committee. In the future, other functional committees can be set up as per need.	
(3) Has the Company formulated board performance evaluation regulations and method, conducted regular performance evaluation every year, and reported the performance evaluation results to the Board of Directors, and used it as a reference for individual directors' remuneration and nomination for reappointment?	✓		(3) The Company has formulated the regulations for the self or peer evaluation of the Board of Directors, individual Board members, and the audit committee. The internal performance evaluation of the board is conducted annually by questionnaire and the results of the evaluation will be reported to the Board for further review.	
(4) Does the Company regularly evaluate CPA independence?	✓		(4) The Company annually evaluates the independence of external auditor by conducting the following evaluation standards and report the same to the Audit Committee and Board of directors:	

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
			A. The auditor's independence declaration B. The Audit Committee pre-approves all audit and non-audit services conducted by the auditor to ensure that the non-audit services do not influence the results of the audit C. Ensure the audit partner rotates every 7 years D. Annually evaluate the independence of the external auditor based on the results of the auditor survey regarding its financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special offers, rotation of visa accountants and non-audit business, etc.	
4. Has the Exchange-Listed and OTC-Listed Company appointed qualified and appropriate numbers of personnel as corporate governance personnel, and appointed a corporate governance manager dedicated toward corporate governance matters (including but not limited to providing information required by	✓		The Board of Directors has appointed the the Company's deputy director of Finance and Accounting Department, as the Corporate Governance Officer to perform duties related to corporate governance, including handling of matters relating to Board, Audit Committee, Compensation	None

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
the directors and supervisors to carry out their duties, assisting directors and supervisors in complying with the law, handle matters related to board and shareholders meetings in accordance with regulations, and compiling minutes of board and shareholders meeting)?			Committee and Shareholders' meetings in compliance with law, assistance in onboarding and continuing education of directors, provision of information required for performance of duties by directors, and assistance in directors' compliance of law, etc.	
5. Has the Company established communication channels for stakeholders (including but not limited to shareholders, employees, clients and customers, and suppliers), a stakeholder section in the Company website, and respond appropriately to corporate social responsibilities topics deemed crucial to the stakeholders?	✓		The Company has appointed a spokesperson and deputy spokesperson to serve as the communication channel for stakeholders. The Company has set up a stakeholder interaction section to respond to relevant enquiries.	None
6. Has the Company appointed a professional shareholder service agent to handle shareholder services?	✓		The Company has appointed CTBC Bank to handle shareholder services	None
7. Information disclosure (1) Has the Company set up a website to disclose its financial, business, and corporate governance information?	✓		(1) The Company website serves to provide information of various types such as introduction of the Company, its clinical research and development, products, news, finance and businesses, corporate social responsibility, and corporate governance. The Company also discloses the information on the Market Observation Post System in accordance with the law.	None

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
(2) Has the Company adopted other methods of information disclosure (such as setting up an English website, designating a person to be responsible for the collection and disclosure of Company information, implementing a spokesperson system, placing information on institutional investor conferences on the Company website)?	✓		(2) The Company has appointed dedicated personnel for collecting and disclosing information and has appointed a spokesperson and deputy spokesperson.	
(3) Does the company announce and file the annual report within two months after the end of the fiscal year, and announce and file the Q1–Q3 financial statements and monthly operations within the prescribed deadline?	✓		(3) The Company announced its annual and quarterly financial reports within 2 months after the close of each fiscal year and within 45 days after the end of the first, second, and third quarters, respectively, pursuant to laws and regulations with the Competent Authority. Please refer to Market Observation Post System for the aforementioned disclosure.	
8. Does the Company have other material information that is conducive to understanding the company's corporate governance practices (including but not limited to employee interests, employee care, investor relationships, supplier relationships, stakeholder interests, status of continuing education of directors and supervisors, implementation status of risk	✓		(1) Employee interests: established an employee welfare committee, implemented pension plans, purchased employee group insurance plans, and other measures (2) Employee care: regularly convenes labor–management meetings in accordance with the Labor Standards Act and other relevant regulations	None

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
management policies and risk measurement standards, implementation status of client/customer policies, purchase of indemnity insurance for directors and supervisors)?			safeguarding the legal interests of employees (3) Investor relationships: discloses finance and business information, and material information on the Market Observation Post System for investors knowledge in accordance with relevant regulations, and appropriately handles investor enquiries and maintains satisfactory investor relationships (4) Supplier relationships: fulfill obligations corresponding to the rights of suppliers according to contracts, ensuring that the delivery date, price, quality, and other details meet the requirements and enabling a satisfactory communication and partnership with each other. (5) Stakeholder interests: disclose finance, business, and material information on the Market Observation Post System for stakeholder knowledge (6) Continuing education of directors: all our directors have professional backgrounds and have continually engaged in continuing their education in related courses.	

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
			(7) Implementation status of risk management policies and risk measurement standards: the Company has established appropriate policies, procedures, and internal controls for risk management in accordance with relevant regulations. Major financial activities are subject to review by the Board of Directors in accordance with relevant regulations and internal control measures. (8) Implementation status of client/customer policies: good communication with customers; the Company has dedicated sales personnel who respond to customer needs in a timely manner. (9) Purchase of Directors and Officers Liability Insurance for directors and supervisors: stipulated in the Articles of Incorporation and has purchased indemnity insurance for directors and supervisors.	
9. Please state improvements to the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and state priorities and measures for those who have not improved. The company's 2021 Corporate Sustainability Report won the platinum award for the health care industry at the 15th annual Taiwan Corporate Sustainability Awards and the bronze prize for				

Assessment item	Actual practice			Dissimilarity with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary description	
Sustainability Reporting at the 2022 Global Corporate Sustainability Awards. In 2021, the Company violated the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and the Taipei Exchange Rules Governing Information Reporting by Companies with TPEx Listed Securities. As a result, the Securities & Futures Institute announced on April 28, 2021, that the Company would be excluded from the 2021 corporate governance evaluation on account of its altered trading method. The Company was in the top 6%–20% of companies included in the 2022 Corporate Governance Evaluation conducted by the Securities and Futures Institute of the Republic of China. However, as the Company has reinstated to normal settlement trading at the beginning of 2022, which means the trading method has changed, so this year it still belongs to the Company that is not rated. The areas that have been improved and that require prioritization for improvement according to the Corporate Governance Evaluation are listed as follows: (1) A corporate governance supervisor has been appointed to assist with board of director and shareholder meetings, thereby strengthening the function of the board of directors. (2) A third-party external organization has been entrusted to conduct an evaluation of the effectiveness of the board of directors, and the results of the evaluation have been disclosed on the Company's official website. (3) The Company established a Sustainable Development Center and five major functional groups under the CEO for planning and promoting ESG sustainable development policy, implementation plans, and other related affairs. The center submits a quarterly progress report to the board of directors. (4) In the future, a Nominating Committee will be established according to the Company's actual operational and developmental needs to fortify the director election process. In addition, senior executives and the human resources department will jointly formulate a program for training key management-level talent according to the Company's actual operational and developmental needs. (5) The Company's whistleblower mechanism on its official website will be enhanced, and a set of effective communication channels and comprehensive processing procedures will be established to assist internal and external stakeholders in directly reporting illegal and unethical behavior to higher-level members of the board of directors or independent directors. This will strengthen the Company's corporate risk control and preserve the Company's corporate reputation. (6) The corporate governance information on the Company's official website will be re-optimized to enable internal and external stakeholders to obtain information more quickly and conveniently and will thereby establish positive interactive communication.				

Continuing Education Training of Corporate Governance Officer in 2022

Host by	Training/Speech Title	Date	Duration
Accounting Research and Development Foundation	The Basis of Preparation and Disclosure of Sustainability Report - Key Analysis of IFRS ISSB S1 and S2 Standards	10/26	3 hours
Accounting Research and Development Foundation	Driving the Green Transition: Towards Net Zero Carbon Emission	10/28	3 hours
Taiwan Institute of Directors	Trends and Challenges of Cyber Security management	11/14	3 hours
Taiwan Institute of Directors	Board Governance in the reality of sustainability	11/14	3 hours
Securities & Futures Institute	Different Type Financial Crisis and Corporate Governance Mechanism of Early Warning Model	11/18	3 hours
Securities & Futures Institute	Benefits of Circular Economy and its business models	11/18	3 hours

(4) If the Company has a salary and compensation committee, it should disclose its composition, responsibilities, and operations:

The Company has established a Remuneration Committee. The current members are independent directors JinnDer Chang, Patrick Y. Yang, JienHeh Tien and Professor MingChuan Hsieh, whose main responsibilities are to formulate and review the policies, systems, standards, and structure concerning the performance evaluation and remuneration of directors and managers.

A. Composition details of the Remuneration Committee

Identity type (Note)	Criteria / Name	Has >5 years of work experience and the following professional qualifications			Whether satisfying independence standards (Note 2)										Member of the salary and compensation committee of how many other companies?	Notes
		Lecturer or higher positions in a public or private colleges or university in business, law, finance, accounting, or company operations-related departments	Judge, prosecutor, lawyer, accountant, or other professional and technical personnel passing national examinations in fields required in company operations	Work experience in business, legal affairs, finance, accounting, or other fields required in company operations	1	2	3	4	5	6	7	8	9	10		
Independent director	JinnDer Chang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent director	Patrick Y. Yang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	JienHeh Tien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Other	MingChuan Hsieh	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: For members satisfying the following conditions during the two years before and during their tenure of office, please mark "✓" in the space below each condition code.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (excluding independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor, or employee of another company in which a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (excluding independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director (or governor), supervisor, or employee of another company or institution in which the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses (excluding independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (excluding specified companies or institutions holding 20% or more but less than 50% of the total number of issued shares of the Company and is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) None of the circumstances listed in Article 30 of the Company Act.

B. Information on the practices of the Remuneration Committee

i. The Company's Remuneration Committee has 4 committee members.

ii. The yearly focus of the Remuneration Committee is to reinforce corporate governance and strengthen the functions of the Board of Directors, and to improve the remuneration system for directors and managers of the Company. Hence, in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange promulgated by the Financial Supervisory Commission on March 18, 2011 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1000009747), the Board of Directors approved to establish a Remuneration Committee, formulate the Company's Remuneration Committee Organizational Rules, and approved the appointment of the first Remuneration Committee members.

iii. Term of office of the present Committee: August 5, 2021–August 4, 2024. As of the time of publication, the Remuneration Committee has convened for 4 times (A) for 2022 and 2023. The qualifications and attendance of the committee members is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Notes
Chair	JinnDer Chang	4	0	100%	
Member	Patrick Y. Yang	4	0	100%	
Member	JienHeh Tien	4	0	100%	
Member	MingChuan Hsieh	4	0	100%	

Other matters of note:

1. In the event the Board of Directors does not adopt or modify the suggestions of the Remuneration Committee, the date and term of the Board of Directors meeting, motion content, resolutions of the Board, and the Board's resolution and Company's response to the opinions of the Remuneration Committee shall be recorded: none.
2. In the event a motion of the Remuneration Committee encounters dissenting opinions or reservations from committee members and is accompanied with records or written statements, the Remuneration Committee Meeting date and term, motion content, opinions of all members and response to the opinions shall be recorded: none.
3. Motions and resolutions of the 2021 and 2022 Remuneration Committee Meeting

Time	Motion	Resolution
2022 1st Remuneration Committee Meeting	1. Reviewed the management team's performance evaluation of 2021 2. Reviewed the management team's 2022 salary increase	Passed without objection by all participating committee members. i. The senior management team ChingLeou Teng, ChanKou Hwang and KoChung Kin has

			led the team to achieve many key goals in the year 2021. The outstanding contributions have been recognized by all committee members. It's suggested that the renumeration should be adjusted annually based on the industry benchmark and an additional one month bonuses, as listed in appendix 2 is provided to honor their contributions. The same applies to the renumeration of Albert Qin and Snow Chang. ii. Passed without objection by all participating committee members that the deputy director Snow Chang promoted to Director. The effective date was March 1, 2023.
	2022 2nd Remuneration Committee Meeting	Review the salary and compensation plan of the new appointed Chief Scientific Officer, Dr. LihLing Lin.	Passed without objection by all participating committee members and submitted to the Board for resolutions.
	2023 1st Remuneration Committee	1. Reviewed the management team's performance evaluation of 2022 2. Reviewed the management team's 2023 salary increase	Passed without objection by all participating committee members and submitted to the Board for resolutions. i. The senior management team ChingLeou Teng, ChanKou Hwang and KoChung Kin has led the team to achieve many key goals in the year 2021=2. The outstanding contributions have been recognized by all committee members. It's suggested that the renumeration should be adjusted annually based on the industry benchmark and an additional one month bonuses, as listed in appendix 2 is provided to honor their contributions.

			ii. No objection to the proposal about Albert Qin and Snow Chang.
	2023 2nd Remuneration Committee	The Company's first issuance of Restricted Employees Stock Awards	Passed without objection by all participating committee members.

(5) Assessment of the implementation of sustainable development and reasons for dissimilarities with the Corporate Social Responsibility Best Practice Principles:

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
1. Has the company set up a governance framework that promotes sustainable development and a dedicated (or non-dedicated) team, which is authorized by the Board of Directors and reports to the senior management and the Board, to implement sustainable development?	✓		The Board of Directors is the highest authority for governing the implementation of sustainable development. For more comprehensive management of sustainable development, the company established a Sustainability Development Center under the management of the CEO. The center works with five functional groups (environmental friendliness, employee care, corporate governance, product ethics and safety, and drug accessibility) to establish sustainable development policies, goals, strategies, and implementation plans as well as to handle relevant affairs. A quarterly progress report is submitted to the Board of Directors. The 2022 report on the results of the implementation was submitted to the Board of Directors on February 24, 2023.	None

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
2. Has the company conducted risk assessments on environmental, social, and corporate governance issues related to its operations and formulated related risk management policies or strategies based on the concept of materiality?	✓		(1) The company has formulated the Sustainable Development Best Practice Principles to ensure its continued practice of corporate sustainable responsibility. With a focus on United Nations' Sustainable Development Goal 3 (Good Health and Wellbeing), the Company has introduced the ESG aspect of sustainable development, the Sustainability Accounting Standards Board for the biotechnology and pharmaceutical industries, the new GRI Standards, the United Nations Global Compact standards, climate-related financial disclosures, and Access to Medicine Index standards into its business operations and strategy. (2) Environmental issues The company has evaluated the environmental impact of its management practices. The company published the Task Force on Climate-related Financial Disclosures (TCFD) sustainability report on climate action, water	None

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			resource management and biodiversity, waste management, and toxic and chemical substance management. Considering the global climate emergency concerns, the Company has provided further details on its climate change mitigation strategies to ensure that it can achieve the goal of environmentally friendly operations. (3) Risk management policy The company's board of directors is the highest-ranking supervisor and decision-maker for risk management. The board of directors also approves and implements the Company's overall risk management goals and policies, monitors the effectiveness of the risk management process, and takes ultimate responsibility for risk management. An audit committee and a corporate governance supervisor have been assigned to assist the board of directors in controlling the Company's existing and potential risk concerns and to strengthen its internal control. The board of	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			directors reviews major financial activities in accordance with relevant regulations and internal control measures. The Audit Office conducts regular and random audits and reports to the board of directors. (4) Social contribution • The company has been sponsoring the International Symposium on Myeloproliferative Neoplasms (MPN Asia), during which experts, scholars, and clinicians from numerous countries gather to engage in interactions and academic exchanges related to the research and treatment of blood diseases. • The company has worked with Chia-Yi Christian Hospital to establish the first myeloproliferative neoplasm (MPN) treatment center and assist with the establishment of the Taiwan Myeloproliferative Neoplasms Association, thereby providing service and care to patients with MPNs. • The company has	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			sponsored the OneSong Orchestra for 4 consecutive years. • The company has supported Ecolifestyle innovations for social service by sponsoring the Jane Goodall Institute's public welfare project. The project aims to replace hydrocarbon refrigerants in two sets of air-conditioning systems. • The company has supported aging in place healthily by sponsoring Digital Humanitarian Association's public welfare project that promotes the health of older adults in rural areas, thereby taking measures to care for the disadvantaged population. • In 2022, the Company participated in four industry–university exchange activities with local communities, aiming to deepen Taiwan's cultivation of the biotechnology industry and expand its influence on society.	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
3. Environmental issues (1) Has the company established an appropriate environmental management system according to the characteristics of its industry?	✓		(1) The company has established a dedicated environmental safety team that is responsible for publicizing and regulating environmental protection–related matters. In 2020 and 2021, the Taichung plant conducted a third party verification of the Greenhouse Gas Verification Statement in accordance with the ISO 14064-1:2018 requirements. The company plans to adopt the ISO 14001:2015 Environmental Management System in 2023. This system will help identify potential environmental problems and implement improvements throughout the product life cycle, ultimately reducing the impact on the environment, improving the production efficiency of enterprises, and increasing their operating revenues.	None
(2) Has the company committed to improving the utilization efficiency of various resources and used recycled materials that have a low impact on the environment?	✓		(2) The company ensures that waste is cleaned up and recycled in accordance with the Plans for Waste Removal and Disposal.	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			Moreover, it handles all related public affairs in accordance with the environmental protection regulations of the competent authorities. The waste output per unit product was reduced by 53.5% from 2021 to 2022.	
(3) Has the company assessed the current and future potential risks and opportunities related to climate change for the company and taken measures to address climate-related issues?	✓		(3) In response to the United Nations' Sustainable Development Goal 13 (Climate Action), the Task Force on Climate-Related Financial Disclosures (TCFD) was first implemented in the Company. The employees of the Company received TCFD-related education and training. The company identified 10 climate-related risks and 7 opportunities for the first time and formulated adaptation responses or implemented adaptation measures.	
(4) Has the company compiled statistics on greenhouse gas emissions, water consumption, and total amount of waste in the past two years and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	✓		(4) The company is actively committed to issues related to energy conservation, carbon reduction, and greenhouse gas reduction. The company adopts appropriate temperature control of the air	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			conditioners in summer to achieve energy efficiency, energy conservation, and carbon reduction. The 2022 Corporate Sustainability Report includes information on the Company's greenhouse gas emissions, water consumption, and total waste from the preceding 2 years.	
4. Safeguarding social welfare (1) Has the company formulated management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		(1) The company complies with relevant labor regulations and has formulated relevant labor operation procedures and human rights policies to protect against and prevent situations that may endanger the basic rights of its employees. In 2022, the HR department conducted an online education training session to raise awareness of the risks of violating human rights in the workplace.	None
(2) Has the company formulated and implemented reasonable employee welfare measures (including remuneration, leaves, and other benefits) and derived appropriate employee remunerations that reflect the company's operating performance or results?	✓		(2) In compliance with the Sustainable Development Best Practice Principles, the Company provides equal treatment and fair payment to its employees, regardless of their sex, religion, race, nationality,	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			and political opinions. In addition, the Company formulated a work code as well as regulations regarding personnel rewards and punishments. Promotions and salary adjustments are provided annually according to the degree to which the annual business goal is achieved, individuals' annual performance reviews, and outsourced salaries and welfare surveys to provide compensation that is above the industry standard.	
(3) Does the company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees?	✓		(3) Following the Occupational Safety and Health Act, the Company has supported employee health management and has implemented health promotion measures. The company conducts annual employee health examinations as well as employee training on internal and external occupational safety and health. Both the Taipei head office and the Taichung plant have obtained the Badge of Accredited Healthy Workplace. In 2022, two health lectures for which	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			physicians were invited and 30+ sessions on employee occupational safety training were conducted.	
(4) Has the company established an effective career development training program for employees?	✓		(4) To meet organizational goals, achieve employee development, improve employee quality, and enhance professional competencies and work efficiency, in-service employees were provided various professional and technical training sessions and training courses upon approval, according to their competency level and job requirements. Employees are encouraged to enhance their specialized academic skills through knowledge sharing and exchange, both of which facilitate task completion. The company emphasizes the cultivation of professional and technical talent by offering employees diverse learning channels and opportunities as well as professional training on the required work skills.	
(5) With regard to customer health and safety, customer privacy, marketing, and labeling of products and services, does the	✓		(5) The company placed emphasis on compliance of all business activities	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
company follow relevant regulations and international standards and formulate relevant protection policies and appeal procedures for safeguarding consumer rights?			and operations at all stages of the Company's product life-cycle value chain with the regulations of the country in which the operations take place. The company has established policies and management systems for legal compliance to ensure that all operations before and after product launches comply with the relevant laws and company policies. Moreover, the Company ensures that clients' health and safety, privacy, marketing and branding, and privacy interests are not at risk. The head office has also assigned personnel for global drug safety monitoring operations and reporting procedures to protect the rights and safety of patients using the Company's products.	
(6) Has the company formulated and implemented supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health, and labor human rights?	✓		(6) The company has formulated three major supplier management priorities and communicated with its suppliers its corporate sustainability philosophy and practices to ensure stable supply partnerships	

Assessment item	Actual practice			Dissimilarity with Corporate Social Responsibility Best Practice Principles and reasons
	Yes	No	Summary description	
			and protection of patients' rights to use drugs. In addition, the Company has maintained a smooth communication channel with its suppliers. Based on mutual trust and mutual benefits, the Company aims to safeguard the reasonable rights and interests of both parties to achieve mutual prosperity. Major suppliers follow the Universal Declaration of Human Rights, place emphasis on human rights, and advocate the idea of diversity and equal rights.	
5. Does the company reference international report preparation standards or guidelines to prepare corporate social responsibility reports and other reports for disclosing the company's nonfinancial information? Are the aforementioned reports supported by the trust or guaranteed opinions of third-party verification units?	✓		The company's voluntarily disclosed 2022 Corporate Sustainability Report complies with the new GRI Standards and reports ESG nonfinancial information and performance. Association française de normalization (a France-based standards organization) was entrusted to conduct a third-party verification in accordance with AA1000 Assurance Standard Type I at a moderate level. The company is expected to obtain the third-party assurance statement before the end of April and upload/release the 2022 Corporate Sustainability Report before the end of June 2023.	None

6. If the company has formulated corporate social responsibility practice principles in accordance with the Corporate Social Responsibility Best Practice Principles, please state the operational differences between the two:

   The Corporate Social Responsibility Practice Principles formulated by the Company are consistent in its spirit and practical implementation with the Corporate Social Responsibility Best Practice Principles, with no significant dissimilarities.

7. Other material information that may aid in understanding the operations related to corporate social responsibility:

   (1) The company's 2021 Corporate Sustainability Report won the platinum award for the health care industry at the 15th annual Taiwan Corporate Sustainability Awards and the bronze prize for Sustainability Reporting at the 2022 Global Corporate Sustainability Awards.

   (2) In 2021, the Company violated the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and the Taipei Exchange Rules Governing Information Reporting by Companies with TPEx Listed Securities. As a result, the Securities & Futures Institute announced on April 28, 2021, that the Company would be excluded from the 2021 corporate governance evaluation on account of its altered trading method. After the Company corrected its mistakes, the TPEx announced the reinstatement of normal settlement trading for the Company's securities starting from May 4, 2022. However, as the Company has reinstated to normal settlement trading at the beginning of 2022, which means the trading method has changed, so this year it still belongs to the Company that is not rated.

   (3) Tangible plans and outcomes for annual corporate sustainable development

      1. The company has supported Eco lifestyle social service innovations by sponsoring the Jane Goodall Institute's public welfare project. The project aims to replace hydrocarbon refrigerants in two sets of air-conditioning systems and is in alignment with the United Nations (UN) Sustainable Development Goals (SDGs) 13 and 4.
      2. The company has supported aging in place healthily and sponsored Digital Humanitarian Association's public welfare project to promote the health of older adults in rural areas, thereby actively contributing to care for the disadvantaged population; this aligns with the UN SDGs 3, 8, and 10.
      3. The company has provided support to the Taiwan Myeloproliferative Neoplasms Care Association (TMPNA) to organize a press conference in September 2022 as part of their health education support plan for patients with MPN in Taiwan. The purpose of the conference was to provide assistance and care support to patients with MPN and their families.
      4. In October 2022, the Company's subsidiary Panco Healthcare Co., Ltd. assisted the TMPNA and MPN Treatment Center of Chia-Yi Christian Hospital in organizing the first national health education lecture for patients with MPN in Taiwan.
      5. The company's subsidiary Panco Healthcare Co., Ltd. has set up MPN iCare, an interactive platform for patient health education, to provide relevant information to patients and their families. In 2022, to enhance physicians' knowledge related to the MPN field and the effectiveness of peginterferon treatment, a total of four health education activities were held, which involved more than 28 person-times and nearly 800 participants.

6. PharmaEssentia USA Corporation, the U.S. subsidiary of the Company, launched the SOURCE Program, which provides patients a range of comprehensive services such as insurance assistance and consolidation of health education resources.
7. The novel monopegylated interferon Ropeginterferon alfa-2b (Ropeg) has been listed as a treatment option for adults with PV and has been incorporated in the U.S. National Comprehensive Cancer Network treatment guidelines as of March 2022.
8. Compassionate treatment involves the use of investigational new drugs that have been scientifically researched but not yet approved for marketing worldwide. Compassionate treatment is a treatment choice for seriously ill patients who have no other drug treatments available or for patients who have not responded to all available drug treatments, have relapsed, or have shown contraindications to treatment. Ropeginterferon alfa-2b (P1101), the Company's new product, has been used in compassionate treatment since 2017 to benefit patients. As of the end of 2022, a total of 39 cases were approved in Taiwan, and one case—the first overseas application—was approved in South Korea, bringing the total number of approved cases to 40.
9. In April 2022, the CEO was invited to deliver a keynote speech on "Development Trends of the Global Biotechnology and Pharmaceutical Industry" on the National Biotechnology Research Park Demo Day. The company shared its R&D results, increased cooperation opportunities, and aimed to accelerate industrial development in order to vitalize Taiwan's Biotech Ecosystem.
10. In April 2022, the Chief of Taichung Plant was invited to deliver lectures on a course entitled, "Analysis of Biopharmaceutical Product Development Strategy and Case Discussion," to the students of the 2022 Biopharmaceutical Analyst Program offered by the National Yang Ming Chiao Tung University Continuing Education Center. The lectures were expected to train students to become experts in the field of biomedicine and promote fundraising and development of the biotech and new pharmaceuticals industry.
11. In May 2022, the Company worked with the Taiwan Research-based Biopharmaceutical Manufacturers Association and CDE Academy to co-host the Seminar on Regulatory Considerations and Experience of Citing Overseas Data in New Drug R&D in Taiwan. PharmaEssentia's Chairperson and its team shared their experience, strategies, and skills of using overseas data for the U.S. biologics license application from the aspects of Chemistry Manufacturing and Controls and clinical trials, which helped Taiwan's new pharmaceutical companies to understand the regulatory strategies of citing overseas data for the launch of new drugs.
12. In August 2022, the Chief of Taichung Plant was invited to participate in the physical and online seminars organized by Taiwan Salt and Light Biotech Institute to share their valuable experience related to the following topics: New Drug Development Strategies—Sharing of Drug Candidate Selection and Process, Global Market Deployment—Sharing of Drug License Application Process, From Laboratory to GMP Manufacturing—Technology Transfer Operations and Process Validation, and Preparation for Official Inspections. Through these seminars, the Company contributed to the development of new drugs in Taiwan in the future.

13. The company has sponsored OneSong Orchestra for 4 consecutive years, and the manpower input of the 2023 Taiwan New Year Concert (a charity event organized by the OneSong Orchestra) was 32 person-times.

(4) More details on the plans and outcomes of implementing sustainable development among affiliate enterprises can be found in the Company's Corporate Sustainability Report or its ESG website (at http://www.pharmaessentia-esg.com/).

(6) Ethical Corporate Management Practices and Adopted Measures

Assessment item	Actual practice			Dissimilarity with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Summary description	
1. Formulation of ethical corporate management policies and plans				None
(1) Has the Company formulated the ethical corporate management policies approved by the Board of Directors, and expressed its commitment to the policies and practices of ethical corporate management in the regulations and external documents, as well as the Board and management's commitment to actively implement the operating policy?	✓		(1) The company has formulated "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethics Conduct, "Procedures for Ethical Management and Guidelines for Conduct", "Sustainable Development Best Practice Principles" and "Operation Procedures for Processing Internal Material Information and Preventing Insider Trading" to established satisfactory corporate governance and risk control mechanisms in order to achieve the sustainable development of the Company.	
(2) Has the Company established an assessment mechanism for the risks of unethical behavior, regularly analyzed and evaluated business activities with a high risk of unethical behavior, and formulated plans to prevent such behaviors that encompass the prevention measures stipulated in Article 7, Subparagraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies?	✓		(2) The Company's directors, managers, employees, or persons with substantial control are strictly prohibited from directly or indirectly providing, promising, requesting or accepting any improper favors, or other acts of unethical behavior that violate integrity, lawfulness, or fiduciary duty.	
(3) Has the company adopted preventive measures and regularly reviewed plans concerning items listed in Article 7,	✓		(3) The Company has established a Code of Conduct for employees, based on the	

Assessment item	Actual practice			Dissimilarity with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Summary description	
Subparagraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies or other business activities with a high risk of unethical behavior?			principles of self-discipline, integrity, honesty towards customers, investors, colleagues, suppliers and everyone we come into contact with. Employees are also strictly prohibited from accepting any inappropriate favors and hospitality.	
2. Implementing ethical corporate management				
(1) Does the Company evaluate the integrity records of the counterparties and clearly stipulate terms of ethical behavior in the contract signed with counterparties?	✓		(1) The Company's business activities do not involve illegal matters or purposes. For those who have a record of unethical behavior, the person may be demoted, suspended, or removed from the list of qualified suppliers.	None
(2) Has the Company set up a special unit for promoting ethical corporate management under the Board of Directors, which regularly reports to the Board (at least once a year) on its ethical corporate management policies and plans aimed at preventing unethical behavior and supervises the implementation?	✓		(2) The Company established an organizational hierarchy to achieve division of labor and mutual supervision. At present, the internal audit office conducts regular and random audits and reports regularly to the Board of Directors.	
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate reporting channels, and implemented them?	✓		(3) The directors of the Company maintain a high degree of self-discipline and disclose vital details of their conflicts of interests in motions listed by the Board when the motions present a conflict of interest with the director or their	

Assessment item	Actual practice			Dissimilarity with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Summary description	
			proxy. Such directors abstain from discussion and passing resolutions and do not exercise the proxy voting right authorized by another director when their conflicts of interests are against the interests of the Company.	
(4) Has the Company established an effective accounting system and internal control for the implementation of ethical corporate management, and drafted internal audit units based on the assessment results for risks of unethical behavior, and complied with the plan to prevent such behavior, or entrust an accounting firm to perform the audit?	✓		(4) The Company established an effective accounting and internal control system. The Company has been promoting the digitization of operations, which connects various management functions from one computer to another other, laying interconnecting checks at each layer to execute the management of anomalies.	
(5) Does the Company regularly hold internal and external ethical corporate management training?	✓		(5) The Company will continue to hold internal and external ethical corporate management training. One training sessions on ethical corporate management policies were held by Department of Human Resources in 2022.	
3. Offence-reporting practices (1) Has the Company formulated a clear reporting and reward system, established convenient reporting channels, and assigned appropriate personnel to handle subjects being reported?	✓		The Company accepts all notifications of unlawful or unethical matters, and has an independent special unit responsible for related investigation.	None

Assessment item	Actual practice			Dissimilarity with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Summary description	
(2) Has the company established standard operating procedures for accepting offence-reporting investigations, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms? (3) Has the company taken measures to protect whistleblowers from improper treatment due to their reporting of others' offences?	✓ ✓		Confidentiality of the identity of the informants and the content of the report are ensured. The results of the investigation are regularly announced to all employees and reported to the members of the Board of Directors.	
4. Reinforcing information disclosure (1) Does the Company disclose the content of its ethical corporate management principles and promote its effectiveness on the Company website and the Market Observation Post System?	✓		The Company website discloses the status of the Company and complies with relevant laws concerning posting timely information on the Market Observation Post System.	None
5. If the company has formulated ethical corporate management practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between the two in their operations, if any: none				
6. Other material information conducive to understanding the ethical corporate management practices of the Company (e.g., amendments to existent practice principles following reviews): none				

(7) If the company has formulated corporate governance practice principles and related regulations, the company should state where the information can be found:

The Company has formulated Corporate Governance Practice Principles and relevant information can be found under the corporate governance section of the Company website.

(8) Other material information that may assist in understanding the operations of corporate governance must be disclosed:

The Board of Directors convene at least once every quarter. Managers and accounting supervisors attend the meeting to face enquiries from directors, and audit managers attend the meeting to report audit findings to the Board of Directors and Audit Committee.

(9) Implementation of an Internal Control System

A. Statement of the Internal Control System

Statement of Internal Control System

Date: February 24, 2023

The internal control system from January 1 to December 31, 2022, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function, and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal control System by Listed Companies" (hereinafter referred to as "Highlights") promulgated by Securities and Futures Commission, Ministry of Finance R.O.C., the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by “Highlights” are, based on the process of management control, for classifying the internal control into five elements: 1.Control environment; 2.Risk assessments; 3.Control activities; 4.Information and communication; and 5.Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the Company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting, the compliance of applicable law and regulations has been effective and they can reasonably assure the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article20, 32, 171 and 174 of Securities and Exchange Law.

7. This statement has been approved by the meeting of Board of Directors on February 24, 2023, and those 11 directors in presence all agree at the contents of this statement.

PharmaEssentia Corp.

Chairman: ChingLeou Teng

Chief Executive Office: KoChung Lin

General Manager：ChanKou Hwang

B. If a CPA was engaged to conduct a special audit of the internal control system, provide its audit report: N/A

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: N/A

(11) Material resolutions of a shareholder meeting or board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

A. Major Resolutions of Shareholders' Meeting and Implementation Status

The 2022 Annual Shareholders Meeting of the Company was held on May 27, 2022, NTUH International Convention Center, Room 101 (Address: 1F., No. 2, Xuzhou Rd., Zhongzheng Dist., Taipei City 100025, Taiwan (R.O.C.)). The following resolutions were passed, and a review of their implementation statuses are as follows:

Proposed Resolutions

1. 2021 Annual Business Report and Financial Statements

Implementation status: Acknowledged the 2021 annual business report and financial statements. The annual consolidated revenue is NT$656,506 thousand, the net loss after tax is NT$ (2,810,988) thousand, and the net loss per share is NT$(10.80).

2. The Company's 2021 Deficit Compensation

Implementation status: Acknowledged the 2021 Deficit Compensation. The beginning balance of accumulated deficit in 2021 was NT$2,144,028 thousand. The annual shareholders' meeting in 2021 has resolved to compensate the deficit with the Company's additional paid-in capital from share premiums NT$2,144,028 thousand. After considering the 2021 net loss after taxes NT 2,810,988 and other comprehensive loss 164 thousand, the ending balance of accumulated deficit in 2021 was NT $2,811,152 thousand. The Company had no earnings in 2021 and therefore did not plan to pay dividends for the year 2021.

3. Amendment of the Company’s Articles of Incorporation

   Implementation status: The resolution was passed and executed in accordance with the resolution of the shareholders' meeting.

4. Amendment of the Company’s Rules of Procedure for Shareholders’

   Implementation status: The resolution was passed and executed in accordance with the resolution of the shareholders' meeting.

5. Amendment of the Company’s “Procedure for Acquisition or Disposal of Assets”

   Implementation status: The resolution was passed and executed in accordance with the resolution of the shareholders' meeting.

6. Implementation of the following for 2022 is proposed for discussion: cash capital increase for the issuance of ordinary shares to participate in global depositary receipts (GDR) issuance and/or cash capital increase for the issuance of privately placed ordinary shares and/or private placement for overseas or domestic corporate bond conversion.

   Implementation status: The resolution was passed. The issuance of new shares to participate in the issuance of overseas depositary receipts by cash capital increase has been approved by the Financial Supervisory Commission in letter No. 1120336309 dated April 10, 2023. The Company has processed the issuance of 34,000,000 units of overseas depositary receipts, at an issue price of US$13.61, per unit in April 2023 in recognition of 34,000,000 common shares of the Company. The total amount of proceeds was US$462,740,000.

7. Issuance of Employee Restricted Stock Awards

   Implementation status: The resolution was passed and executed in accordance with the resolution of the shareholders' meeting. The Company obtained approval from Financial Supervision and Administration Commission with Jin-guan-zheng-fa-zi No.1110368248 to issue its Employee Restricted Stock Awards on January 11, 2023.

   There were no motions at this shareholders' meeting. Please refer to the Company's 2021 Annual Shareholders' Meeting Minutes for the voting status of the shareholders' meeting.

B. Major resolutions of Board of Directors’ Meetings

Date	Major Resolutions	Resolutions
2022.3.1	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others.	Passed without objection by all participating directors
	2. Approved the Company's financial statements and business reports for the fiscal year 2021.	Passed without objection by all participating directors
	3. Appropriation of loss for the fiscal year 2021	Passed without objection by all participating directors
	4. Approved the appointment of Ernst & Young for the preparation of financial and tax return of	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	2022, and the annual evaluation of its independence.	
	5. Approved 2022 audit fees	Passed without objection by all participating directors
	6. Approved the Company's plan to make new loans to its subsidiary PharmaEssentia USA Corp.	Passed without objection by all participating directors
	7. Amendment to the Company's "Internal Control System Improvement Plan	Passed without objection by all participating directors
	8. Approved the Company's Statement of Internal Control of 2021	Passed without objection by all participating directors
	9. Amendments to the Company's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, Procedures for the Acquisition or Disposal of Assets and Code of Corporate Governance Practices	Passed without objection by all participating directors
	10. Establishment of the Company's representative office in Vietnam	Passed without objection by all participating directors
	11. Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the fourth quarter of 2021	Passed without objection by all participating directors
	12. Approved the relevant matters of 2022 Regular Shareholder's Meeting.	Passed without objection by all participating directors
	13. Review of the Company's 2021 Manager Performance Review	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. All other attending directors agreed on the remuneration adjustment plan.
	14. Review of the Company's manager's salary adjustment for fiscal year 2021	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. Independent director JinnDer Chang served as the Acting Chairman. All other attending directors agreed on the amended remuneration adjustment plan.
2022.4.6	Approved the Company's (Revised) Statement of Internal Control of 2021	Passed without objection by all participating directors
2022.4.12	1. To authorize the Company's Korean subsidiary, PharmaEssentia Korea Corporation, to carry out marketing, service, use, research and other rights	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	related to P1101 drugs in South Korea, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company	
	2. To authorize the Company's subsidiary, PharmaEssentia Singapore Pte. Ltd., to carry out marketing, service, use, research and other rights related to P1101 drugs in Singapore, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company	Passed without objection by all participating directors
	3. Amendment to the Purchase Agreement between the Company and its US subsidiary PharmaEssentia USA Corporation	Passed without objection by all participating directors
	4. Report on the status of new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/ issue overseas or domestic convertible bonds in private placement following resolution of 2021 annual stockholder's meeting	Passed without objection by all participating directors
	5. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/issue overseas or domestic convertible bonds in private placement	Passed without objection by all participating directors
	6. Appointment of an additional Board of Director of the Company's subsidiary PharmaEssentia Japan KK	Passed without objection by all participating directors
	7. Approved the Company's capital increase in the subsidiary PharmEssentia Asia (Hong Kong) Co., Ltd.	Passed without objection by all participating directors
	8. Approved the Company's capital increase in the subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd.	Passed without objection by all participating directors
	9. Issuance of new Employee Restricted Stock Awards	Passed without objection by all participating directors
	10. Amendment to the agenda of the Company's 2022 Regular Shareholder's Meeting.	Passed without objection by all participating directors
2022.4.15	Approved the Company's (Revised) Statement of Internal Control of 2021	Passed without objection by all participating directors
2022.4.19	1. Recognized the Company's Internal Control Special Audit Report by CPA	Passed without objection by all participating directors
	2. Approved the price, the number of shares, the subscribers, the period of payment and the capital increase record date of the third private placement of ordinary shares in 2021	

Date	Major Resolutions	Resolutions
2022.5.13	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the first quarter are considerations of normal sales, not loaning funds to others.	Passed without objection by all participating directors
	2. Approved 2022 Q1 Consolidated Financial Statements	Passed without objection by all participating directors
	3. Approved the extension of bank credit	Passed without objection by all participating directors
	4. Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the first quarter of 2022	Passed without objection by all participating directors
	5. Approved the Company's capital increase in the subsidiary PharmEssentia USA Corporation	Passed without objection by all participating directors
	6. Approved the Company's capital increase in the subsidiary PharmEssentia Japan KK	Passed without objection by all participating directors
	7. Approved the Company's extension of bank financing credit and to make guarantees for its subsidiary PharmaEssentia USA Corporation	Passed without objection by all participating directors
	8. Approved the Company's new "Policy on Cybersecurity Control"	Passed without objection by all participating directors
2022.5.27	1. The Company entered into a license agreement for South America area with PINT PHARMA GMBH	Passed without objection by all participating directors
	2. Approved the budget amount of the Company's first stage construction of its Zhubei plant	Passed without objection by all participating directors
2022.6.17	The Company intends to participate in the tender and sale of land in the priority industrial zone of the Taoyuan Aviation City Project	Passed without objection by all participating directors
2022.7.6	Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the second quarter of 2022	Passed without objection by all participating directors
2022.7.14	1. Approved the Company's budget for the construction of its Zhubei Plant	Passed without objection by all participating directors
	2. Approved the Company's budget for the construction of its Houli Plant	Passed without objection by all participating directors
	3. Approved the Company's plan of fund raising through Issuance of New Shares in the fiscal year 2022	Passed without objection by all participating directors
	4. Approved the Company's sound operating plan	Passed without objection by all participating directors
	5. Approved the changes in the Company's capital utilization plan for the 2019 cash capital increase of private placement of common stock	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	6. Approved the changes in the Company's capital utilization plan for the 2020 cash capital increase of private placement of common stock	Passed without objection by all participating directors
	7. Approved the Company's capital increase in the subsidiary PharmEssentia Korea Corporation	Passed without objection by all participating directors
2022.8.11	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the second quarter are considerations of normal sales, not loaning funds to others.	Passed without objection by all participating directors
	2. Approved 2022 Q2 Consolidated Financial Statements	Passed without objection by all participating directors
	3. Appointment of the Company's Chief Scientific Officer	Passed without objection by all participating directors
	4. Approved the clinical trial budget of the Company's US subsidiary, PharmaEssentia USA Corporation	Passed without objection by all participating directors
2022.11.14	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the third quarter are considerations of normal sales, not loaning funds to others.	Passed without objection by all participating directors
	2. Approved 2022 Q3 Consolidated Financial Statements	Passed without objection by all participating directors
	3. Approved the establishment of an Innovation Research Center in Boston, the business plan of the Center, and approved the Company's capital increase to the Center	Passed without objection by all participating directors
	4. Amendments to the Company's "Regulations Governing Endorsements and Guarantees"	Passed without objection by all participating directors
	5. Approved the Company's plan to make endorsement and guarantee to its US subsidiary PharmaEssentia USA Corporation	Passed without objection by all participating directors
	6. The Company to apply for a comprehensive credit limit from Citi Bank (Taiwan)	Passed without objection by all participating directors
	7. The Company to amend the Phase III clinical trial contract "AMENDMENT #1 TO TASK ORDER #1 of SURPASS ET (Trial Plan No. P1101 ET)" signed with Medpace Inc.	Passed without objection by all participating directors
	8. Approved the extension of bank credit with Taiwan Cooperative Bank	Passed without objection by all participating directors
	9. Approved the extension of bank credit with Cathay United Bank	Passed without objection by all participating directors
	10. Approved the extension of bank credit with Entie Commercial Bank	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	11. Approved the extension of bank credit with Shin Kong Bank	Passed without objection by all participating directors
	12. Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the third quarter of 2022	Passed without objection by all participating directors
	13. The Company to continue with the new arbitration and the increase in attorney fees	Passed without objection by all participating directors
2022.12.5	1. The list of non-assurance dervices expected to be provided by Ernst & Young and its affiliated companies in 2023	Passed without objection by all participating directors
	2. Approved the Company's 2023 business plan and budget	Passed without objection by all participating directors
	3. Approved the Company's annual audit plan for 2023	Passed without objection by all participating directors
	4. Amendments to the Company's "Level of Authorization"	Passed without objection by all participating directors
	5. Amendments to the Company's internal control systems and managerial regulations	Passed without objection by all participating directors
	6. Approved the Company's capital increase by 2,400 million US dollars to the subsidiary PharmEssentia Japan KK	Passed without objection by all participating directors
	7. Appointment of directors and managers in PharmaEssentia Innovation Research Center, Inc.	Passed without objection by all participating directors
	8. The Company's plan of additional loaning of funds by NT$541,000 thousand to its US subsidiary, PharmaEssentia USA Corporation	Passed without objection by all participating directors
	9. Approved the Company's sound operating plan	Passed without objection by all participating directors
	10. Approved the extension of bank credit with Mega Bank	Passed without objection by all participating directors
2023.2.10	1. Approved the Company's capital increase by 3,000 million US dollars to the subsidiary PharmEssentia USA Corporation	Passed without objection by all participating directors
	2. Amendments to the Regulations of Employee Restricted Stock Awards (RSA)	Passed without objection by all participating directors
	3. Prior consent to the non-assurance services expected to be provided by Ernst & Young	Passed without objection by all participating directors
	4. The Company to apply guarantee payments Receivable with Cooperative Treasury Commercial Bank	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
2023.2.24	1. It is proposed to recognize the accounts receivable that were overdue for more than 3 months as of the end of the fourth quarter of 2022 are considerations of normal sales, not loaning funds to others.	Passed without objection by all participating directors
	2. Approved the Company's financial statements and business reports for the fiscal year 2022	Passed without objection by all participating directors
	3. Appropriation of loss for the fiscal year 2022	Passed without objection by all participating directors
	4. Reviewed the annual evaluation of independence of the Company's certified public accountant Ernst & Young.	Passed without objection by all participating directors
	5. Approved the appointment of Ernst & Young for the preparation of financial and tax return of 2023 and the change of certified public accountant following the CPA firm's internal adjustments.	Passed without objection by all participating directors
	6. Approved 2023 audit fees	Passed without objection by all participating directors
	7. Approved the Company's Statement of Internal Control of 2022	Passed without objection by all participating directors
	8. Announcement of the capital increase record date for the conversion of employee stock options to common stocks for the fourth quarter of 2022	Passed without objection by all participating directors
	9. Approved the Company's capital increase by 200 million US dollars to the subsidiary PharmEssentia USA Corporation	Passed without objection by all participating directors
	10. The Company to apply for a comprehensive credit limit from Citi Bank (Taiwan)	Passed without objection by all participating directors
	11. Approved the Company's plan to make additional 45.8 million US dolloar guarantees to its subsidiary PharmaEssentia USA Corporation	Passed without objection by all participating directors
	12. Approved the Company's plan to make additional 0.7 million US dolloar guarantees to its subsidiary PharmaEssentia Innovation Research Center, Inc.	Passed without objection by all participating directors
	13. Approved the Company's capital increase by 80 million US dollars to the subsidiary PharmEssentia Japan KK	Passed without objection by all participating directors
	14. Approved the Company's capital increase by 6 million US dollars to the Subsidiary PharmaEssentia Biotechnology (Beijing) Co., Ltd.	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	15. To authorize the Company's subsidiary, PharmaEssentia Japan KK, to carry out marketing, service, use, research and other rights related to P1101 drugs in Singapore, and authorize the chairman to sign relevant contracts between the subsidiary and the parent company	Passed without objection by all participating directors
	16. Approved the Service Contract with Everest Clinical Research Corporation for the Clinical Trial of P1101 for Polycythemia Vera (PV)	Passed without objection by all participating directors
	17. Amendments to the Company's Regulations Governing Investment of marketable securities and Procedures for the Acquisition or Disposal of Assets	Passed without objection by all participating directors
	18. Report on the status of new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/ issue overseas or domestic convertible bonds in private placement following resolution of 2022 annual stockholder's meeting	Passed without objection by all participating directors
	19. Resolved to issue new common shares by cash capital increase for sponsoring GDR issuance/ cash capital increase by private placement/issue overseas or domestic convertible bonds in private placement	Passed without objection by all participating directors
	20. Approved the relevant matters of 2023 Regular Shareholder's Meeting.	Passed without objection by all participating directors
	21. Review of the Company's 2022 Manager Performance Review	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. All other attending directors agreed on the remuneration adjustment plan.
	22. Review of the Company's manager's salary adjustment for fiscal year 2022	Directors ChingLeou Teng, KoChung Lin and ChanKou Hwang did not participate in the resolution due to conflicts of interest. Independent director JinnDer Chang served as the Acting Chairman. All other attending directors agreed on the amended remuneration adjustment plan.
2023.3.9	1. Approved the Company's sound operating plan	Passed without objection by all participating directors
	2. Approved to issue common shares for cash for sponsoring issuance of global depositary shares according to market conditions, within the limit of USD 500,000 thousand	Passed without objection by all participating directors

Date	Major Resolutions	Resolutions
	3. Approved the relevant matters of the Company's issuance of new employee restricted stock awards	Passed without objection by all participating directors
	4. Prior consent to the non-assurance services expected to be provided by Ernst & Young	Passed without objection by all participating directors
2023.3.27	The company's issued shares of employee restricted stock awards and the record date of capital increase	Passed without objection by all participating directors

(12) Content in which a major motion of the Board of Directors encountered dissenting opinions from a director or supervisor and is accompanied with records or written statements in the most recent year and up till the time of publication of the Annual Report: None.

(13) Summary of the resignation of the company's chairman of the board, general manager, accounting supervisor, finance supervisor, internal audit supervisor, and R&D supervisor during the most recent fiscal year up to the printing of the annual report: N/A

5. Information on CPA Professional Fees

Accounting Firm	Name of CPA		CPA's Audit Period	Remark
Ernst & Young	Chien-Ju Yu	Li-Feng Lin	2022.1.1–2022.12.31	

Unit: NT$1,000

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	< NT$2,000,000		V	
2	NT$2,000,000–NT$4,000,000			
3	NT$4,000,000–NT$6,000,000	V		V
4	NT$6,000,000–NT$8,000,000			
5	NT$8,000,000–NT$10,000,000			
6	>NT$10,000,000			

(1) When non-audit fees paid to the CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed.

Unit: NT$1,000

Accounting Firm	Name of CPA	Audit Fee	Non-Audit Fee					CPA's Audit Period	Remarks
			System Design	Company Registration	Human Resource	Others	Subtotal		
Ernst & Young	Chien-Ju Yu Li-Feng Lin	4,170	-	-	-	1,692	5,862	2022.1.1~ 12.31	The non-audit fees include fees for tax advisory services, tax compliance audit, the filing of Employee Stock Options, etc.

(2) When the company changes its accounting firm and the audit fees paid for the fiscal year of such change are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A

(3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: N/A

6. Information on Replacement of the CPA

(1) Regarding the Former CPA: N/A

(2) Regarding the Successor CPA: N/A

(3) The company shall mail to the former CPA a copy of disclosures it is making pursuant to item A and B of the here preceding item, and advise the accountant of the need to respond by mail within 10 days should he/she disagree. The company shall disclose the content of the response letter from the former CPA: N/A

7. Where the Company's Chairperson, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise of Such Accounting Firm, the Name and Position of the Person, and the Period During Which the Position was Held, Shall be Disclosed

None.

8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, and Shareholder With a Stake of More than 10% During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report. Where the Counterparty in any Such Transfer or Pledge of Equity Interests is a Related Party, Disclose the Counterparty's Name, its Relationship Between That Party and the Company as Well as the Company's Directors, Supervisors, and 10% Shareholders, and the Number of Shares Transferred or Pledged

(1) Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders

As of March 26, 2023; shares

Title	Name	2022		2023 (as of March 26)	
		Shares Holding +(−)	Shares Pledged +(−)	Shares Holding +(−)	Shares Pledged +(−)
Chairman and Chief Pharmaceutical Officer	ChingLeou Teng	80,000	987,000 (1,880,000)	195,000	-
Director	BenYuan Chen	211,740 (62,000)	-	(2,000)	-
Director and CEO	KoChung Lin	-	987,000 (2,190,000)	350,000	-
Director	Eon Capital investment account, entrusted to Yuanta Commercial Bank Rep. Shen-You Gong	281,152 (563,000)	-	(171,282)	-
Director	National Development Fund Executive Yuan Rep: YenChing Hwang	-	-	-	-
Director	Yao-Hwa Co., Ltd. Management Commission	-	-	-	-
Director	ShenYi Li	34,757	120,000	-	-
Director and Representative of Taichung Plant	ChanKou Hwang	215,000	853,000 (835,000)	150,000	(170,000)
Independent Director	Patrick Y. Yang	-	-	-	-
Independent Director	JinnDer Chang	4,023	-	-	-
Independent Director	JienHeh Tien	-	-	-	-
Chief Medical Officer	Albert Qin	20,000 (49,758)	-	50,000	-
Chief Scientific Officer	LihLing Ling (Elected as on August 11, 2022)	5,000	-	200,000 (5,000)	-

Title	Name	2022		2023 (as of March 26)	
		Shares Holding +(−)	Shares Pledged +(−)	Shares Holding +(−)	Shares Pledged +(−)
Senior Manager of Finance and Corporate Governance Officer	Snow Chang	1,580 (31,000)	-	45,000	-

(2) Relationship information, if the counterparty in any such transfer of equity interests by directors, supervisors, managers, and major shareholders is a related party: None.

(3) Relationship information, if the counterparty in any such pledge of equity interests is a related party: None

9. Relationship Information, If Among the Company's 10 Largest Shareholders Any One is a Related Party or a Spouse and Relative Within the Second Degree of Kinship of Another

As of March 26, 2023; Shares; %

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Top 10 Shareholders Who are Spouses or Within Two Degrees of Kinship, Title or Name and Relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
National Development Fund Executive Yuan Rep: YenChing Hwang	22,066,296	7.22	-	-	-	-	-	-	-
Yao-Hwa Co., Ltd. Management Commission Rep: ChaoChung Kuo	9,666,000	3.16	-	-	-	-	-	-	-
Hong Tai Investment Co., Ltd.	9,605,120	3.14	-	-	-	-	Chao-Ho Chen	Chairman of the Company	-
Rep: ChaoHo Chen	4,319,323	1.41	1,226,632	0.40	-	-	Han-Cheng Chen Yu-Ching Chen Hong Tai Investment	Relative within two degrees of kinship Relative within two degrees of kinship Chairman of the Company	-
Han-Cheng Chen	8,912,154	2.92	-	-	-	-	Yu-Ching Chen Chao-Ho Chen	Relative within two degrees of kinship Relative within two degrees of kinship	-
JuiYu Yu	7,468,897	2.44	-	-	-	-	-	-	-
Eon Capital investment account, entrusted to Yuanta Commercial Bank	6,210,022	2.03	-	-	-	-	-	-	-
ChaoHo Chen	4,319,323	1.41	1,226,632	0.40	-	-	Han-Cheng Chen Yu-Ching Chen Hong Tai Investment	Relative within two degrees of kinship Relative within two degrees of kinship Chairman of the Company	
KoChung Lin	6,210,022	2.03	1,300,000	0.47	-	-	-	-	-
YuLiang Xue	4,319,323	1.41	-	-	-	-	-	-	-
ChingLeou Teng	2,853,046	1.03	-	-	-	-	-	-	-

10. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

As of December 31, 2022; Unit: 1,000 shares; %

Investment	Investment of the Company		Investments From Directors, Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
PharmEssentia Asia (Hong Kong) Co., Ltd.	13,200	100%	-	-	13,200	100%
PharmEssentia (Hong Kong) Co., Ltd. (Note 1)	-	-	-	-	-	-
PharmaEssentia Japan KK	58,997	100%	-	-	58,997	100%
PharmaEssentia USA corpotation	10,200	100%	-	-	10,200	100%
PharmaEssentia Korea Corporation	1,227	100%	-	-	1,227	100%
Panco Healthcare co.,Ltd.	10,000	100%	-	-	10,000	100%
PharmaEssentia Singapore Pte. Ltd.	68	100%	-	-	68	100%
PharmaEssentia Innovation Research Center, Inc.(Note2)	150	100%	-	-	150	100%

Note 1: To expand the mainland Chinese market, the Company established the wholly owned PharmaEssentia (Hong Kong) Co., Ltd. in October 2013 to manage the Company's patents. As of December 31, 2022, PharmaEssentia (Hong Kong) had only completed the registration process. The Company has not yet issued shares

Note 2: The Company established the wholly owned subsidiary PharmaEssentia Innovation Research Center, Inc.. in December 2022 for the operation need.

IV. Information on Capital Raising Activities

1. Capital and Shares

(1) Source of Share Capital

As of March 26, 2023; Unit: NT$1,000; 1,000 shares

Year/Month	Issue Price (NT$)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Other
2016/3	150	200,100	2,001,000	195,283	1,952,832	NT$50,000,000 cash	-	Shou-Shang-Tzu No. 10501062410 dated 2016.3.31.
2016/4	10	200,100	2,001,000	195,458	1,954,583	-	NT$1,751,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10501073000 dated 2016.4.25.
2016/4	10	200,100	2,001,000	195,662	1,956,621	-	NT$2,038,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10501084170 dated 2016.4.28.
2016/6	10	200,100	2,001,000	198,130	1,981,301	-	NT$24,680,000 from restricted stock awards.	Shou-Shang-Tzu No. 10501122570 dated 2016.6.15.
2016/8	159	400,000	4,000,000	218,130	2,181,301	NT$200,000,000 cash	-	Shou-Shang-Tzu No. 105011860600 dated 2016.8.12.
2016/8	10	400,000	4,000,000	218,348	2,183,486	-	NT$2,185,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10501206390 dated 2016.8.23.
2016/12	10	400,000	4,000,000	218,460	2,184,601	-	NT$2,086,000 from conversion of stock warrants; (NT$972,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10501272390 dated 2016.12.1.
2017/1	10	400,000	4,000,000	218,538	2,185,389	-	NT$876,000 from conversion of stock warrants; (NT$88,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10601009870 dated 2017.1.26.
2017/5	10	400,000	4,000,000	218,812	2,188,128	-	NT$2,827,000 from conversion of stock warrants; (NT$88,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10601064650 dated 2017.5.19.
2017/8	10	400,000	4,000,000	218,885	2,188,850	-	NT$723,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10601121590 dated 2017.8.25.
2017/11	10	400,000	4,000,000	218,721	2,187,208	-	NT$1,223,000 from conversion of stock warrants; (NT$2,866,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10601161720 dated 2017.11.29.

2018/4	10	400,000	4,000,000	218,969	2,189,686	-	NT$2,478,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10701038950 dated 2018.4.12.
2018/5	10	400,000	4,000,000	219,008	2,190,088	-	NT$402,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10701058900 dated 2018.5.30.
2018/9	10	400,000	4,000,000	219,126	2,191,260	-	NT$1,206,000 from conversion of stock warrants; (NT$34,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10701106890 dated 2018.9.5.
2018/11	10	400,000	4,000,000	219,085	2,190,849	-	NT$1,664,000 from conversion of stock warrants; (NT$2,075,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10701146730 dated 2018.11.27.
2019/4	10	400,000	4,000,000	219,230	2,192,297	-	NT$1,478,000 from conversion of stock warrants; (NT$30,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10801041280 dated 2019.4.23.
2019/6	10	400,000	4,000,000	219,105	2,191,048	-	NT$726,000 from conversion of stock warrants; (NT$1,975,000) restricted stock awards recovered.	Shou-Shang-Tzu No. 10801041280 dated 2019.6.3.
2019/9	10	400,000	4,000,000	219,276	2 ,192,766	-	NT$1,718,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10801118240 dated 2019.9.3.
2019/12	10	400,000	4,000,000	219,375	2 ,193,756	-	NT$990,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10801173720 dated 2019.12.3.
2020/1	10	400,000	4,000,000	225,043	2 ,250,438	-	NT$56,682,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10801041280 dated 2020.1.13.
2020/3	10	400,000	4,000,000	225,053	2,250,538	-	NT$100,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2020.3.3.
2020/5	10	400,000	4,000,000	225,161	2,251,619	-	NT$1,080,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2020.5.29.
2020/7	10	400,000	4,000,000	241,887	2,418,869	-	NT$167,249,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2020.7.8.
2020/8	10	400,000	4,000,000	263,887	2,638,869	NT$220,000,000 cash		Shou-Shang-Tzu No. 10901032270 dated 2020.8.25.
2020/9	10	400,000	4,000,000	263,203	2,632,031	-	NT$570,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2020.11.25.
2020/11	10	400,000	4,000,000	263,418	2,634,183	-	NT$2,152,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2020.9.24.

2021/3	10	400,000	4,000,000	263,447	2,634,478	-	NT$295,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 10901032270 dated 2021.3.9.
2021/5	10	400,000	4,000,000	263,539	2,635,393	-	NT$915,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11001091050 dated 2021.5.31.
2021/11	10	400,000	4,000,000	263,671	2,636,706	-	NT$1,312,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11001216120 dated 2021.11.30.
2021/12	10	400,000	4,000,000	270,273	2,702,726	-	NT$66,020,000 from private placement of common shares	Shou-Shang-Tzu No. 11001233670 dated 2021.12.22
2022/1	10	400,000	4,000,000	276,904	2,769,036	-	NT$66,310,000 from private placement of common share	Shou-Shang-Tzu No. 11101003970 dated 2022.1.11
2022/3	10	400,000	4,000,000	277,434	2,774,348	-	NT$5,312,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11101038660 dated 2022.3.10
2022/05	10	400,000	4,000,000	263,539	2,635,393	-	NT$73,340,000 from private placement of common shares NT$1,878,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11101077840 dated 2022.5.16 Shou-Shang-Tzu No. 11101084720 dated 2022.5.30
2022/07	10	400,000	4,000,000	285,144	2,851,441	-	NT$1,875,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11101129570 dated 2022.7.15
2022/11	10	400,000	4,000,000	302,456	3,024,556	NT$167,000,000 cash	NT$6,115,000 from conversion of stock warrants.	Shou-Shang-Tzu No. 11101204190 dated 2022.11.03 Shou-Shang-Tzu No. 11101220100 dated 2022.11.24
2023/03	10	400,000	4,000,000	305,359	3,053,597	-	NT$2,541,000 from conversion of stock warrants NT$26,500,000 from restricted employee stock awards	Shou-Shang-Tzu No. 11230034670 dated 2023.03.07 Shou-Shang-Tzu No. 11230054130 dated 2023.03.31

As of March 26, 2023; Shares

Type of Stock	Authorized Share Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	305,504,391	94,495,609	400,000,000	Listed

Note: This includes 144,613 employee stock options that were converted into common stocks but not yet registered.

(2) Composition of Shareholders

As of March 26, 2023

Shareholder Composition / No. of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Individuals	Individuals	Treasury Stock	Total
Number of Shareholders	1	4	156	438	26,786	1	27,386
Shareholding	22,066,296	918,575	37,713,108	49,506,137	194,396,275	904,000	305,504,391
Holding Percentage (%)	7.22%	0.30%	12.34%	16.20%	63.64%	0.30%	100.00%

(3) Distribution Profile of Share Ownership

A. Common share – NT$10/share

As of March 26, 2023

Shareholder Ownership	Number of Shareholders	Shareholding	Holding Percentage (%)
1 – 999	12,849	1,545,175	0.51
1,000 – 5,000	10,436	19,477,280	6.38
5,001 – 10,000	1,635	11,709,837	3.83
10,001 – 15,000	682	8,308,930	2.72
15,001 – 20,000	374	6,578,714	2.15
20,001 – 30,000	413	10,134,887	3.32
30,001 – 40,000	228	7,878,363	2.58
40,001 – 50,000	132	5,896,898	1.93
50,001 – 100,000	276	19,353,650	6.33
100,001 – 200,000	189	26,357,467	8.63
200,001 – 400,000	76	22,324,366	7.31
400,001 – 600,000	27	13,611,708	4.46
600,001 – 800,000	15	10,297,375	3.37
800,001 – 1,000,000	10	9,007,520	2.95
1,000,001 or over	29	112,955,490	44
Total	18,122	277,622,591	27,386

B. Preferred share: None

(4) Major Shareholders

As of March 26, 2023

Name of Major Shareholder / Share	Shareholding	Holding Percentage (%)
National Development Fund Executive Yuan	22,066,296	7.22%
Yao-Hwa Co., Ltd. Management Commission	9,666,000	3.16%
Hong Tai Investment Co., Ltd.	9,605,120	3.14%
Han-Cheng Chen	8,912,154	2.92%
Jui-Yu Yu	7,468,897	2.44%

Share / Name of Major Shareholder	Shareholding	Holding Percentage (%)
Eon Capital investment account, entrusted to Yuanta Commercial Bank	6,210,022	2.03%
Chao-Ho Chen	4,319,323	1.41%
KoChung Lin	3,973,964	1.30%
YuLiang Xue	3,196,000	1.05%
ChingLeou Teng	3,128,046	1.02%

(5) The Company's Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information

Unit: 1,000 shares; NT$

Item / Year			2021	2022	As of March 31, 2023
Market Price Per Share	Highest Market Price		422	609.37	516
	Lowest Market Price		69	240.68	424.5
	Average Market Price		116.4	425	476.04
Net Worth Per Share	Before Distribution (Note 1)		15.40	40.14	-
	After Distribution (Note 1)		15.40	40.14	-
Earnings Per Share	Weighted Average Shares (Note 1)		260,166	284,207	-
	Earnings Per Share (Note 1)		(10.80)	(4.87)	-
Dividends Per Share	Cash Dividends (Note 1)		-	-	-
	Stock Dividends	Dividends from Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividend		-	-	-
Return on Investment	Price/Earnings Ratio		-	-	-
	Price/Dividend Ratio		-	-	-
	Cash Dividend Yield		-	-	-

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Calculated using NT$10 par value per share.

(6) The Company's Dividend Policy and Implementation

A. Dividend Policy in the Articles of Incorporation

Article 20: If the Company sustains profit for the year (i.e., the profit before employee and director remunerations are deducted from profit before tax and after cumulative losses are reimbursed), not less than 1% of the profit shall be set aside as employee remuneration and not more than 5% of the profit shall be set aside as director remunerations.

The distribution ratio of employee and director remuneration and the distribution method of employee remuneration in the form of shares or cash shall be resolved by a majority vote at

a meeting attended by more than two-thirds of the directors and shall be reported at the shareholder meeting.

Employees receiving remuneration in the form of shares or cash must include employees of subordinate companies meeting certain criteria.

Matters related to stock ownership plans for the Company's employees shall be handled in accordance with the Company's regulations on dividend distribution for employees.

Article 20-1: The Company's earnings at the end of the accounting year shall be first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory earnings reserve. A special capital reserve shall be set aside or reversed in accordance with relevant laws or as requested by the authorities in charge. The remainder plus undistributed earnings carried over from previous years shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

Considering the current environment and growth phase of the Company, the Company will facilitate future business development and expansion by distributing earnings according to its capital expenditure and fund requirement. At least 10% of earnings may be distributed to shareholders by way of cash dividends or stock dividends, provided, however, that the ratio for cash dividends does not exceed 10% of the total distribution.

B. Proposal to Distribute Dividend for the Year

The Board of Directors of the Company approved the resolution on February 24, 2023 to not distribute dividends for the year 2022.

(7) Effect of Stock Dividend on the Company's Business Performance and Earnings Per Share:

None.

(8) Compensations to Employees, Directors, and Supervisors

A. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:

If the Company sustains profit for the year (i.e., the profit before employee and director remunerations are deducted from the profit before tax and after cumulative losses are reimbursed), not less than 1% of the profit shall be set aside as employee remuneration and not more than 5% as director remuneration.

The distribution ratio of employee and director remuneration and the method of distribution of employee remuneration in the form of shares or cash shall be resolved by a majority vote at a meeting attended by more than two-thirds of the directors and shall be reported at the shareholder meeting.

Employees receiving remuneration in the form of shares or cash must include employees of subordinate companies meeting certain criteria.

Matters related to stock ownership plans for the Company's employees shall be handled in accordance with the Company's regulations on dividend distribution for employees.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

Not applicable given the Company's state of deficit in 2021.

C. Information on any approval by the board of directors for distribution of compensation:

i. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors; if any discrepancy exists between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None

ii. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company's financial reports or individual financial reports for the current period and total employee compensation: None

D. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Not applicable given the Company's state of deficit in 2022.

(9) Repurchase of the Company's Shares:

Phase of repurchase	First repurchase in 2020	First repurchase in 2021
Date of resolution of the board of directors	109/10/28	110/1/6
Purpose of repurchase	Transfer to employees	Transfer to employees
Scheduled buyback period	109/10/29~109/12/27	110/1/7~110/3/5
Type and quantity of shares scheduled for repurchase	3,200,000 common shares	1,500,000 common shares
Scheduled buyback interval price	NT$57 – NT$126	NT$64 – NT$112
Actual repurchase period	109/10/29~109/12/25	110/1/8~110/3/5
Type and number of repurchased shares	2,935,000 common shares	904,000 common shares
Amount	NT$257,384,659	NT$87,501,582
Average repurchase price per share	NT$87.69	NT$96.79
Number of shares transferred to employees	2,935,000 shares	0 shares
Cumulative number of shares held by the Company	0 shares	904,000 shares

Phase of repurchase	First repurchase in 2020	First repurchase in 2021
Proportion of cumulative number of shares held by the Company to the total outstanding shares (%)	0%	0.30%

2. Issuance of Corporate Bonds

None.

3. Issuance of Preferred Shares

None.

4. Issuance of Global Depository Receipts (GDR)

Issuance (Process) Date / Item			April 18, 2023
Issuance (Process) Date			April 18, 2023
Locate of Issuance and Exchange			Luxembourg Stock Exchange
Total Issuance Amount			US$462,740,000
Issuance Price per Unit			US$13.61
Total Issued Units			34,000,000 units
Source of the represented negotiable securities			The common shares from the cash capital increase
Quantity of the represented negotiable securities			34,000,000 shares
Rights and Obligations of the Holders of the GDR			1 common share is equivalent to 1 unit of GDS. Rights and obligations are identical to the common share
Trustee			N/A
Depository Institution			Citibank, N.A.
Custodian			Citibank Taiwan Limited.
Outstanding balance of unredeemed GDR (April 30, 2023)			8,007,070 Units
Distribution of the related expenses for issuance and during the duration			Borne by the Company
Important agreed matters in the depository and custody agreements			Please refer to the depository and custody agreement
Market Value per Share	The current year up to April 30, 2023	Highest	$13.796
		Lowest	$11.542
		Average	$12.566

Note 1: As of April 30, 2023, a total of 25,992,930 units have been redeemed.

5. Status of Employee Stock Option Plan

(1) Issuance of Employee Stock Option Plan

A. Compensation Plans for Unexpired Employee Stock Options Issued by the Company

As of March 28, 2021

Type of Employee Stock Option	2017 1st Issuance of Employee Stock Options	2021 1st Issuance of Employee Stock Options
Date of Effective Registration	2017.9.18	2021.6.24
Issue Date	2017, 1st issuance, 1st period 2017, 1st issuance, 2nd period	2021, 1st issuance, 1st period
Number of Units Issued	2,166,000 units (2017, 1st issuance, 1st period). 2,234,000 units (2017, 1st issuance, 2nd period)	3,000,000 units (2021, 1st issuance, 1st period)
Ratio of Shares That Can be Subscribed to Total Issued Shares	1.67%	1.08%
Subscription Period	7 years	7 years
Contract Execution Method	Issuance of new common stocks	Issuance of new common stocks
Period and Ratio in Which Subscription is Restricted (%)	The cumulative proportion of shares that can be subscribed 2 years after the expiration of the subscription period: 50% The cumulative proportion of shares that can be subscribed 3 years after the expiration of the subscription period: 75% The cumulative proportion of shares that can be subscribed 4 years after the expiration of the subscription period: 100%	The cumulative proportion of shares that can be subscribed 2 years after the expiration of the subscription period: 50% The cumulative proportion of shares that can be subscribed 3 years after the expiration of the subscription period: 75% The cumulative proportion of shares that can be subscribed 4 years after the expiration of the subscription period: 100%
Number of Shares Obtained	2,468,000 shares	0 shares
NT$ Amount of the Shares Subscribed	NT$194,946,000	NT$0
Number of Unsubscribed Shares	1,004,000 shares	2,970,000 shares
Subscription Price Per Share of the Unsubscribed Shares	NT$74 NT$88	NT$45
Ratio of the Number of Unsubscribed Shares to the Number of Issued and Outstanding Shares	0.32%	0.97%
Effect on Shareholders' Equity	The current employee stock options were aimed at retaining talent and encouraging employees to increase their solidarity with the hope of creating benefits for the Company and shareholders. The ratio of the number of unsubscribed shares to the number of issued and outstanding shares was 0.32%, posing no significant effect on the degree of dilution of shareholder equity.	The current employee stock options were aimed at retaining talent and encouraging employees to increase their solidarity with the hope of creating benefits for the Company and shareholders. The ratio of the number of unsubscribed shares to the number of issued and outstanding shares was 0.97%, posing no significant effect on the degree of dilution of shareholder equity.

B. Names and subscription status of managerial officers who have obtained employee stock options and of employees who rank among the top 10 in terms of the number of shares to which they have subscription rights through employee stock options acquired

As of March 26, 2023; Unit: Shares; NT$

	Title	Name	Number of Shares Obtained	Ratio of Number of Shares Obtained to Total Issued Shares (Note 9)	Exercised				Not Exercised			
					Number of Shares Subscribed	Subscription Price (NT$)	NT$ Amount of the Shares Subscribed	Ratio of Number of Shares Subscribed to Total Issued Shares	Number of Shares Subscribed	Subscription Price (NT$)	NT$ Amount of the Shares Subscribed	Ratio of Number of Shares Subscribed to Total Issued Shares
Management	CEO	KoChung Lin	2,468,000	0.81%	355,000	74、88	29,280,000	0.12%	2,113,000	74、88、45	125,486,000	0.69%
	Chief Pharmaceutical Officer	ChingLeou Teng										
	General Manager	ChanKou Hwang										
	Senior Scientific Fellow	YenTung Luan										
	Chief Medical Officer	Albert Qin										
	Director of Finance	Snow Chang										
Employee	General Manger of PharmaEssentia USA Corp.	Meredith Manning	2,773,000	0.91%	1,225,000	74、88	90,650,000	0.40%	1,548,000	74、88、45	124,934,700	0.85%
	Vice President of Commercial	Marija Sebastian										
	Senior Vice President of PharmaEssentia USA Corp	Ray Urbanski										
	General Manger of PharmaEssentia Japan KK	Katsuya Yonezu										
	Head of Medical Affairs of PharmaEssentia Japan KK	Narihisa Miyachi										
	Vice President of PharmaEssentia USA Corp.	Samuel Lin										
	General Manger of PE Biotech Beijing	Shen Weihong										
	Chief Medical Director of PharmaEssentia Japan KK	Toshiaki Sato										
	Director of Clinical Development	Chungwei Lee										
	Director of PEC PharmaEssentia USA Corp	Zimmerman Craig Neil										

Note1: The Chief Operating Officer of Taichung Branch, Yen-Tung Luan has been discharged on December 5, 2021.
Note2: Marija Sebastian has resigned on April 2, 2020.
Note 3: Chungwei Lee resigned on April 17, 2020.

(2) Status of Any Private Placement of Employee Stock Options During the 3 Most Recent Fiscal Years: None

6. Status of Employee Restricted Stock

Type of Employee Restricted Stock	Procedures for the First Issuance of Restricted Stock to Employees in 2022
Date of Effective Registration	Resolved and approved at the shareholder meeting on May 27, 2022, and approved as per FSC No. 1110368248 dated January 11, 2023.
Issue Date	March 13, 2023
Number Of Shares Issued	2,650,000 common shares
Issue Price	NT$136/share
Ratio of the Number of Shares Issued to Total Issued Shares	0.88%
Vesting Conditions of Restricted Employee Shares	Condition A: The Company achieves the following milestones and obtain its drug license for the treatment of Essential Thrombocythemia (ET) indication (45%) ・A1: Complete the recruitment of participants for the clinical trials (tentatively in 2023) (15%) ・A2: Submit the application of Biologics License Application in the United States (tentatively in 2024) (15%) ・A3: Obtain drug license for the treatment of Essential Thrombocythemia (ET) indication (tentatively in 2025) (15%) Condition B: The Company achieves the following milestones and obtain its drug license for the treatment of Polycythemia Vera (PV) indication (30%) ・B1: Obtain drug license for the treatment of PV in Japan (tentatively in 2023) (15%) ・B1: Obtain drug license for the treatment of PV in China (tentatively in 2024) (15%) Condition C: Tenure (25%) ・C1: First anniversary of the Grant Date (5%) ・C2: Second anniversary of the Grant Date (10%) ・C3: Third anniversary of the Grant Date (10%)
Restrictions on the Rights of New Restricted Employee Shares	1. The employee shall not sell, pledge, transfer, endow, set as guarantee, or dispose of (by other means) the new restricted employee shares. 2. Voting rights at shareholder meetings: Same as other common shares issued by the Company. 3. Shareholders' rights to distribute (subscribe) stocks and dividends: Same as other common shares issued by the Company, provided that stocks and dividends distributed are commissioned through trust
Custody Status of Restricted Employee Shares	Prior to meeting vesting conditions, restricted employee shares shall be placed in the custody of stock trust. When new shares are allocated, the Company is deemed to have the authorization to sign and amend trust-related contracts on behalf of the employee receiving the new shares.
Measures To Be Taken When Vesting Conditions Are Not Met	1. Voluntary resignation: For restricted employee shares that do not meet the vesting conditions, the conditions are considered unmet on the day of an employee's resignation, and the Company will recover and cancel the shares at the original issue price. 2. Other types of termination of employment relationships (including termination of labor contracts, dismissal, and severance without notice): If for other reasons, except those mentioned above, the Company terminates the labor contract with an employee, the Company will recover and cancel, at the original issue price, the restricted employee shares that do not meet the vesting conditions. 3. Retirement: On the day of an employee's retirement, the vesting conditions shall be considered unmet, and the Company will recover and cancel (at the original issue price) the restricted employee shares that do not meet the vesting conditions. However, the Board of Directors may issue a portion or all of the restricted employee shares that do not meet the vesting conditions after considering the employee's performance and overall contribution. 4. Unpaid leave and parental leave: For employees approved by the Company to receive unpaid leave or parental leave, the rights of the restricted employee shares that do not meet the vesting conditions are restored as of the day of employee's reinstatement, provided that the vesting period is pushed back according to the period of unpaid leave taken.

	5. General death: General death refers to death other than the occupational death set forth in Paragraph 7, Item 4 of Article 5. The vesting conditions are considered unmet on the day of an employee's death, and the Company will recover and cancel (at the original issue price) the restricted employee shares that do not meet the vesting conditions. 6. Employees who are physically disabled in occupational accidents and are unable to continue working for the Company: For employees who are physically disabled in an occupational accident and are unable to continue working for the Company, the restricted employee shares that do not meet the vesting conditions still meet the vesting conditions according to the schedule set forth in the vesting conditions of this article. 7. Employees who die from occupational accidents: As of the day of the employee's death, for restricted employee shares that do not meet the vesting conditions, the successor still meets the conditions according to the schedule set forth in the vesting conditions of this article. 8. Transfer: If an employee is transferred to an affiliate or other company, the restricted employee shares that do not meet the vesting conditions shall be handled according to the procedure for voluntary resignation. However, as required for the operation of the Company, the restricted employee shares obtained by employees who are transferred by the Company to an affiliate or another company are not affected by such a transfer. 9. For restricted employee shares that do not meet the vesting conditions (including for the reasons listed in the preceding paragraphs), the Company will recover and cancel these shares at the original issue price, provided that the employee is not required to return or pay back the dividends received thereof. 10. If employees terminate or cancel the authorization granted to the Company in violation of Item 1 of Article 6 before meeting the vesting conditions, the Company has the right to recover and cancel the restricted employee shares that do not meet the vesting conditions from the employee at the original issue price. 11. For issued shares that are recovered or bought back in accordance with the aforementioned regulation, an application for registration of change in capital shall be submitted to the competent authority at least once every quarter.
Number of Shares Recovered or Bought Back	0 shares
Number of Shares Without Restricted Rights	0 shares
Number of Shares With Restricted Rights	2,650,000 shares
Ratio of the Number of Shares With Restricted Rights to the Number of Total Issued Shares (%)	0.88%
Effect on Shareholders' Equity	Calculated based on the number of the Company's outstanding shares as of the effective date January 11, 2023, 302,455,641 shares, the potential impact of the expenses as mentioned above on the Company's EPS is preliminarily estimated at approximately NT$1.57, NT$4.04, NT$0.60, and NT$0.15 from 2023 to 2026 respectively. The potential dilution of the Company's EPS is limited; therefore, there is no significant impact on shareholders' interest.

(1) Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top 10 in the number of new restricted employee shares acquired

As of March 26, 2023; Unit: Shares; NT$

	Title	Name	Number of Shares Obtained	Ratio of Number of Shares Obtained to Total Issued Shares (Note 7)	Without Restricted Rights				Without Restricted Rights			
					Number of Shares Without Restricted Rights	Issue Price (NT$)	NT$ Amount of Issue	Ratio Of Total Issued Shares (%)	Number of Shares With Restricted Rights	Issue Price (NT$)	NT$ Amount of Issue	Ratio Of Total Issued Shares (%)
Management	Chief Pharmaceutical Officer	ChingLeou Teng	970,000	0.32%	0	136	131,290,000	0	970,000	136	131,290,000	0.32%
	Chief Executive Officer	KoChung Lin										
	General Manager	ChanKou Hwang										
	Chief Medical Officer	Albert Qin										
	Chief Scientific Officer	LinLing Lin										
	Senior Manager of Finance	Snow Chang										
Employee	President of the Americas	Meredith Manning	495,000	0.16%	0	136	67,320,000	0	495,000	136	67,320,000	0.16%
	Vice President of Commercial	Marija Sebastian										
	Sr. Vice President, CDMA	Ray Urbanski										
	PEJ General Manager	Katsuya Yonezu										
	Director, Quality Assurance	Narihisa Miyachi										
	Vice President of Business Operations and Str	Samuel Lin										
	PEBJ General Manager	WeiHung Shen										
	Executive VP, Head of R&D/Medical	Toshiaki Sato										
	Director of Clinical Development	ChungWei Li										
	Clinical Scientist, Director	Zimmerman Craig Neil										

7. Issuance of New Shares in Connection with Mergers or Acquisitions or With Acquisitions of Shares of Other Companies

None.

8. Financial Plans and Implementation

As of the fourth quarter of 2021, the progress and utilization of funds of the Company's previous public offerings, issuances, and private placements of securities are as follow.

2019 Private Placement of Common Shares

1. Content of the plan:

   (1) Total amount of capital required for the plan: NT$501,000,000.

   (2) Source of funds: Private placement of 5,668,198 common shares at NT$10 par value per share and an issue price of NT$86 to raise a total of NT$487,465,000. The remaining amount of NT$13,535,000 will be handled using the Company's own funds.

   (3) Date when the price of private placement was paid up: December 30, 2019.

   (4) Plan items, status of capital use, and expected benefits:

      a. Plan items and status of capital use
      On October 1, 2019, the Company's extraordinary general meeting approved the issuance of new stocks by private placement. The plan items comprised the replenishment of working capital, strengthening of financial structure, execution of new drug R&D, reinvestment, and the support of other funding needs to satisfy the Company's long-term development. On December 24, 2019, the Company's provisional meeting of the Board of Directors passed a resolution of an actual 5,668,198 private placement stock shares with paid-in capital totaling NT$487,465,028. This was used for a capital increase in the Japan subsidiary, PharmaEssentia Japan KK, and for indirect investment in sub-subsidiary PharmaEssentia Biotechnology (Beijing) Ltd. (hereinafter referred to as "PharmaEssentia Beijing") by means of a capital increase in the Hong Kong subsidiary, PharmaEssentia Asia (Hong Kong) Ltd. (hereinafter referred to as "PharmaEssentia Hong Kong").

Unit: NT$1,000

Item		Expected Completion Date	Total Capital Required	Status of Planned Capital Use							
				2020				2021			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reinvestment	PharmaEssentia Japan	2021 Q4	321,000	30,000	0	30,000	21,000	30,000	60,000	60,000	90,000
	PharmaEssentia Biotechnology (Beijing)	2021 Q4	180,000	15,000	0	15,000	0	30,000	30,000	30,000	60,000
Total			501,000	45,000	0	45,000	21,000	60,000	90,000	90,000	150,000

b. Expected benefits

The total amount of the Company's private placement cash capital increase is NT$487,465,000; the primary purpose is to increase the capital of PharmaEssentia Japan to manage operations such as clinical trials of P1101 in the Japan region, communication with the Japan PMDA and drug licensing applications, and subsequent new drug marketing. Furthermore, capital of PharmaEssentia Hong Kong is increased to indirectly invest in PharmaEssentia Beijing, and thereby manage operations such as clinical trials of P1101 in the Mainland China region, communication with the China NMPA and drug licensing applications, and subsequent new drug marketing.

To treat PV, in October 2019 the Company applied for a phase II clinical trial from the PMDA through the Japan subsidiary. The Company anticipates receiving a Japanese drug license in 2022, beginning sales by the end of 2022, and beginning profits from 2023 onwards. Additionally, to treat PV, in October 2018 the Company applied for a phase I clinical trial from the Mainland China CFDA (now renamed NMPA). The Company anticipates receiving a Mainland China drug license in 2023, beginning sales in 2023, and beginning profits from 2023 onwards.

(5) Changes to plan content, reasons for changes, and benefits preceding and following changes:

a. Changes to plan content

Unit: NT$1,000

Item		Expected Completion Date	Total Capital Required	Status of Planned Capital Use							
				2020				2021			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reinvestment	PharmaEssentia Japan	2021 Q4	297,885	30,157	-	29,235	14,263	85,560	83,085	-	55,585
	PharmaEssentia Biotechnology (Beijing)	2023 Q4	203,115	-	-	-	14,248	-	14,008	-	-
Total			501,000	30,157	-	29,235	28,511	85,560	97,093	-	55,585

Item		Expected Completion Date	Total Capital Required	Status of Planned Capital Use							
				2022				2023			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reinvestment	PharmaEssentia Japan	2021 Q4	297,885	-	-	-	-	-	-	-	-
	PharmaEssentia Biotechnology (Beijing)	2023 Q4	203,115	-	29,120	-	30,000	30,000	30,000	30,000	25,739
Total			501,000	30,157	-	-	29,120	-	30,000	30,000	30,000

b. Reasons for changes

Currently, the Japanese subsidiary has made great progress in its PV clinical trials and has submitted an application of drug license in April 2022. In addition, the clinical trials in China subsidiary is obtaining significant progress and is preparing for its drug license application. The demand of funds is critically increasing. Therefore, the Company is planned to reallocate the funds originally planned for reinvestment in Japanese subsidiary PharmaEssentia Japan KK, NT$23,115 thousand, to reinvest in its Beijing subsidiary to fulfill its capital requirements of the R&D function and daily operations. Considering the capital requirement, the completion and utilization of the fund was postponed to the fourth quarter of 2023. As the changes to the plan is 4.74% (23,115/487,465), the Company does not need to submit the amendments to the shareholders' meeting for ratification.

c. Benefits of changes:

The Company’s private placement cash capital increase NT$487,465,000 and its own funds NT$13,535,000, totaled NT$501,000,000, of which NT$297,885,000 is reserved to increase the capital of PharmaEssentia Japan KK to manage operations such as clinical trials of P1101 in the Japan region, communication with the Japan PMDA and drug licensing applications, and subsequent new drug marketing; NT$203,115 is reserved to increase the capital of PharmaEssentia Hong Kong to indirectly invest in PharmaEssentia Beijing, and thereby manage operations such as clinical trials of P1101 in the Mainland China region, communication with the China NMPA and drug licensing applications, and subsequent new drug marketing.

To treat PV, in October 2019 the Company applied for a phase II clinical trial from the PMDA through the Japan subsidiary. The trial is expected to be completed in July 2021 and the Company anticipates submitting the application of drug license in April 2022, receiving the license in 2023 and beginning sales by the end of 2023 for the Company to earn profits from 2025 onwards. Additionally, to treat PV, in October 2018 the Company applied for a phase I clinical trial from the Mainland China CFDA (now renamed NMPA) and has completed the trial in June 2020. The Company subsequently applied for a Phase II study in April 2021 and the preliminary results was announced in July 2022. The Company has submitted the market authorization application and anticipates beginning sales in 2024 and beginning profits from 2024 onwards.

2. Implementation Status after plan amendments

Item	Implementation Status		As of December 31, 2022	Reasons for the ahead of or fall behind of the project and improvement plans
Reinvestment PharmaEssentia Japan KK	Amount	Planned	297,885	Fully implemented according to the plan.
		Actual	297,885	
	Status(%)	Planned	100.00	
		Actual	100.00	
Reinvestment PharmaEssentia Biotechnology (Beijing)	Amount	Planned	87,376	This project has not been completed and the progress is slightly ahead of schedule.
		Actual	88,260	
	Status(%)	Planned	43.02	
		Actual	43.45	
Total	Amount	Planned	385,261	
		Actual	386,145	
	Status(%)	Planned	76.90	
		Actual	77.07	

3. Benefits Analysis after plan amendments

The Company’s execution of the 2019 private placement of common shares plan is primarily for reinvestment in the Japan subsidiary, PharmaEssentia Japan, and in the Mainland China sub-subsidiary, PharmaEssentia Beijing. PharmaEssentia Japan submitted the market authorization application to PMDA in April 2022 and received a notice from the Japanese PMDA on February 10, 2023 that the Company's Taipei manufacturing plant has passed the review. PharmaEssentia Japan KK has obtained the drug certificate in the first half of 2012 and is expected to begin generating revenue in 2023, with a payback period of approximately 9.19 years. In 2021, PharmaEssentia Beijing has carried out phase II bridging study in accordance with the requirements of China's NMPA. The interim analysis results were release at the end of July 2022. Its market authorization application was officially accepted by NMPA on February 13, 2023. PharmaEssentia Beijing is expected to obtain the drug license in 2024 and begin generating revenue the same year, with a payback period of approximately 7.02 years.

2020 cash capital increase through the issuance of new stock

1. Content of the plan:

(1) Total amount of capital required for the plan: NT$2,013,000,000

(2) Source of capital:

b. For the cash capital increase, the Corporation issued 22,000,000 shares of common stock; the par value was NT$10 per share, and the shares were issued at a premium, with an offering price of NT$102. A total of NT$2,244,000,000 was raised.

c. The actual amount of capital raised, NT$2,244,000,000, was higher than the required amount required for the plan, namely NT$2,013,000,000. The excess attributable to the change of offering price, NT$231,000,000, will be put into working capital.

(3) Plan items and status of capital use

Unit: NT$1,000

Items	Expected Completion Date	Total Capital Required	Status of Planned Capital Use					
			2020		2021			
			Q3	Q4	Q1	Q2	Q3	Q4
P1101-ET	2021 Q4	593,000	96,708	113,458	103.365	95,709	95,709	88,051
Reinvestment-PharmaEssentia USA	2021 Q4	1,420,000	270,000	250,000	180,000	180,000	270,000	270,000
Replenishing operating capital	2022Q1	231,000	-	-	-	231,000	-	-
Total		2,244,000	366,708	363,458	283,365	506,709	365,709	358,051

(4) Expected benefits

The raised capital, NT$2,013,000,000, was mainly used to increase the Corporation's investment in its subsidiary, PharmaEssentia USA, particularly in expanding the local staff, operational activities, and marketing of future products, and for supporting financial needs for the conduct of multinational and multicenter phase III clinicals for P1101-ET in countries including the United States, Taiwan, Japan, China, and South Korea. The Corporation's P1101 for PV (hereinafter "P1101-PV") was authorized by the European Medicines Agency in February 2019 for marketing (name of product: Besremi) with the help of its Austrian partner AOP. After discussions with the U.S. FDA, China's National Medical Products Administration, and Taiwan's Food and Drug Administration, the Company submitted a direct application to the aforementioned competent authorities for a phase III clinical trial for P1101-ET on the basis of data derived from the European phase III clinical trial for P1101-PV. The data collection is expected to be completed by the end of 2020, and the phase III clinical trial for P1101-ET by the end of 2022. Starting from 2023, the Corporation will start to work on gaining approval of new drug applications for P1101-ET in different countries; overall, the conduct of the phase III clinical trial for P1101-ET will be of great benefit to the future operations and development of the Corporation.

(5) Changes to the plan, reasons for the changes, and benefits before and after the change

a. Changes to the content of the plan:

Unit: NT$1,000

Items	Expected Completion Date	Total Capital Required	Status of Planned Capital Use									
			2020		2021				2022			
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
P1101-ET	2021Q4	593,000	13,005	80,035	26,381	30,282	67,191	88,051	70,000	70,000	70,000	78,055
Reinvestment-PharmaEssentia USA	2021Q4	1,047,288	144,755	141,593	199,220	311,100	139,450	111,170	-	-	-	-
Replenishing operating capital	2022Q1	603,712	-	-	-	231,000	0	250,000	122,712	-	-	-
Total		2,240,000	157,760	221,628	225,601	572,382	206,641	449,221	192,712	70,000	70,000	78,055

b. Reasons for the change

The funds raised are reserved for reinvestment in the Company's US subsidiary for expanding its staff, sufficing its future cash flows for operating and marketing activities, supporting the worldwide phase III clinical trials of P1101 in treating Essential thrombocythemia (ET) in the United States, Taiwan, Japan, China and Korea, and increasing working capital. The reinvestment was expected to be completed by 2021. However, due to the impact from the COVID-19 outbreak, the recruitment of the worldwide phase III clinical trials for ET indication was delayed and has not yet met expectations. Therefore, the clinical trials will be postponed to the end of the fourth quarter of 2022.

And as the US subsidiary has started to generate revenues from sales of P1101, the Company decided to appropriate the amount of funds originally reserved for reinvestment in it, NT$372,712,000 to increase the working capital for the purpose of supporting the research expenses of new drugs and daily operations of the Group. The change ratio was 16.61% (372,712/2,244,000) and did not qualify as a material change. Therefore, the Company will not need to submit the amendments to the shareholders' meeting for ratifications. Therefore, the Company's Board of directors approved the above-mentioned adjustment to the plan on November 15, 2021. And on July 14, 2022, the Company has made full report to the Board as to the implementation status of the funds.

c. Expected benefic after plan changes

The funds from 2020 cash capital increase through the issuance of new stock was used to reinvest in US subsidiary, support clinical trials of ET indication and to increase working capital. As the Company has obtained approval for P1101 in treating PV, the US subsidiary is expected to generate revenue from the sales of P1101 by 2021. After the completion of the Phase III clinical trial of P1101 in ET, the Company will apply for the drug licenses in participating and this is expected to have positive impact on the operations and future development of the Company.

Those funds reserved for increasing working capital are expected to improve and strengthen the Company's financial structure the liquidity.

2. Implementation Status:

Item	Implementation Status		As of December 31, 2022	Reasons for the ahead of or fall behind of the project and improvement plans
P1101-ET	Amount	Planned	593,000	The implementation progress of this project is slightly behind due to COVID-19 outbreak.
		Actual	497,799	
	Status(%)	Planned	100.00	
		Actual	83.95	
Reinvestment PharmaEssentia USA Corporation	Amount	Planned	1,047,288	Fully implemented according to the plan.
		Actual	1,047,288	
	Status(%)	Planned	100.00	
		Actual	100.00	
Replenishing operating capital	Amount	Planned	603,712	Fully implemented according to the plan.
		Actual	603,712	
	Status(%)	Planned	100.00	
		Actual	100.00	
Total	Amount	Planned	2,244,000	
		Actual	2,148,799	
	Status(%)	Planned	100.00	
		Actual	95.76	

On November 15, 2011, the Company's board of directors resolve to change the planned use of aforementioned funds to support the clinical trials of P1101-ET, to replenish operating capital and to reinvest in PharmaEssentia USA Corporation. Among them, the reinvestment and the increase in working capital were fully implemented according to the plan. Except for the slight delay in the P1101-ET clinical trial due to the impact of the Covid-19 pandemic, the plan implementation progress follows the original plan. The Company has started to accelerate the patient screen and acceptance the acceptance rate has reached 90% of the total targeted number. Therefore, it's suggested that Company's current implementation progress is still in line with the original expectations.

The 3rd Private placement of common stock in 2021

1. Content of the plan:

(1) Total amount of capital required for the plan: NT$1,833,500,000.

(2) Source of capital: Private placement of 7,334,000 shares of common stock, with a par value of NT$10 per share and an offering price of NT$250 per share; a total of NT$1,833,500,000 was raised.

(3) Date when the price of private placement was paid up: May 3, 2022

(4) Plan items, status of capital use, and expected benefits

a. Plan items and status of capital use

Unit: NT$1,000

	Expected Completion Date	Total Capital Required	Status of Planned Capital Use					
			2022		2023			
			Q3	Q4	Q1	Q2	Q3	Q4
Replenish working capital	2023 Q3	1,448,979	-	400,000	400,000	400,000	248,979	-
Purchase of equipment	2023 Q4	384,521	31,184	77,246	115,315	66,376	47,200	47,200
Total		1,833,500	31,184	477,246	515,315	466,376	296,179	472,00

b. Expected benefit

Of the total amount NT$ 1,833,500 raised through the 3rd private placement in 2021, NT$1,448,979 was put into working capital, which is expected to enhance the financial structure, increase the proportion of equity capital, and improve the Corporation's debt-paying ability. In addition, the Company plans to expand the production line of its Taichung plant with estimated total budget NT$400,165,000. The company has prepaid NT$15,644,000 with its own funds in the second quarter of 2021, and the remaining NT$384,521,000 is planned to be paid by the aforementioned funds. The production line is primarily used for the production of BESREMi® for the treatment of PV. It is estimated that the new production line can start the mass production after the completion of installation and verification in 2024. The accumulated operating profit and depreciation expenses from 2024 to 2025 is approximately NT$4,075,087,000. The expected payback period is about 1.09 years.

(5) Changes to the plan, reasons for the changes, and benefits before and after the changes

No change was made to the Company's plan for the private placement of common stock.

2. Implementation Status:

Unit: NT$1,000

Item	Implementation Status		As of December 31, 2022	Reasons for the ahead of or fall behind of the project and improvement plans
Replenish working capital	Amount	Planned	400,000	The company utilizes the funds according to its actual need. The implementation of this project is slightly ahead of schedule.
		Actual	428,625	
	Status(%)	Planned	27.61	
		Actual	29.58	
Purchase of Equipment	Amount	Planned	108,430	The implementation of this project is slightly ahead of schedule. Please see below explanation.
		Actual	34,100	
	Status(%)	Planned	28.20	
		Actual	8.87	
Total	Amount	Planned	508,430	
		Actual	462,725	
	Status(%)	Planned	27.73	
		Actual	25.24	

3. Benefit analysis

(1) Replenish working capital

Unit: NT$1,000

Item \ Year		End of March 2022 (Before the capital increase)	End of June 2022 (After the capital increase))
		Parent company only	Parent company only
Capital structure	Debt ratio(%)	19.16	15.89
	Long term funds to fixed assets(%)	1,402.15	1,890.94
Liquidity	Current ratio (%)	770.73	1,036.61
	Quick ratio (%)	618.71	925.57

(2) Purchase of equipment

BESREMi® was launched in the U.S. at the end of 2021, which boosted the Company's revenue. The Company reported revenue of $2,882,042,000 in the year 2022, an increase of 339% compared to $656,506,000 in the same period last year. The number of patients will continue to increase as most of the patients need long-term treatments and follow-up. The original production capacity of the Company's Taichung plant is expected not able to cover the Company's sales volume in 2024. As a result, the Company has planned to expand its production line and placed orders for the purchase of equipment in the second quarter of 2022. Payments for the equipment began in the

third quarter of 2022 and the installation is expected to be completed in the second quarter of 2023. The company will continue to the process validation and certification.

The Company's third private placement in 2021 is for the purchase of equipments. Based on the Company's current sales performance, the benefits of the production line expansion will continue to increase with the penetration rate of P1101-PV. The Company's new drug projects continue to develop, and the clinical trial results are still positive, so the benefits should become increasingly apparent.

2022 cash capital increase through the issuance of new stock

1. Content of the plan:

(1) Total amount of capital required for the plan: NT$6,813,600,000 (including the excess NT$13,600,000 attributable to the change of offering price).

(2) Source of capital:

For the cash capital increase, the Corporation issued 16,700,000 shares of common stock; the par value was NT$10 per share, and the shares were issued at a premium, with an offering price of NT$408. The excess NT$13,600,000 attributable to the change of offering price will be put into working capital.

(3) Plan items and status of capital use

Unit: NT$1,000

Items	Expected Completion Date	Total Capital Required	Status of Planned Capital Use									
			2022	2023				2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Building Plant-ZhubeiPlant	2025Q1	4,010,000	378,334	395,834	395,833	515,833	515,833	595,833	407,500	407,500	327,500	70,000
Purchase of equipment-ZhubeiPlant	2025Q1	1,086,735	-	44,480	286,766	60,155	56,155	-	32,155	32,155	287,435	287,434
Building Plant-Taichung Houli Plant	2024Q3	1,207,265	116,667	159,525	134,524	134,524	134,523	134,523	116,490	196,489	80,000	-
Purchase of equipment-Taichung Houli Plant	2025Q1	496,000	-	-	198,400	-	-	-	-	-	148,800	148,800
Replenish working capital	2023Q3	13,600	-	-	-	13,600	-	-	-	-	-	-
Total		6,813,600	495,001	599,839	1,015,523	724,112	706,511	730,356	556,145	636,144	843,735	506,234

(4) Expected benefits

The capital increase of $6,800,000,000 in 2022 was mainly used to finance the construction of the Zhubei and Taichung Houli plants and their machinery and equipment. The Company is an R&D company, focusing on development of protein drugs. that has successfully developed a long-lasting interferon, Ropeginterferon alfa-2b (hereinafter referred to as P1101), through the development of an innovative PEGylation technology that couples PEG with protein. P1101-PV has been approved for the treatment of PV in the European Union, Taiwan, Switzerland, Israel and Korea since 2019, and received U.S. drug approval in November 2021. The Company has also entered into a global clinical trial for Essential Thrombocythemia (ET) and expects to complete the Phase III human trial in 2024 to collect data on key efficacy indicators. After completion of the clinical trial, the Company will submit drug license applications in countries including US, Taiwan, Japan, Korea and China and anticipate to obtain the drug license in 2025. Considering the above mentioned needs, the Company's

production capacity may become increasingly insufficient. Therefore, in view of the long-term development of the Company, it plans to construct the Houli Plant in Taichung and the Zhubei Plant for the production of P1101 to support the future development of the Company's operation.

The Company intends to build two plants and plans to use the Houli plant in Taichung for the chemical process to produce PEG, and the Zhubei plant for the biological process including the production of interferon and coupling with PEG to form long-acting interferon, i.e.P1101's drug substance (hereafter referred to as DS). DS is the active ingredient of the drug, and will then be filled into injections for sale. Therefore, the Company expects that the tender and construction of the two plants will commence in the fourth quarter of 2022, and the installation of machinery and equipment will commence in the third quarter of 2024. The trial production, process validation and FDA inspection will be conducted in the first quarter of 2025. Then the new plant is expected to start contributing revenue in 2026.

(5) Changes to the plan, reasons for the changes, and benefits before and after the change

No change was made to the Company's plan for the capital increase of common stock.

2. Implementation Status:

Item	Implementation Status		As of December 31, 2022	Reasons for the ahead of or fall behind of the project and improvement plans
Building Plant-ZhubeiPlant	Amount	Planned	378,334	The implementation progress of this project is slightly behind of schedule. Please refer to below explanation.
		Actual	-	
	Status(%)	Planned	9.43	
		Actual	0.00	
Purchase of equipment-ZhubeiPlant	Amount	Planned	-	According to the fund utilization plan, it is estimated that the funds will be invested in the first quarter of 2023. No progress as of December 31, 2022.
		Actual	-	
	Status(%)	Planned	0.00	
		Actual	0.00	
Building Plant-Taichung Houli Plant	Amount	Planned	116,667	The implementation progress of this project is slightly behind of schedule. Please refer to below explanation.
		Actual	-	
	Status(%)	Planned	9.66	
		Actual	0.00	
Purchase of equipment- Taichung Houli Plant	Amount	Planned	-	According to the fund utilization plan, it is estimated that the funds will be invested in the second quarter of 2023.
		Actual	-	
	Status(%)	Planned	0.00	
		Actual	0.00	

Item	Implementation Status		As of December 31, 2022	Reasons for the ahead of or fall behind of the project and improvement plans
				No progress as of December 31, 2022.
Replenish working capital	Amount	Planned	-	According to the fund utilization plan, it is estimated that the funds will be invested in the third quarter of 2023. No progress as of December 31, 2022.
		Actual	-	
	Status(%)	Planned	0.00	
		Actual	0.00	
Total	Amount	Planned	495,001	
		Actual	-	
	Status(%)	Planned	7.26	
		Actual	0.00	

The Company's cash capital increase in 2022 was mainly used for the construction of the Zhubei and Taichung Houli plants and their machinery and equipment. It is expected that the trial production, process validation and FDA inspection procedures will be conducted after the completion of construction in the first quarter of 2025. However, considering the fact that the integration of construction and E&M works could reduce interface conflicts and interferences that may arise when different contractors are working on the same site, the Company has decided to reissue the bidding invitation to all participated manufacturers to include E&M projects in the original construction plans in order to achieve the effect of integrating the plant construction works. On March 15, 2012, the Company signed a contract with the successful bidder for the E&M projects. Subsequent payments will be made according to the progress of the project.

3. Benefit analysis

(1) Replenish working capital

Unit: NT$1,000

Item \ Year		End of September 2022 (Before the capital increase)		End of December 2022 (After the capital increase))	
		Consolidated	Parent company only	Consolidated	Parent company only
Capital structure	Debt ratio(%)	27.14	37.51	20.82	25.23
	Long term funds to fixed assets(%)	1,313.04	1,791.28	2,348.35	2,983.92
Liquidity	Current ratio (%)	463.21	918.95	486.16	1,975.81
	Quick ratio (%)	369.19	799.50	435.33	1,780.33

(2) Building of plants in Zhubei City and Houli and purchase of equipment

Since February 2019, P1101-PV has been successfully listed in the European Union, the United States, Taiwan and other regions, which has substantially boosted the Company's operating income. The Company reported revenue of $2,882,042,000 in the year 2022, an increase of 339% compared to $656,506,000 in the same period last year, indicating that the sales performance of P1101 continues to improve.

Also, the Company has submitted a new drug marketing authorization application to PMDA in April 2020 and expects to obtain the drug license in the first half of 2023 and start sales in the same year. In China, the Company applied to the NMPA for approval to conduct Phase II clinical trials in April 2021 and released the preliminary results of the interim analysis in July 2022. The Company received formal notification from the NMPA on February 13, 2023 for the official acceptance of its application and expects to obtain the drug license and start sales in 2025. The number of patients will continue to increase as most PV patients require long-term treatment and follow-up. The Company has also entered into a global clinical trial for Essential Thrombocythemia (ET) and expects to complete the Phase III human trial in 2024 to collect data on key efficacy indicators. After completion of the clinical trial, the Company will submit drug license applications in countries including US, Taiwan, Japan, Korea and China and anticipate to obtain the drug license and start to generate sales in 2025.

Based on the above mentioned circumstances, the Company's current sales performance of P1101-PV, the status of obtaining drug certificates in various countries, and the future sales of P1101-PV in various countries, and the progress of P1101-PV business development and P1101-ET product development, the benefits of the Company's construction of the Zhubei and Taichung Houli plants and its machinery and equipment should become increasingly evident.

V. Overview of Business Operations

1. Descriptions of Business

(1) Business Scope

A. Main Business Activities

The Company's major lines of business are as follows:

i. Wholesale of Chemistry Raw Materials

ii. Wholesale of Drugs and Medicines

iii. Wholesale of Drugs, Medical Goods

iv. Wholesale of Cosmetics

v. Retail sale of Chemistry Raw Materials

vi. Retail sale of Drugs and Medicines

vii. Retail sale of Drugs and Medical Goods

viii. Retail sale of Cosmetics

ix. Retail Sale of Second-Type Patent Medicine

x. International Trade

xi. Intellectual Property

xii. Pharmaceuticals Examining Services

xiii. Biotechnology Services

xiv. Research Development Service

xv. Beverage Manufacturing

xvi. Other Food Manufacturing Not Elsewhere Classified

xvii. Basic Industrial Chemical Manufacturing

xviii. Drugs and Medicines Manufacturing

xix. Cosmetics Manufacturing

xx. Other Chemical Products Manufacturing

xxi. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Relative Weight of Primary Products

The Company mainly engages in the research, development, production, and sales of new drugs. Its operating revenues are primarily generated from licensing income, royalty payments after a drug are introduced to the market, and sales of goods. The revenue and weight for 2022 are as follows:

Unit: NT$1,000; %

Revenue Item	2022	
	Revenue	Weight (%)
Sale of goods	2,879,403	99.91%
Provision of labor services	2,639	0.09%
Total	2,882,042	100.00%

C. Current Products (Services)

Product	Category	Indication
P1101 (Ropeginterferon alfa-2b)	Developed by the Company	Polycythemia vera (PV)
		Essential thrombocythemia (ET)
		Early/Pre MF
		Chronic hepatitis
Oraxol (Oral paclitaxel)	Licensed to Develop	Breast cancer, advanced gastric cancer, and esophageal cancer
KX01 (Kinase inhibitor)	Licensed to Develop	Psoriasis, actinic keratosis (AK)

D. New Products (Services) Planned for Development

The Company's proprietary PEG and Site-Specific PEGylation platform is used to develop new protein drugs, with the goal of improving marketed drugs to become bio-better. Initially, the Company have selected several protein drugs, including Erythropoietin (EPO) and PEGylated immuocytokines. The Company will use genetic recombination technology, proprietary PEG molecules, selective PEGylation technology, and protein mass production technology to create a unique model for the development of long-acting protein drugs and to improve these biologics to become next-generation drugs.

The company utilizes the unique PEG and Site-Specific PEGylation platform to develop new protein drugs, with the research and development orientation of improving market drugs to become bio-better ones. The company initially selected several protein drugs, namely Erythropoietin (EPO) and long-acting immunoregulatory cytokines PEGylated immuocytokines. Genetic recombination technology, proprietary PEG molecules, selective PEGylation technology and protein mass production technology will be used to create a unique development model for long-acting protein drugs, and to improve this type of biological preparation to become a new generation of drugs

(2) Industry overview

A. Current status and development of the industry

The biotech and pharmaceutical industry is a high value-added industry that combines innovative R&D and value creation. This industry has flourished with medical advancements, mortality reduction, biotech breakthroughs, population aging, and increased demand for medical care. Because this industry is closely

linked to the health, lives, and safety of humans, it necessitates a high degree of quality, safety, efficacy, and regulatory control in its processes, including the discovery of a new pharmaceutical applications, feasibility studies, preclinical and clinical trials, and marketing approval, which require substantial investment in R&D and massive amounts of capital. The processes involved in the biotech and pharmaceutical industry are time-consuming and involve high risks, which makes the industry highly technology-intensive and investment-heavy.

Taiwan's biotech industry has made considerable progress in developing its industry ecosystems and key technologies, which has resulted in major advances. Several drugs developed by Taiwan's biotech industry have been approved for US, EU, and Japanese markets; moreover, the commercial rights of many new drugs have been licensed to major international brands. The number of innovative medical supplies approved for the US market has been steadily increasing, and the fields of food biotechnology and agricultural biotechnology have gradually become internationalized and integrated into the global biotechnology community. These advancements have opened up opportunities for international collaborations and market development. This has helped showcase the R&D capacity of Taiwan's biotech industry and has boosted the scale of the biotech industry.

Following 30 years of continual transformations and upgrades in new drug development by the pharmaceutical industry, the Taiwanese government has recently implemented measures to increase the output value and competitiveness of the biotech and pharmaceutical industry in response to emerging developments, innovative technological breakthroughs, and future medical needs in the biotechnology and pharmaceutical industry. In 2016, the biotech and pharmaceutical industry was listed as one of the major industries in Taiwan's 5+2 Industry Innovation Plan. This plan focused on the development of key projects that contributed to the growth of Taiwan's next-generation industries. Furthermore, the Act for the Development of Biotech and New Pharmaceuticals Industry was promulgated in 2018, which provides manufacturers tax incentives relating to technology, capital, and talent with the aim of promoting and encouraging investment in the R&D of new drugs. In 2021, with the inclusion of the biotech and pharmaceutical industry in policies such as the 5+2 Industry Innovation Plan and the Six Core Strategic Industries, Taiwan's Ministry of Economic Affairs replaced the Act for the Development of Biotech and New Pharmaceuticals Industry with the Act for the Development of the Biotech and Pharmaceutical Industry. This act was approved by the Legislative Yuan in the fourth quarter of 2021, took effect in 2022, and is expected to remain in force until the end of 2031. This act covers a wide range of emerging medicines and technologies such as new dosage forms, regenerative medicine (including cell and gene therapies), precision medicine, and telehealth. Its provisions are applicable not only to pharmaceutical manufacturers but also to contract development and manufacturing organizations (CDMOs). Taiwan has continually promoted the Taiwan Biobank integrated platform and

established big data on national health as part of the digital transformation efforts in response to the COVID-19 pandemic, with a focus on the development of smart medicine, epidemic-prevention technologies, and health data governance while strengthening connections with international supply chains and expanding diverse applications by integrating and upgrading software and hardware. These efforts are aimed at taking the biotech and pharmaceutical industry to the next level. According to Taiwan's *2022 Biotechnology White Paper*, as of the end of July 2022, Taiwan had a total of 166 approved companies and 438 approved products. Among these products, 72 had been approved for market release, contributing to the yearly expansion of the industry business scale. The company and its subsidiaries mainly operate in the pharmaceutical market, with a focus on the development of new drugs and manufacturing of biological products. An overview of the Company's presence in the biopharmaceutical industry in Taiwan as well as globally is presented below.

i. Overview of the Global Pharmaceutical Market

Since the initial outbreak at the end of 2019, COVID-19 has continued to spread in various countries following multiple mutations and has not been contained yet. Governments have provided funding and subsidies for the research and development of COVID-19 vaccines and treatments, which has led to the successful development of several vaccines and treatment drugs. These products have been licensed for emergency use and supplied to countries all over the world. Vaccinations have resulted in increased immunity among the public against the COVID-19 virus, which has allowed countries to lower their alert levels and resume economic activities as normal. During the global pandemic, manufacturers in the biotech industry have considerably contributed to the development of related drugs and obtaining of marketing approvals. Moreover, the pandemic has slowed down the review of new drugs, which has led to the number of marketing approvals approaching the five-year average. This has been further compounded by increasing numbers of patients with various diseases around the world, leading to the growth of the global pharmaceutical market. According to IQVIA statistics, the global pharmaceutical market had a growth of 12.51%, reaching a value of US$1.42 trillion in 2021 compared with US$1.27 trillion in 2020. The sector dedicated to the development of COVID-19 treatment drugs has contributed to an increase of more than US$100 billion, making it the primary driver of the substantial growth of the global pharmaceutical market in 2021.

The pharmaceutical market in developed countries—primarily the United States, Germany, France, the UK, Italy, Spain, Japan, Canada, and Australia—was valued at approximately US$1.05 trillion in 2021, accounting for 73.79% of the global pharmaceutical market. The pharmaceutical market in emerging markets—primarily China, Brazil, India, and Russia—was valued at US$354.2 billion in 2021, accounting for 24.88% of the global pharmaceutical market. In low-income countries and regions, the pharmaceutical sales were US$19 billion, 1.33% of the global market.

Global pharmaceutical sales in 2021 by region

Region	2021 global sales (US$100 million)	2017–2021 CAGR (%)	2022–2026 CAGR (%)
Developed countries	10,504	4.9	2.5-5.5
United States	5,804	4.9	2.5-5.5
Five major EU countries	2,097	4.8	3-6
Japan	854	-0.5	(-2)-1
Emerging pharmaceutical markets	3,542	7.8	5-8
Low-income countries	190	0.1	2.5-5.5
Total	14,235	5.1	3-6

Note: CAGR = compound annual growth rate.
Source: *The Global Medicine Spending and Usage Trends, Outlook to 2026* (IQVIA, December 2021); *2022 Biotechnology White Paper*

ii. Overview of the global development of new drugs

The global demand for pharmaceuticals has increased due to factors such as population aging, the normalization of chronic illnesses, and the rising number of people living with cancer. As a result, the pharmaceutical market has experienced considerable growth. According to IQVIA statistics, the global pharmaceutical market was valued at US$1.2 trillion in 2019 and is projected to exceed US$1.5 trillion by 2023. The pharmaceutical market is primarily driven by the release of innovative drugs, and with the rapid development of emergency biotechnologies such as antibodies, cell therapy, and gene editing, the proportion of biological drugs is expected to continue to grow. The emergence of precision medicine has contributed to the development of medical treatments tailored to the individual patient. The anticancer drug development sector and the market scale are expected to exhibit continual growth trends, which may encourage many companies to invest in the development of cancer drugs.

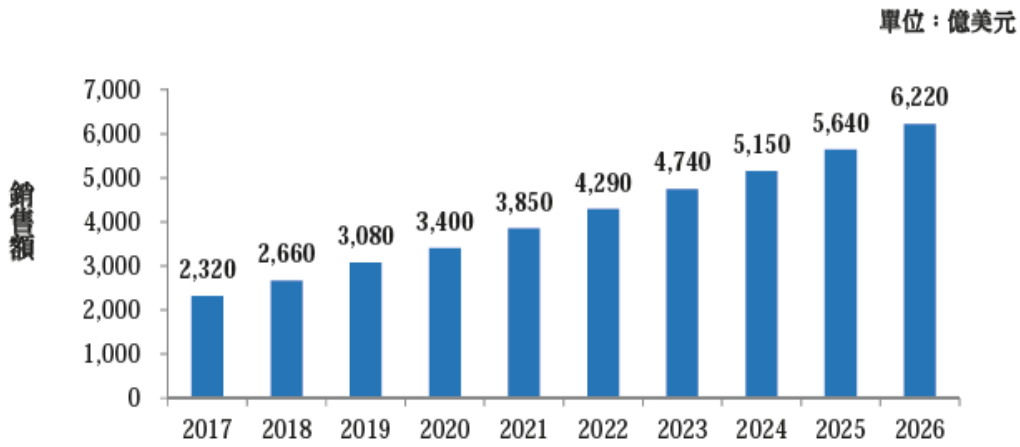
iii. Overview of the global biopharmaceutical market

The rapid development of biotechnology has propelled biopharmaceuticals to become the mainstream products in the global pharmaceutical market. Biopharmaceuticals and traditional chemical drugs mainly differ in their R&D and manufacturing methods. Biopharmaceuticals are developed and manufactured through biotechnological methods, such as genetic engineering, cell engineering, and protein engineering. These drugs are used to prevent or treat human diseases and are currently predominantly used to treat anemia, cancers, and autoimmune diseases. Traditional chemical drugs are produced through the mixing and formulation of various chemical components; because chemical drugs can be manufactured using only one chemical technique, they

are easier to mass produce. By contrast, the production of biopharmaceuticals involves several cross-disciplinary biotechnologies and has longer R&D times. In recent years, the advances in biotechnologies have enabled the development and marketing of biopharmaceuticals, the sales of which have rapidly increased due to their positive therapeutic effects and minimal side effects. As a result, their contribution to the global prescription drug market has been increasing yearly. According to IQVIA surveys, the global biopharmaceutical market was valued at US$385 billion in 2021 and is projected to reach US$622 billion by 2026, with a compound annual growth rate (CAGR) of 9%–12%. This growth rate is higher than that of the global pharmaceutical market and accounts for 33% of the global pharmaceutical market. Currently, the biopharmaceutical market size is smaller than that of small molecule drugs. However, with the development of biotechnologies, monoclonal antibodies have become a key technology in the development of new biopharmaceuticals. Monoclonal antibodies there have high specificity, which allows them to eliminate specific target cells without damaging normal cells.

Development trends of the global biopharmaceutical market

Unit: US$100 million



Sales volume

Source: *The Global Medicine Spending and Usage Trends, Outlook to 2026* (IQVIA, December 2021); *2022 Biotechnology White Paper*.

iv. Overview of the Taiwanese pharmaceutical market

After more than 30 years of development, Taiwan's pharmaceutical industry has expanded to multiple markets, including the domestic and foreign healthcare and medicine markets. In Taiwan, the development of biological products started with vaccines and has shifted to the production of biopharmaceuticals, with the involvement of manufacturers, consistent with global trends and policies. Taiwan's pharmaceutical industry has released vaccines and biopharmaceuticals in both domestic and foreign markets, and the

industry has been growing in scale. With the technological advances, traditional Chinese medicine has expanded beyond the domestic market. In addition, the traditional Chinese medicine market has shifted toward the development of new drugs in Chinese or herbal medicine. Simultaneously, the Chinese medicines that were developed in response to the pandemic are gradually expanding to export markets. In 2021, the turnover of the pharmaceutical industry was NT$91.7 billion, a 3.03% increase from 2010, with the majority of the revenue coming from the sales of generic drugs and active ingredients. Generic drugs are primarily supplied domestically, whereas active ingredients are exported to other countries. Biological products have benefitted from emergency licensing for domestic production of COVID-19 vaccines, which has increased the revenue from the domestic market. The revenue generated from Chinese medicine preparations has remained relatively stable.

Overview of Taiwan's pharmaceutical industry, 2016–2021

Year	2016	2017	2018	2019	2020	2021
Turnover (NT$100 million)	795	801	803	855	890	917
Number of manufacturers	320	357	358	360	375	378
Practitioners	18,500	19,000	19,055	19,100	19,500	19,800
Export value (NT$100 million)	314	292	301	310	322	333
Import value (NT$100 million)	1,267	1,422	1,510	1,680	1,681	1,818
Domestic sales: exports (%)	61:39	64:36	63:37	63:37	62:38	64:36
Domestic demand (NT$100 million)	1,748	1,931	2,012	2,224	2,249	2,402

Data source: Medical and Pharmaceutical Industry Technology and Development Center, 2022; 2022 Biotechnology Industry White Paper.

The growth of Taiwan's pharmaceutical market has remained relatively steady over the years. However, to address the increasing medical expenditures and lower medical costs, Taiwan has adjusted insurance premium rates, subsidized new systems, and controlled medical and drug prices; these measures have affected the growth rate of Taiwan's pharmaceutical market. Nevertheless, the growing elderly population and increasing demand for drugs for the treatment of cancer and other chronic illnesses will continue to drive the domestic pharmaceutical market; as a result, the domestic pharmaceutical market is expected to maintain its current growth trends.

v. Overview of development of new drugs in Taiwan

In 2016, the Executive Yuan established BioMed Taiwan to complement the promulgation of the Act for the Development of Biotech and New Pharmaceuticals Industry and has continued to provide financing and tax incentives to domestic small- and medium-sized businesses with high

capabilities of new drug R&D. In addition to providing capital investments, the Executive Yuan has played a key role in the establishment of biotech and pharmaceutical industry clusters, such as the National Biotechnology Research Park in Nangang and the Hsinchu Biomedical Science Park. Since the COVID-19 outbreak in 2020, Taiwan's new biological drugs have not only passed phase 2 and phase 3 clinical trials but have also been licensed for marketing in various countries. Moreover, CDMOs have benefited from the clear division of labor and higher order visibility in overseas pharmaceutical markets. Since 2021, Taiwan's innovative drug R&D industry has made considerable progress in the licensing and certification of new drugs in domestic and foreign markets, which has increased the visibility of local new drugs.

vi. Overview of the biopharmaceutical market in Taiwan

To promote the development of biological drugs, policies and regulations have broadened their scopes and improved the effectiveness of clinical trials and reviews. The 2017 amendments to the Act for the Development of Biotech and New Pharmaceuticals Industry extended the R&D subsidies to cover research related to emerging technologies such as listed gene therapy, precision medicine, and cell therapy. Such measures have contributed to the innovation and development of biopharmaceuticals in Taiwan. Furthermore, the Bio Taiwan Committee under the Executive Yuan has focused on the niche development of protein new drugs and biosimilars. The establishment of most biopharmaceutical industry chains has accelerated R&D and launches within Taiwan's biopharmaceutical industry, thereby enhancing the industry's international competitiveness.

B. Connections between upstream, midstream, and downstream industries

The connections between the upstream, midstream, and downstream industries involved in the development of new drugs are expressed as follows:

PharmaEssentia			
Innovation and invention	Experimentation and development	Production and manufacturing	Global marketing
PEGylation platform Cell line development	Preclinical animal testing IND Human clinical trials Phase I Phase II Phase III	Laboratory scale-up mass production Pre-approval inspection (PAI)	NDA Product marketing permits Market launch
Basic research Industrial–academic collaboration	Preclinical testing companies Clinical trial companies	PharmaEssentia Taichung Plant	Partnerships

PharmaEssentia and its subsidiaries are biotech and biopharmaceutical companies primarily focused on R&D, with new drug development being its main businesses. We are involved in the entire drug development process from innovation and invention to testing, development, production, and finally, marketing the finished products globally. The safety and efficacy of these drugs on humans must be strictly regulated by government agencies worldwide. Regulatory processes include prelaunch reviews and postlaunch supervisory mechanisms. Consequently, unlike general industries, the development, production, and marketing of new drugs by biotech and pharmaceutical industry typically involve the following processes:

i. Basic laboratory research and applied research stage: In this stage, domestic and foreign industrial–academic institutions and research agencies conduct basic laboratory research and applied research to explore the potential of a new drug or treatment.

ii. Technology and leads development stage: In this stage, the pilot plant verifies the commercial feasibility of a laboratory product and drafts the specifications and standards for batch production. The pilot plant also establishes methods for product analysis and equipment cleaning in order to meet statutory requirements.

iii. Preclinical testing stage: In this stage, the drugs produced under current good manufacturing practices undergo nonclinical animal tests—such as pharmacokinetic tests, toxicology tests, and pharmacological tests—to ensure that the drugs are effective in animals and have no safety concerns.

iv. Application to enter human clinical trials: Investigational new drug applications are submitted to drug and safety authorities to initiate human clinical trials. Clinical trials are typically conducted in three phases. Phase I involves determining the safety of the drug in healthy subjects. In Phase II, the efficacy of the drug is tested and experiments are conducted using possible drug dosages on a small number of patients. Before proceeding to Phase III, a certain level of reproducibility must be achieved. In Phase III, the efficacy of the drug is verified and the long-term responses to the drug use are monitored in a large number of patients. After Phase III clinical trials, if the expected results have been achieved, new drug applications or biologic license applications can be submitted to the drug and safety authorities. Upon approval, the new drug qualifies for marketing.

v. Pharmaceutical manufacturing and registration (factory inspection): After the successful completion of the R&D procedures and after the safety and efficacy of the drug has been demonstrated in humans, the drug is prepared for commercial production. However, before the drug is manufactured and sold commercially, the manufacturing facilities are required to pass inspection by the drug and safety authorities.

C. Development trends of products

i. Use of P1101 on treating rare hematological diseases

P1101 is used to treat hematological diseases such as polycythemia vera (PV), essential thrombocythemia (ET), and myeloid fibrosis (MF). PV and ET are rare hematological diseases, with low prevalence rates and affecting a small percentage of the population. The definition of rare disease varies by country. In Taiwan, the Rare Disease and Orphan Drug Act defines "rare disease" as a disease with its prevalence rate under one in 10,000 people, along with other criteria such as whether genetic counseling is necessary or beneficial for disease prevention, the difficulty of diagnosing and treatment of the disease, the severity of the disease, and whether the treatment is covered under the existing health insurance. The EU defines rare disease as one that afflicts no more than 5 in 10,000 people, whereas in the United States, it is a disease affecting fewer than 200,000 people in the United States. Japan's Orphan Drug Designation defines rare disease as those affecting fewer than 50,000 patients in Japan. The World Health Organization defines rare disease as a disease or condition whose patients account for 0.65% to 1% of the total population.

The pathogenesis and characteristics of rare diseases vary, and they are often severe or life-threatening. Myeloproliferative neoplasms (MPNs) are a group of diseases characterized by abnormal mutation in bone marrow stem cells that can lead to an overproduction of blood cells. Classic MPNs can be distinguished into PV, ET, chronic myeloid leukemia (CML), and MF.

According to statistics, the accurate diagnosis of rare diseases takes 5–7 years on average. Currently, over 7000 rare diseases are known to exist and affect approximately 350 million people worldwide; however, approved drug treatments are only available for approximately 200 rare diseases. The pursuit of drug development for the treatment of rare diseases is endless. In 2022, the global market for rare disease treatment was valued at US$128.4 billion. According to research, by 2023, the global market for rare disease treatment is projected to reach US$358.4 billion, with a CAGR of 12.8%. This growth can be attributed to the growing number of rare disease cases worldwide, government policies and initiatives, and increase in the R&D and marketing of new drugs. These statistics highlight the role of orphan drugs in the development of new drugs in recent years. The use of P1101 for the treatment of PV, ET, and MF is described below:

(A) Polycythemia vera (PV)

PV typically progresses slowly and may not show visible symptoms for years. The onset of symptoms is mostly observed in elderly patients. The overproduction of red blood cells in PV leads to increased blood viscosity, which impedes blood flow to certain tissues and reduces oxygen supply. As a result, patients may experience symptoms such as headache, dizziness, weakness, and shortness of breath. Severe cases may also involve an enlarged spleen, blood clots, and an increased risk of stroke.

Current treatments for PV include bloodletting, low dosages of aspirin, administration of hydroxyurea (HU), off-label use of Pegasys, and bone marrow transplants. However, one in every four patients is unable to receive these treatment options. Moreover, these treatment options are associated with risks such as complications and blood cancer. The US Food and Drug Administration (FDA) approved the use of Jakafi to treat PV in December 2014, which is manufactured by Incyte Corporation, an American NASDQA-listed company. This drug is currently the only approved PV treatment drug in the United States; however, it is only used as a second-line treatment when the aforementioned treatments are ineffective.

P1101, a drug developed by PharmaEssentia and approved by the European Medicines Agency (EMA) through the Company's Austrian partner, AOP Orphan Pharmaceuticals (hereinafter abbreviated to AOP), under the brand name BESREMi®, was later approved by the US FDA in November 2021 to treat PV. P1101 is the first drug approved by the FDA for use in all PV patients as well as the first FDA-approved interferon therapy for the treatment of PV. The treatment guidelines of the US National Comprehensive Cancer Network, released on February 28, 2022, has also listed BESREMi® as a treatment option for PV and declared it suitable for both high- and low-risk PV patients.

We have further expanded the scope of clinical research on PV to the Asia region. In September 2020, we applied to the South Korean Ministry of Food and Drug Safety for the registration of P1101; the registration was successfully obtained in October 2021. Further, we applied to Japan's Pharmaceuticals and Medical Devices Agency (PMDA), an independent administrative entity, for marketing approval on April 27, 2022. The PMDA initiated the review process promptly and conducted the necessary pre-approval inspection (PAI) of the Company's Taichung drug substance and drug product plants from December 19 to 23, 2022. The PMDA found no major concerns in the two plants, and we received the formal GMP report from them on January 26, 2023. An application for marketing approval for P1101 in China was submitted on December 30, 2022, based on the indication of HU-resistance or HU-intolerance. We have also applied to Malaysia's National Pharmaceutical Regulatory Agency for marketing approval for BESREMi® as of January 15, 2013.

(B) Essential thrombocythemia (ET)

ET is a rare hematological disease characterized by the excessive production of platelets by the bone marrow; similar to PV, ET is associated with a mutation in the JAK2 gene. Current treatments for ET typically involve the administration of low doses of aspirin combined with HU treatments; however, approximately 20%–40% of patients become intolerant or resistant to HU. Resistance to treatment increases the risk of disease progression and reduces patient survival rate. Anagrelide (Agrylin/Xagrid, Shire and

Thromboreductin, AOP Orphan Pharmaceuticals AG) was approved by the EU to treat ET in February 2018 and is the current standard treatment drug; however, it is associated with various side effects, including edema and diarrhea, and may cause vasodilation, heart palpitations, and heart failure. Individuals with a history of cardiovascular dysfunction must closely monitor any changes in their condition after taking Anagrelide. Patients with ET are at exceedingly high risks of thrombosis and hemorrhage if they do not receive appropriate treatment. The use of P1101 for treating ET has been given orphan drug designation (ODD) in the United States, and as of September 2020, P1101 has officially entered multinational and multicenter Phase III clinical trials in the United States, Canada, Taiwan, Japan, South Korea, Hong Kong, China, and Singapore. The main trial is expected to take 3–4 years as the time needed to recruit participants was longer than anticipated due to the COVID-19 pandemic. However, as of now, recruitment has exceeded 90%. Data collection for the main efficacy indicators of the Phase III human trials is expected to be completed in 2024, after which applications for approval will be submitted in the United States, Taiwan, Japan, South Korea, and China.

(C) Early and prefibrotic myeloid fibrosis (Early/pre-MF)

Currently, no widely recognized optimal treatment is available for patients with early and prefibrotic myeloid fibrosis or for those who score low or intermediate-1 on the Dynamic International Prognostic Scoring System (DIPSS, which categorizes risk of myeloid fibrosis). If left untreated, the patients' condition may progress to overt or high-risk myeloid fibrosis. The results of a Phase II clinical trial conducted by an academic study published in an international medical journal, *Blood*, in 2022, indicates that P1101 is a safe and well-tolerated treatment drug that can effectively reduce blood cell count and demonstrates molecular responses in patients with early or pre-MF. This study demonstrated that P1101 is a potential treatment option for patients with early/pre-MF or for those who score low or intermediate-1 on the DIPSS. This study provides reliable and scientific evidence from human clinical trials, indicating that P1101 may pass Phase III clinical trials with early/pre-MF patients. Therefore, P1101 is expected to become a suitable and effective treatment option on the market.

ii. Use of P1101 to treat chronic hepatitis

Ongoing human trials include Phase I and II trials on the use of P1101 in treating patients with chronic hepatitis. These trials evaluate the safety and efficacy of using P1101 to continue administering anti-PD1 drugs to patients with Hepatitis B or D and who have not received interferon therapy (Phase I), and the safety and preventive effects of using P1101 as monotherapy followed by anti-PD1 antibody therapy for hepatitis B-induced hepatocellular carcinoma recurrence after surgical treatment.

iii. PEG-immunocytokine

PEGylation is a process in which polyethylene glycol (PEG) is attached to a molecule, usually a protein, to enhance its pharmacokinetic properties. PEGylation can extend the protein's in vivo half-life, reduce its immunogenicity, and increase its solubility and stability. Cytokines are proteins that play a crucial role in the regulation of inflammation responses, cell growth, and cellular differentiation. PEGylation has been demonstrated to enhance the therapeutic efficacy of cytokines by extending their in vivo half-life and reducing their immunogenicity.

The company's approved new drug, P1101, uses its unique and proprietary long-acting PEG molecules and site-specific PEGylation platform to slightly modify interferon-α couplings to yield a pure, new-generation peginterferon-α molecule. Unlike previous pegylated interferons—such as Pegasys and Pegintron—the main product of BESREMi® only has one positional isomer and has a purity of more than 95%. In addition to pegylated interferons, PharmaEssentia has used its original PEGylation platform to develop new, long-acting cytokine drugs with reduced side effects for the treatment of cancer and immune disorders.

The new-generation pegylated cytokines are expected to be used to treat a wide variety of cancers and immune disorders, such as metastatic renal cell carcinoma, malignant melanoma, and pancreatic cancer or immune-mediated diseases such as inflammatory bowel disease. Moreover, according to a report by Research and Markets, the global market value of cytokine therapy in 2021 was US$76.67 billion, and from 2022 to 2027, it is expected to grow at a CAGR of 7.9%. PEG-cytokines developed using the Company's PEGylation platform are long-acting and have fewer side effects. Therefore, they are safer and more effective than typical cytokine therapy, making them the best in class/first in class.

D. Product competitiveness

The European Union granted a drug licenses for the Company's innovative invention, pegylated interferon P1101, to treat PV in February 2019, which was followed by approval from the US FDA in 2021. PharmaEssentia signed a licensing agreement with AOP in Austria, which granted AOP the right to conduct clinical trials and sell P1101 for the treatment of MPNs in Europe, Turkey, Russia, and the Middle East. According to this licensing agreement, AOP will pay tiered royalties to PharmaEssentia based on the P1101 sales amount in the licensed countries. In addition to the licensing fees and royalties, the agreement requires PharmaEssentia to provide finished P1101 products to AOP for sale and to collect revenue from P1101 sales made by AOP.

ET and PV are rare hematological diseases. The use of P1101 for treating ET has received US ODD. P1101 has been evaluated in multinational and multicenter Phase III clinical trials to observe its effects on ET patients who have received HU treatments but either did not demonstrate the expected effects or for whom the treatment failed.

Data collection for the main efficacy indicators of the Phase III human trials is expected to be completed in 2024, after which applications for approval will be submitted in the United States, Taiwan, Japan, South Korea, and China.

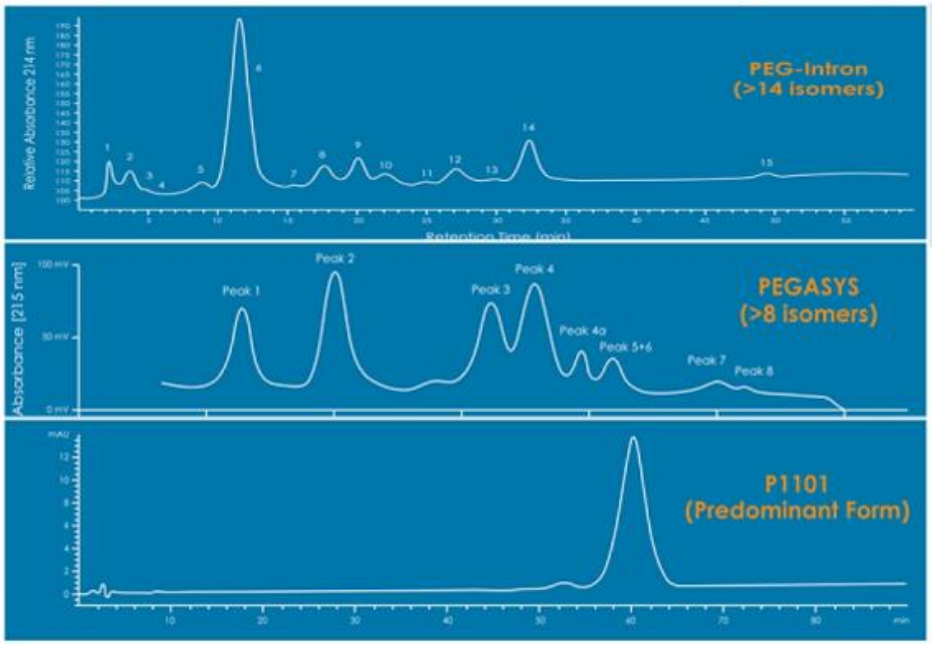
(3) Overview of technologies and R&D

A. Our businesses

PharmaEssentia develops its own technologies. One such technology is the innovative PEGylation technique that allows the coupling of long-acting PEG molecules with proteins. In addition, we have developed a specific linker that can connect specific amino acids. The company's proprietary linker has been used to add proline onto the N-end of interferon-α for coupling. By leveraging the ability of proline to successfully couple PEGs and interferons, we have developed a highly pure (more than 95% being one component) new-generation pegylated interferon drug with an extended duration of action. The development of long-acting drugs allows longer intervals between injections, which alleviates the burden on the patients and reduces the side effects. PharmaEssentia continues to develop other long-acting protein drugs by using the PEGylation platform.

P1101 is a new-generation PEG-interferon that was developed using the Company's proprietary PEGylation platform. By using the platform, we produced single 40K PEG-interferons through multiple levels of patent technology breakthroughs. P1101 offers more advantages and flexibility in its application, fewer side effects, longer-lasting action (one dose every 2 weeks), and more flexible dose adjustment (up to 540 μg) than other interferons. We compared the differences between the composition of P1101 and those of other interferons through high-performance liquid chromatography (HPLC). The HPLC profiles of PEG-Intron, Pegasys, and P1101 are depicted in the following figure:

HPLC results of PEG-Intron. PEGASYS. and P1101



During the analysis of PEG-Intron, Pegasys, and P1101, the different mixtures passed through the detector, which yielded different peak signals. Each peak detected represents a specific type of compound present in the sample. The substances contained in the analyte can be determined by analyzing and comparing these signals. In the HPLC analysis PEG-Intron exhibited 14 peaks, whereas PEGASYS had 8 peaks. Based on the HPLC results and the results of the clinical trial of these two drugs, we infer that the number of compounds present in a drug may be related to the severity of its side effects. Furthermore, only one peak of P1101 was detected in the HPLC spectrum, indicating that P1101 is a highly pure, long-acting interferon with a single principal component.

B. R&D Personnel and Their Educational Background

As of the end of February 2023, the educational background distribution of the Company's R&D personnel was as follows:

Education	Number of People	Percentage
PhD	21	24.71%
Master's Degree	61	71.76%
Bachelor's Degree	3	3.53%
Total	85	100%

C. R&D Expenses Invested in the Past 5 Years and Up to the Date of Publication of the Annual Report

Unit: NT$1,000

Item	2018	2019	2020	2021	2022
R&D Expenses	785,713	639,575	922,380	1,272,776	1,425,964
Net Operating Revenue	26,236	305,692	557,257	656,506	2,882,042
As a Percentage of Net Revenue	2,994%	209%	166%	193.87%	49.48%

Our Company is an investigational new drug company in the biotech industry. Besides the ET international multi-center Phase III clinical trial protocol to be added in 2020, the Company will continue to invest in the research and development of respective projects. It is estimated that the overall R&D expenditure throughout the year will account for at least 80% of the annual revenue.

D. Technologies or products successfully developed in the past five years, as stated in the Company's annual report

Product	Indication	Current developmental phase
P1101 (new generation long-acting interferon) Self-developed	Polycythemia vera (PV)	•February 2019: Approved by the EU. •May 2020: Approved by Taiwanese government. •November 2021: Approved by the US FDA. •October 2021: Approved by South Korean government. •April 2022: Submitted a new drug marketing application to Japan's PMDA. •April 2022: Entered Phase II clinical trials in accordance with requests from China's National Medical Products Administration (NMPA); 49 patients have been recruited for the trials. Preliminary results were announced at the end of July 2022. •February 10, 2023: Notified by Japan's PMDA that the Company's Taipei plant passed inspection. • February 13, 2023: Officially notified by China's NMPA that the Company's marketing application for P1101-PV is being processed.
	Essential thrombocythemia (ET)	•September 2020: Began recruiting for multinational and multicenter Phase III clinical trials in the United States, Taiwan, Japan, South Korea, and China. The main clinical trials are expected to take 3–4 years (due to the pandemic, the time needed to recruit participants was longer than anticipated); currently, recruitment has exceeded 75%. Data collection of the main efficacy indicators of the Phase III human trials is expected to be completed in 2024, after which applications for approval will be submitted.

Product	Indication	Current developmental phase
	Chronic hepatitis C genotype II	• Recruitment for Phase II clinical trials in Taiwan was completed at the end of 2014. A memo from the Taiwan Food and Drug Administration (TFDA) greenlighting Phase III clinical trials was received in May 2015, and we began officially recruiting participants for Phase III trials in January 2016. • Approval from South Korea's MFDS to enter Phase III clinical trials was received in March 2015. • A total of 276 patients have been admitted into the Phase III clinical trials in Taiwan and South Korea, as mentioned above. • Phase III clinical trials in China were approved by the NMPA in December 2018, and patient recruitment was completed August 2019. The Phase III clinical trials were completed in 2020. • The pharmacokinetics clinical trial requested by the TFDA was completed. The clinical trial report is scheduled to be submitted during the first quarter of 2023 for TFDA's reference in accordance with regulatory requirements.
Oraxol® (Oral paclitaxel) Licensed development	Breast cancer	• On December 16, 2020, a GCP on-site inspection was conducted at the Tri-Service General Hospital for the pharmacokinetic clinical test cases necessary for registration in Taiwan. PharmaEssentia received a memo from the TFDA approving the trial reports on March 10, 2021. These reports can be used to support the registration of new drugs in Taiwan. Clinical trials will be integrated with mid-trial analyses from the Athenex Phase III clinical trials in South America. The trials will follow review strategies in accordance with the regulations of the United States, United Kingdom, Australia, and New Zealand. The original plan was for PharmaEssentia to license Athenex in the United States in 2021 before applying for a drug license in Taiwan. However, in February 2021, the FDA stated that Athenex in its current form cannot be approved. PharmaEssentia will adjust its strategy when future steps become more apparent.
	Esophageal cancer and stomach cancer	• The clinical trials for the inspection and registration of Oraxol with ramucirumab solution to treat late-stage esophageal cancer and stomach cancer were approved by the TFDA in April 2017. The clinical trial report is currently being written and is expected to be completed in Q1 of 2023.

Product	Indication	Current developmental phase
KX01 Licensed development	Psoriasis and Actinic Keratosis	• PharmaEssentia will finalize the Phase III clinical trial schedule after determining the best treatment period for the highest dosage of KX01 to treat psoriasis. The Phase I clinical trials were completed in 2021, and the report was submitted to the TFDA in January 2022. The TFDA issued a memo dated February 16, 2022, notifying the conclusion of the case. • Athenex, the licensor of PharmaEssentia, completed the Phase III clinical trials for the treatment of actinic keratosis in the United States and was granted a drug license by the FDA in December 2020. Athenex received a memo from Taiwan's Ministry of Health and Welfare approving the drug registration in September 2022.

(4) Short and long-term development strategies and plans

A. Short-term development strategies and plans

P1101, the new-generation long-acting interferon, was approved for market release by the EMA on February 19, 2019, and later approved by the US FDA in November 2021. We will continue applying for approvals for the use of P1101 for treating PV in various countries around the world. We have also initiated Phase III clinical trials to evaluate the efficacy of P1101 in the treatment of ET in the United States, Taiwan, Japan, South Korea, and China and will continue conducting clinical trials to evaluate the efficacy of P1101 in treating other indications, including chronic hepatitis B and other rare hematological diseases.

B. Mid- and long-term development strategies and plans

PharmaEssentia is committed to the continual development of new, long-acting protein drugs by using its PEGylation platform and the development of new protein drugs for cancer immunotherapy, with the aim of improving the success rate of cancer treatments and benefit cancer patients. Moreover, PharmaEssentia will develop new molecular entities as part of its vision of becoming a world-class pharmaceutical company. The company will also complete its vertical integration of operations and continue to collaborate with academic and industrial partners to harness AI and biological preparation platforms for the development of new-generation innovative drugs. The company's ultimate goal is to enhance its visibility and position in the international pharmaceutical R&D industry.

2. Overview of the market and production and sales

A. Market Analysis

i. Distribution of the Company's main products and services

The markets and distribution channels for P1101 are planned based on its indications. The primary markets for the treatment of rare hematological diseases

are advanced countries in Europe and the United States, as they account for the majority of the global new drug market. The United States is the largest consumer, accounting for 42% of the global new drug market on its own and 80% when combined with advanced European countries. In Asia, Japan's market accounts for nearly 20% of the global new drug market. Given the massive business opportunities presented by orphan drugs, we are striving to expand the clinical trials and sales of P1101 for the treatment of PV and ET in Japan and South Korea, in addition to the European and US markets.

ii. Market Share

The marketing authorisation application for BERESMi®, as licensed to AOP, was approved by the EMA in February 2019. AOP has been actively expanding its market presence. PharmaEssentia received a formal notification from the US FDA on November 12, 2021, that P1101 has been approved for the treatment of PV. Therefore, the Company's US subsidiary has officially launched the sale of P1101 in the US market and is actively attempting to expand its market share through various marketing campaigns across the United States.

iii. Supply and demand and market growth going forward

PharmaEssentia is primarily involved in the development of long-acting biological products and new drugs. The company's R&D strategy involves the use of its unique coupling technology to modify existing long-acting biological products. The R&D projects PharmaEssentia selected are all for market products that have generated annual sales of more than US$1 billion. Compared with the small molecule drugs sector, the biological product sector has less competitors due to the higher threshold required for the development of biological products. Furthermore, PharmaEssentia fully owns its patented technology for synthesis, and the Company also owns pharmaceutical plants that are capable of controlling their own production schedule while manufacturing biological products and new drugs that meet EU and US regulations. PharmaEssentia mainly develops products including drugs to treat hematological diseases, infectious diseases, and cancer, which are all rapidly expanding market sectors. We expect to establish our presence and secure a share in the European and US markets for biological products and new drugs.

iv. Competitive niche

(A) A strong R&D team and multiple patents

The R&D team of PharmaEssentia has extensive experience in new drug R&D accumulated over many years, and their exceptional R&D achievements are the Company's biggest assets. PharmaEssentia holds many patents in multiple countries in order to safeguard its R&D achievements and to ensure its ability to continue operations in the industry. With an in-depth understanding of the latest biotechnology and new drug development trends, PharmaEssentia can select the appropriate R&D projects. After animal testing, PharmaEssentia has been able to select development targets with the most potential, thereby

facilitating the subsequent human clinical trials and achievement of marketing and sales goals.

(B) Familiarity with the international new drug market

Many team members of PharmaEssentia have worked with major US pharmaceutical companies, such as Biogen, ISIS, Amgen, Abott, and Johnson & Johnson, and some of them have worked in US FDA drug review teams. These members have extensive knowledge about the US new drug market and keep themselves updated on the shifts in market demands, competitors' R&D activities, and changes to laws and regulations. Their insights form the foundation of the Company's new drug development–related business strategies, from R&D to clinical trials and international marketing.

(C) Self-production and manufacturing capabilities

We completed the construction of our plant manufacturing biological products and new drugs in October, 2012, and received TFDA GMP certification in April 2013. Subsequently, the plant was granted GMP certification from the EMA in January 2018. During this process, we hired several teams of international experts in the establishment of pharmaceutical factories. NNE, a Danish pharmaceutical engineering company, was in charge of planning and design. Synertec, an Australian company, oversaw the establishment of the validation and documentation systems. Racho Jordanov, a biotech pioneer with experience in establishing 11 biological products and new drug factories, served as the Company's chief consultant. The construction of the plant was executed by a Taiwanese contractor firm, L&K Engineering Company. The construction process provided PharmaEssentia with a comprehensive and international experience and established the first biological products and new drugs factory in Taiwan's biotech industry. In February 2019, the EU issued a drug license for P1101, which was manufactured in the Company's biological product and new drug factory. Having a factory for the development of biological products and new drugs that meets international standards has enabled PharmaEssentia to expand its manufacturing abilities from R&D and laboratory processes to mass production standards that meet international codes. This has enabled the Company to implement better quality control measures and have greater control over absolute costs.

(D) Support from government policies around the world

PharmaEssentia's strategy for new drug development is focused on rare diseases because of the limited competition and higher drug prices. Furthermore, PV patients require continual administration of medication, as a result of which, the cumulative number of patients will continue to increase. The primary target markets for the treatment of rare hematological diseases are advanced European countries and the United States, which can afford costly new drugs. Furthermore, these countries prioritize the development of orphan drugs and offer preferential policies that are conducive to the sale of P1101 in these regions.

(E) Multiple products in different stages of development

PharmaEssentia's timeline for developing new drugs is lengthy. Therefore, focusing on the development of a single product will mean that no other products will be ready to be commercialized and generate income after the developed product is launched. Furthermore, the redevelopment of products requires large amounts of time and resources, which can cause operational difficulties for the Company. In addition to developing the most advanced long-acting interferon, P1101, PharmaEssentia has continued to develop other long-acting protein drugs and has initiated the development of new types of cancer immunotherapies for the next decade. In addition to the Company's own R&D, we have also brought in capabilities for developing new products and technologies. We plan to continue the Company's current model to develop new product series on its own as well as partner with other companies to develop new potential products to broaden our product diversity.

v. Future advantages, obstacles, and countermeasures

(A) Favorable Factors:

a. Primary products may be applied to the treatment of multiple disorders

(a) For P1101 as a primary product, not only polycythemia, but other indications can also be developed, too; it may be used in multiple rare blood disorders. The use of P1101 in the treatment of PV has been certified by the EMA/FDA (ODD) and will be entitled to monopoly on the market for ten years and seven years, respectively, once introduced to the market. The same model in developing P1101 for the treatment of PV will be followed to continue developing P1101 for treating other rare blood disorders.

(b) In light of the high tolerated dose of P1101 in humans, many clinicians are very interested in applying P1101 to the treatment of other malignancies and cancers for which effective therapies are yet available and physician-initiated clinical trials are proactively planned. These trials will help boost the confidence of physicians in applying P1101 and significantly help reduce the difficulty in recruiting subjects for clinical trials and the marketing and promotion of products once they are available on the market in the future.

(c) Hepatitis research in Taiwan is leading the world. Physicians specializing in liver disease are known for their enriched experiences in conducting clinical trials. The fact that the number of patients is greater in Asia is in favor of conducting clinical trials, too.

b. Familiarity with International New Drug Market

The Company is an R&D company in nature that primarily develops new drugs. Patents are important assets of the Company. Owning key technologies helps not only with the development of other new products and licensing to others with their use to generate income but also with the

avoidance of infringing upon someone else's intellectual properties during development, which can give rise to unnecessary delays and disputes during research and development.

c. Multiple Products in Varied R&D Stages

(a) Given the extended duration of R&D associated with new drugs, if only one product is being researched and developed, after it is introduced to the market, there will be no other products close to be marketed to continue generating income and the enormous time and resources required for the research and development of new products will cause difficulties in the continuous operation of the Company. Besides developing the most advanced long-acting interferon P1101, PharmaEssentia continues to develop other long-acting protein-based drugs, such as PEG-GCSF and PEG-EPO, etc. starts to develop new cancer immunotherapies for the next ten years.

(b) Besides independent R&D, the Company is capable of introducing technologies for the development of new products (for the KX01 kinase inhibitor). In the future, the current model will be followed, too, to independently research and develop a series of new products on the one hand and to cooperate in the development of potential new drugs with external companies on the other hand so that product diversity may be maximized.

(B) Obstacles and countermeasures

Obstacle	Countermeasure
Longer R&D timelines and greater difficulties in manufacturing new protein drugs	To reduce uncertainties about drug safety, shorten R&D timelines, and lower investment risks, PharmaEssentia focuses on the development and improvement of long-acting protein drugs that are already on the market.
Increasing competitiveness in the biosimilar drug market	Biosimilar drugs with high technological thresholds and high entry barriers have been developed and meticulous evaluation procedures have been implemented for the selection of R&D products based on factors such as technology, market, patents, and regulations. This strategy ensures that product development is efficiently completed and that drug registrations are obtained in the shortest time possible.
Lack of professionals in Taiwan's biotech industry, particularly those with hands-on experience in protein chemistry	To overcome the talent shortage in Taiwan, PharmaEssentia collaborates with the government's High Level Biotech Professionals Cultivation Program to identify talented individuals, provide them training, and integrate them into the Company's practical tasks. This strategy benefits both the industry and academia in Taiwan.

Obstacle	Countermeasure
Protein-based new drugs involve a relatively long R&D duration and higher manufacturing difficulty	Efforts are made to primarily modify long-acting protein-based drugs that are already available on the market in order to reduce the uncertainty of drugs in terms of safety and to shorten the R&D duration and minimize the investment risk.
Biosimilars are faced with increasing competition on the market each day.	For the development of biosimilars with a high technical threshold and high access barriers, there should be a careful evaluation procedure while products to be researched and developed are being selected that covers technology, market, patent, and regulatory requirements to ensure that the development of products may be completed and the drug registration permit may be obtained within the shortest period of time possible.
Biotech talent is seriously wanted in Taiwan, particularly that with professional practical experiences in proteion chemistry.	The Company works proactively with the Phd On-the-job Training Program introduced by the government in finding suitable talent to receive complete training and later devote to practical tasks in the Company, creating a win-win situation for the industry and the academic circle.

B. Important uses and production process of currently marketed products

PharmaEssentia is a company that specializes in the R&D and manufacturing of new protein drugs by using its self-developed PEG platform for developing long-acting protein drugs and technology for synthesizing small molecule drugs. Our current focus is on developing drugs for the treatment of hematological diseases, infectious diseases, and tumors. We have also initiated multinational and multicenter ET clinical trials worldwide as part of our endeavors to expand product benefits. In addition, we have been actively promoting clinical and marketing efforts for the treatment of PV and ET in Japan and China.

C. Supply of primary materials

PharmaEssentia is a biotech and pharmaceutical company that emphasizes R&D and is dedicated to discovering new drugs and conducting clinical trials. During the drug development process, researchers select the raw materials with the highest quality and purity based on expert judgment from the literature and R&D results. We prioritize the maintenance of the quality of our drugs and ensure that the materials used in each experimental stage are obtained from the same supplier. We avoid replacing suppliers of materials used in the development of new drugs. Consequently, we source our raw materials used in each stage of new drug development from internationally reputed vendors to ensure the quality and stability of the supply chain.

D. Description of Major Gross Profit Margin Changes by Each Department Classification or Major Product Classification for the Most Recent 2 Years:

Items / Year	Revenue	Cost	Gross profit	Gross Profit Margin (%)
2021	656,506	378,856	277,650	42%
2022	2,882,042	812,288	2,069,754	72%

Explaination for Major Gross Profit Margin Change: The Company's has obtained the drug license in the United States in November 2021 and started to market and sell the product in the region in December the same year. Therefore, the gross margin in 2022 increases as compared with that of 2021.

E. List of Principal Suppliers and Clients

i. The names of any suppliers accounting for 10% or more of the Company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, and the percentage of total procurement accounted for by each:

Unit: NT$1,000

Year	2021				2022			
No.	Name	Amount	As a Percentage of Net Revenue (%)	Relationship with the Company	Name	Amount	As a Percentage of Net Revenue (%)	Relationship with the Company
1	Akso Healthcare Co., Ltd.	122,368	35.82	None	Akso Healthcare Co., Ltd.	96,711	22.10	None
2	Shepherd Healthcare Ltd.	87,419	25.59	None	Shepherd Healthcare Ltd.	77,613	17.70	None
3	Chugai Pharma Taiwan Ltd.	59,168	17.32	None	Ypsomed AG	77,421	17.70	None
4	Others	72,659	21.27		Chugai Pharma Taiwan Ltd.	46,206	10.60	None
					Others	139,516	31.90	
	Total	341,614	100.00		Total	437,467	100	

The discrepancy can be attributed to the acquisition of Panco Healthcare Co., Ltd. in Q2, 2020, which resulted in a change in the top 10 suppliers. In 2021 and 2022, the principle supplier was the primary supplier of Panco Healthcare Co., Ltd.. None of the other suppliers accounted for more than 10% of PharmaEssentia's goods purchasing expenses. Ypsomed AG became one of the primary suppliers in 2022 as a result of the increase in procurement of raw materials for the Company's sales of products.

ii. The names of any clients accounting for 10% or more of the Company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, and the percentage of total sales accounted for by each:

Unit: NT$1,000

Year	2021				2022			
Item	Name	Amount	As a Percentage of Net Revenue (%)	Relationship with the Company	Name	Amount	As a Percentage of Net Revenue (%)	Relationship with the Company
1	Central Clinic & Hospital	231,168	35.21	None	AOP Orphan Pharmaceuticals GmbH	613,830	21.30	None
2	AOP Orphan Pharmaceuticals GmbH	205,239	31.26	None	A Company	531,273	18.43	None
3	Tungs Taichung MetroHarbor Hospital	66,706	10.16	None	B Company	443,171	15.38	None
	Others	153,393	23.37		C Company	357,633	12.41	None
					Others	936,135	32.48	
	Total	656,506	100.00		Total	656,506	100.00	

PharmaEssentia primarily engages in the development and production of new drugs. A major product of the Company, P1101, is a new drug for PV and hepatitis. Its use on PV won a CHMP recommendation in December 2018, and its MAA was approved by the EMA in February 2019. For the American market, PharmaEssentia has obtained the drug license from FDA in November 2021. Therefore, the year 2022 is the first full year after obtaining the FDA drug certificate. The revenue contribution has grown significantly as there is great efforts from US subsidiary into building sales channels and increase insurance coverage. According to schedule, PharmaEssentia will start multinational and multicenter phase III clinical trials for ET to enhance product benefits, and it is actively making plans for the clinical trial and marketing of products against PV and ET in Japan and China. As of now, PharmaEssentia has obtained drug licenses in EU, Taiwan, Switzerland, Israel, the United States and Korea. Therefore, with the increasing number of marketing licenses from other markets and the expansion in indications, P1101 can be expected to attract a diverse clientele.

F. Production Volume for the Most Recent 2 Years:

Unit: NT$1,000; 1,000 tablets

Year	2021			2022		
Volume / Product	Capacity	Quantity	Amount (Note)	Capacity	Quantity	Amount (Note)
P1101	-	24,431,000	357,973	-	65,603,900	904,445
PharmaQ10	-	487	3,177	-	864	3,325

G. Sales Volume for the Most Recent 2 Years:

Unit: NT$1,000; 1,000 tablets

Year	2021				2022			
Volume / Product	Domestic Sale		Export		Domestic Sale		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sale of goods	337	339,160	31	293,915	819	300,877	105	2,578,526
Research Income	-	2,703	-	20,728	-	2,639	-	-
Total	337	341,863	31	314,643	819	303,516	105	2,578,526

3. Number of Employees in the Last 2 Years and Up to the Date of Publication of the Annual Report

Unit: Person; Year

Year		2021	2022	As of March 31, 2023
Number of Employees	Manager or above	105	134	166
	General employee	232	325	323
	Total	337	459	489
Average Age		39	40.74	42.52
Average Years of Service		4.5	3.89	3.9
Education Level Percentage (%)	PhD	14	53	55
	Master's Degree	50	236	249
	Bachelor's Degree	35	162	176
	High School or below	1	8	8

4. Environmental Protection Expenditures

Total losses (including compensation for damages) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including estimates of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible):

(1) The Company's acquisition of a permit for pollution emissions:

A. Stationary pollution source:

Permit no. for installing an antistationary pollution facility: CTSPESD No. BC063-02 (valid till 2023/3/25); Permit no. for emitting stationary pollution: CTSPESD No. BC061-08 (valid till 2024/10/2)

B. Water pollution prevention:

Permit no. for water pollution prevention: CTSPEWP No. BD017-10(valid till 2025/12/17)

C. Waste removal and disposal: Permit for the waste removal and disposal: No. B10110080005 (valid from 2023/1/19~2028/1/19)

D. Handling of toxic chemical substances：Permit for handling of toxic chemical substances from Taichung Environmental Protection Bureau No. 000023 (valid till 2025/3/11)

(2) Pollution prevention fees payable:

A. Air pollution control fee

No air pollution control fee was incurred because the raw materials and pollution emitted by the manufacturing activities at the Taichung Plant were below the thresholds (quarterly VOC emissions is fewer than 1 tonne) for charging. Since the fourth quarter of 2022, the Environmental Protection Agency has required emergency generators (diesel) to be included in the scope of declaration, so there is no need to pay air pollution control fees.

B. Wastewater treatment fee

The Taichung Plant is located in the Central Taiwan Science. Its water waste is directly discharged into the sewage water system and discharged to the Taichung Park Sewage Treatment Plant. As the water waste was not directly discharged to the surface, there is no concern of water pollution. The expenses incurred for wastewater is as follow:

Year	2018	2019	2020	2021	2022
Amount	NT$122,000	NT$138,000	NT$134,000	NT$123,000	NT$184,000

C. Soil and Groundwater Pollution Remediation Fees

As the inspection activities of quality control produced heavy metals waste, the Company is required to pay soil pollution fees pursuant to the relevant regulations. However, the Company was exempt from payment from 2018 to 2022 because the fees were below the NT$200 threshold.

D. General waste disposal fee

The hazardous industrial waste and general industrial waste produced by the Taichung plant is handled by legitimate waste clearance and disposal organizations, and the compliance audit of environmental protection laws and regulations is arranged irregularly every year to avoid environmental pollution caused by improper disposal. Expenses incurred for waste removal and disposal was summarized as below:

Year	2018	2019	2020	2021	2022
Amount	NT$427,000	NT$484,000	NT$632,000	NT$609,000	NT$671,000

(3) Pursuant to Article 28 of the Waste Disposal Act, which states that enterprises shall employ professional technical personnel, the Taichung Plant is part of the manufacturing industry and should submit a waste disposal proposal, and has a registered capital of NT$2 billion or more. Hence, the Taichung Plant is required to employ professional technical personnel, which the Company has ensured.

Institution	Company Name	Permit	Approval No.
Clearance	How-Well Environmental Engineering Co., Ltd.	Waste Clearance Permit	2018 Taichung City Fei-Jia-Qing No. 0012
	Skylark Technology Enterprise Co., Ltd.		2019 Taichung City Fei-Qing No. 0074
	Nanke Environmental Technology Co., Ltd.		2020 Taichung City Fei- Jia-Qing No. 0006
	Shin Shin Environmental Protection Engineering Co., Ltd.		2021 Taichung City Fei-Yi-Qing No. 0060
Disposal	1. Taichung City Refuse Incineration Plant	Waste Disposal Permit	-
	2. How-Well Enterprise Co., Ltd.		Fu-Shou-Huan-Fei No. 1070079036
	3. How-Well Medical Waste Disposal Enterprise Co., Ltd.		Fu-Shou-Huan-Fei No. 1080285481
	4. Resource Recycling Facility, Environmental Resource Research Center, National Cheng Kung University		Tai-Jiao-Zi(6) No. 1080169607A

(4) List the company's investments in major antipollution facilities, the use purpose of such facilities, and the possible effects to be produced: None. The Company plan to establish an effective collection system of air pollutants. Please refer to item (7) for more details.

(5) Describe the processes undertaken by the company for environmental pollution improvements in the most recent 2 fiscal years and up to the publication date of the prospectus. If there have been any pollution disputes, their handling processes should also be described: None.

(6) Describe the loss (including damage compensation paid) suffered by the company because of environmental pollution incidents in the most recent 2 fiscal years and up to the publication date of the prospectus, the total penalty/fine amount, as well as a disclosure of its future preventive policies (including improvement measures) and possible expenses to be incurred (including possible losses if no preventive measures are taken, and the penalties and estimated damage compensation amount; if reasonable estimations cannot be made, please present the facts that explain why not): No losses and penalties were incurred from 2018 to 2021.

(7) Explain the current pollution conditions and the impact of its improvement to profits, competitive position, and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the upcoming 2 fiscal years:

In accordance with the Air Pollution Control Act, companies shall effectively collect each type of air pollutant and maintain the normal operation of their air pollution control facilities. Therefore, Taichung Plant plans to purchase facilities for air pollutant collection, discharge pipelines(P103、P104、P105、P106) and sampling platforms, which will be included in the existing operating facilities (the Company has obtained the permit for emitting stationary pollution in October 2022)

(8) Workplace and Employee Safety and Protection Measures

Our Taichung branch has established the Work Rules for Labor Safety and Health for employees to regulate safety and management matters. Matters implemented to ensure the health and safety of our Taichung branch are as follows:

A. Health and safety management unit and personnel

The Company has established a health and safety management unit in accordance with the Occupational Safety and Health Act. The unit is headed by the supervisor of the Administrative Management Department. The Administrative Management Department has established an "Environmental Safety Group" that performs tasks related to safety, health, and environmental protection and is composed of a safety and health administrator and designated environmental personnel. The health and safety administrator are appointed as the head of health and safety operations.

B. Facility safety

The Company's production facility is equipped with safety protection measures such as emergency stop buttons on autoclave machines and safeguards on cutting machines.

Detectors are installed at sites where hydrogen and liquid nitrogen are used to prevent leakage.

Dangerous equipment (e.g., Category A pressure vessels) is serviced and maintained on a monthly basis.

Annual/quarterly/monthly/daily automatic inspection is performed as required by law (Category A pressure vessels, power generators, small furnace, centrifuge, and vehicles/cars).

When signing a contract with contractors, the Company requires contractors to comply with the health and safety requirements in its Contractor Management Rules.

C. Environment and health

To create a risk-free work area, localized ventilation facilities are installed in work areas where chemical are used. Monthly/daily automatic inspection is performed as required by law (activities involving organic solvents and specific chemical substances).

Work environment measurements are performed every 6 months.

Drinking water facilities are serviced and maintained on a monthly basis. Water quality is checked by certified laboratories every 3 months to ensure the cleanliness of drinking water for employees.

D. Fire control and safety

The Company has installed a complete fire service system in accordance with the Fire Services Act. The system comprises a fire alarm system, water supply system, evacuation system, and fire extinguishers.

Fire drills are held every 6 months to better equip employees with knowledge on the use of fire control and evacuation systems.

Firefighting equipment is checked regularly to ensure that the equipment is functional whenever required.

Certified organizations or technicians specializing in firefighting equipment are hired every year to check, repair, and provide reports on firefighting equipment.

E. Education and training

New employees must receive general education and training on health and safety.

Existing employees must also receive such general education.

Pursuant to the law, the Company has appointed a supervisor of organic solvent operation, supervisor of specific chemical operation, first aider, Category A pressure vessel operator, boiler operator, and high-pressure gas vessel operator.

F. Employees' right to know

In training new employees, information regarding preventive and precautionary measures for hazardous and dangerous substances is provided to reduce the occurrence of workplace safety incidents.

Safety data sheets (SDSs) are provided at chemical workstations and in storage areas, and employees are taught to interpret their contents.

G. Health examination and health promotion

New employees are required to submit a physical examination sheet.

Every year, employees involved in special operations must receive a health examination.

Every year, all employees must undergo a health examination (in accordance with GMP laws and regulations).

Health promotion activities are held every year (including weight loss, aerobic exercise, ball games, and stress relief talks).

H. Recurrence prevention

Every occupational injury incident is investigated to enforce preventive measures. Workplace incident improvement measures are proposed by the Environmental Safety Group, IT Department, and Production Department within 48 hours of an incident.

Disaster statistics are calculated every month and reported to the Central Taiwan Science Park.

I. Group insurance

The Company purchases group insurance for all its employees so they can receive reasonable labor or group insurance claims and take time off without worrying when they sustain occupational injury.

J. Healthy workplace certification

The Company is committed to safety, health, and environmental management. In addition

to caring for the safety of employees at work, the Company is concerned about their physical health status. The Company received the Badge of Accredited Healthy Workplace for its efforts in health promotion.

5. Labor Relations

(1) List all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

A. Employee benefits

- Labor insurance: In accordance with the Labor Insurance Act.
- National health insurance: In accordance with the National Health Insurance Act.
- Group insurance: All employees are eligible to life insurance, liability insurance, and medical insurance, which cover hospitalization and cancer treatments. All policies are fully covered by the Company.
- Employee bonus: Any earnings concluded in a fiscal year shall be first used to pay the statutory taxes and make up for losses of previous years, and the distribution ratio of employee bonuses for the year shall be proposed and approved by the Board of Directors, after which it shall be presented at the shareholder meeting for ratification.
- Employee stock options: The Company invites professionals to join and be a part of the Company's work team and retains outstanding employees who demonstrate development potential. The Company cares for its employees and helps them to improve their quality of life, ensuring they are motivated to create benefits for the Company and shareholders. Following approval by the Board of Directors, employee stock options are issued in accordance with the Procedures for Employee Stock Option Issuance and Subscription.
- Year-end bonus/recreational activities: The Company regularly organizes employee trips and provides year-end bonuses. The Company has an Employee Welfare Committee in place that plans, promotes, and implements employee benefits, which include aspects in relation to weddings, funerals, birthdays, celebrations, employee trips, holiday bonuses, and occasional department gatherings. Committee members are elected in accordance with the law by employees through a voting process.

B. Continuing education and training

- New employees: On the first day of work, employees are given an orientation tour around the workplace during which personnel rules, the Company profile, work rules, and supervisors and colleagues are introduced to them.
- Continuing Education Rules for Existing Employees: All full-time employees are encouraged to participate in on-the-job education and training courses to promote lifelong learning, impart professional knowledge and skills, and improve their humanistic qualities, thereby enhancing employees' service quality, literacy, and job performance.

C. Retirement systems and their implementation status

Pursuant to the Labor Standards Act, the Company has established the Employee Retirement Rules, which state that for employees who opt for the old pension system, the Company shall make monthly contributions equal to 2% of each employee's monthly salary to their pension account with the Bank of Taiwan set up in the name of the labor pension reserve supervision committee. As of July 1, 2005 following the implementation of the Labor Pension Act (hereinafter referred to as the "new pension system"), a defined contribution plan shall apply to the years of service for employees who were originally applicable to the Rules and opted for the new pension system or employees who report for duty after the implementation of the new pension system. Accordingly, the Company shall make monthly contributions equal to 6% of each employee's monthly salary to their individual pension account at the Bureau of Labor Insurance.

D. Status of agreements between labor and management and all measures aimed at preserving the rights and interests of employees

The Company adopts communication, incentive, and education mechanisms to fulfill employee needs in a timely manner, which helps to forge a positive relationship in which employees and the Company share and work together toward common goals and interests. Subsequently, employees' loyalty to the Company and job satisfaction are enhanced, increasing their willingness to commit to the Company and contribute more to creating value for it. The Company maintains uninterrupted communication and harmonious relations with its employees; therefore, no major labor disputes have occurred as of late.

(2) Describe any losses suffered by the Company because of labor disputes occurring in the most recent 2 fiscal years and up to the publication date of the prospectus, and disclose the estimated amount expected to be incurred in the present and future as well as preventive measures; if a reasonable estimate cannot be made, an explanation of why it cannot be made should be provided:

The Company did not suffer any losses because labor disputes in the past 2 years and up to the publication date of the annual report.

6. Information Security Management

(1) Information security management strategy and structure

In order to effectively promote information security, the Company has set up an Information Security Management Team, which is responsible for the promotion, governance and supervision of information security.

The Company's Information Security Management Team is convened by a senior executive designated by the CEO or the general manager. The members of the information security team include the General Management Office - Information Director, CEO Office - Biostatistics Director, General Management Office - Intellectual Finance Legal Director, and Sustainable Development Center Supervisors, Corporate Governance Supervisors, QA/QC/PROD/Engineering Supervisors, Human Resources Supervisors of the General Management Office, etc., and the internal auditors will join the meetings if needed. In

addition, the convener may designate any other appropriate supervisor to serve as a committee member according to actual needs.

In addition, the Information Security Management Team of the Company has the following Promotion Teams, which are assigned by the convener and are responsible for the coordination, planning and execution of assigned tasks.

A. Personal data protection and business secret management promotion team: responsible for establishing a personal data protection system, implementing and supervising personal data protection, and coordinating the management of the Company’s business secrets. It covered the Company's internal employees, external suppliers, clinical data from CRO and PANCO, etc.

B. Information system security maintenance team: responsible for the planning and implementation of information system security management.

C. Auditing Department: responsible for the audit of information security related operations.

(2) Information Security Policy and Regulations

In accordance with the revision of the " Regulations Governing Establishment of Internal Control Systems by Public Companies " and the "Guidelines for the Information Safety Management and Control for OTC Listed Companies", the Company continues to formulate and establish its own information security policies and regulations. The content of the policies and regulations includes

A. establishing an information security promotion organization, formulating information security policies and procedures, and arrange personnel training;

B. identifying important core businesses;

C. developing information security systems and conducting information security risk assessments;

D. implementing information security protection and control measures

E. communicating the security incident identified;

F. conducting continuous improvement of information security management.

The company has allocated adequate resources and assigned appropriate personnel as the information security supervisor for promoting, coordinating, supervising and reviewing information security management matters, with a view to establishing appropriate information security management mechanism.

(3) Management approaches

The management approaches for 2022 are as follow:

A. Backup planning for important information systems (SAP/WebEIP)

B. Social Engineering

C. Information Security Diagnostic

D. Encrypting File System

E. Data loss prevention (DLP)

F. O365 MFA(Multi-Factor Authentication) Information security enhancement

(4) Allocated resources

- Policies：formulate and establish the information security policies and regulations
- Trainings：all newly hired employees should complete the training courses on information security and social engineering.
- Personnel：A new information security supervisor was hired and is in charge of the construction of information security control system.

(5) As of date, no major information security incidents have occurred.

7. Material Contracts

Contract type	Business partners	Contract period	Content	Restrictive covenants
Royalties for new drugs	Athenex Inc.	December 8, 2011– (patent expiration date)	Exclusive rights for the dermatological KX01/KX02 in Taiwan, Singapore, Malaysia, China, Hong Kong, Macau, Japan, and South Korea.	None
Royalties for new drugs	Athenex Inc.	December 16, 2013– (patent expiration date)	Exclusive rights for the orally administered cancer drugs Oraxol and Oratecan in Taiwan, Singapore, and Vietnam.	None
Clinical trial	AA Company	December 7, 2010– End of research	Commissioning of the company for Phase I and Phase II clinical trials of P1101 for hepatitis B, Phase II clinical trials of P1101 for hepatitis C virus genotype 1, Phase III clinical trials of P1101 for hepatitis C virus genotype 2 and Phase I and Phase II clinical trials of KX01 for psoriasis.	None
Clinical trial	BB Company	March 15, 2019– completion of the clinical trial	Commissioning of the company for Phase III clinical trials of P1101	None

Contract type	Business partners	Contract period	Content	Restrictive covenants
			for hepatitis C virus genotype 2 in China.	
Service provision	CC Company	2020/2/24~2023/2/23	Commissioning of the company for the provision of human resource management, marketing, and staff training services.	None
Clinical trial	Medpace Inc.	August 14, 2020–completion of the clinical trial	Commissioning of the company for clinical trials of P1101ET in the United States, Taiwan, and Hong Kong.	None
Clinical trial	EPS International Holdings Co., Ltd. (EPSI)	September 29, 2020–completion of the clinical trial	Commissioning of the company for clinical trials of P1101ET in Japan, South Korea, and China.	None
Contract Manufacturing	DD Company	February 17, 2021–completion of service	Commissioning of the company to transfer the filling line	None
Clinical trial	Medpace Inc.	September 9, 2022–completion of the clinical trial	The company's US subsidiary commissioned the company to conduct clinical trial of P1101 on adult PV patients and ET patients in the U.S.	None
Land bid	Taoyuan City Government	September 19, 2022–completion of title transfer	In response to future market need and production capacity expansion, the company purchase the land to build injection filling plants and warehousing and logistics centers	None

VI. Financial Highlights

1. Condensed Balance Sheets and Statements for the Past 5 Fiscal Years

(1) Condensed Balance Sheet and Statement of Comprehensive Income

A. Consolidated Balance Sheet – IFRS

Unit: NT$1,000

Item \ Year		Consolidated Financial Data for the Past 5 Years				
		2018	2019	2020	2021	2022
Current Assets		2,262,525	1,919,122	4,147,424	4,926,661	13,374,973
Property, Plant, and Equipment		372,277	423,190	419,332	374,384	571,837
Intangible Assets		16,488	98,234	220,654	246,249	236,881
Other Asset		153,753	518,864	743,776	650,889	1,148,937
Total Assets		2,805,043	2,959,410	5,531,186	6,198,183	15,332,628
Current Liabilities	Before Distribution	245,205	336,678	1,086,699	1,411,962	2,550,348
	After Distribution	245,205	336,678	1,086,699	1,411,962	2,550,348
Noncurrent Liabilities		87,879	367,656	524,777	535,840	641,065
Total Liabilities	Before Distribution	333,084	704,334	1,611,476	1,947,802	3,191,413
	After Distribution	333,084	704,334	1,611,476	1,947,802	3,191,143
Equity Attributable to Owner of the Parent Company		2,471,959	2,255,076	3,919,710	4,250,381	12,141,215
Capital Stock		2,190,849	2,250,438	2,634,183	2,769,036	3,024,556
Capital Surplus		1,321,811	875,656	3,727,229	4,697,388	13,421,262
Retained Earnings	Before Distribution	(1,011,629)	(843,512)	(2,144,028)	(2,811,152)	(4,185,557)
	After Distribution	(1,011,629)	(843,512)	(2,144,028)	(2,811,152)	(4,185,557)
Other Equity		(29,072)	(27,506)	(40,435)	(60,150)	(31,544)
Treasury Shares		-	-	(257,239)	(344,741)	(87,502)
Noncontrolling Interests		-	-	-	-	-
Total Equity	Before Distribution	2,471,959	2,255,076	3,919,710	4,250,381	12,141,215
	After Distribution	2,471,959	2,255,076	3,919,710	4,250,381	12,141,215

Note 1: The financial statements for each year have been audited and reviewed by a CPA.
Note 2: The financial data for each year were data from an IFRS-based consolidated financial report.

B. Consolidated Statement of Comprehensive Income – IFRS

Unit: NT$1,000

Year / Item	Consolidated Financial Data for the Past 5 Years				
	2018	2019	2020	2021	2022
Operating Revenue	26,236	305,692	557,257	656,506	2,882,042
Gross Profit	(2,158)	243,989	183,934	277,650	2,069,754
Income (Loss) from Operations	(1,054,890)	(849,223)	(1,715,852)	(2,822,408)	(2,082,192)
Nonoperating Income and Expenses	15,722	7,079	(232,164)	11,420	186,321
Profit (Loss) before Income Tax	(1,039,168)	(842,144)	(1,948,016)	(2,810,988)	(1,841,871)
Profit (Loss) from Continuing Operations	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,374,810)
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,374,810)
Other Comprehensive Income (Loss) for the Year (Net After Income Tax)	472	926	(13,089)	(19,879)	29,011
Total Comprehensive Income (Loss) for the Year	(1,039,288)	(842,068)	(1,961,231)	(2,830,867)	(1,345,799)
Net Income (Loss) Attributable to: Owners of the Parent Company	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,374,810)
Net Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	(1,039,288)	(842,068)	(1,961,231)	(2,830,867)	(1,345,799)
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Earnings Per Share (NT$)	(4.76)	(3.85)	(8.04)	(10.80)	(4.84)

Note 1: The financial statements for each year have been audited and reviewed by a CPA.
Note 2: The financial data for each year were data from an IFRS-based consolidated financial report.

C. Parent Company Only Balance Sheet – IFRS

Unit: NT$1,000

Item \ Year		Consolidated Financial Data for the Past 5 Years				
		2018	2019	2020	2021	2022
Current Assets		2,180,603	1,882,742	3,622,211	4,603,832	14,384,781
Investments Accounted for Using the Equity Method		93,227	53,300	301,528	141,121	289,446
Property, Plant, and Equipment		371,504	414,218	403,968	348,391	548,889
Intangible Assets		16,488	80,938	199,864	226,317	217,010
Other Asset		129,898	447,432	577,451	554,462	797,052
Total Assets		2,791,720	2,878,630	5,105,022	5,874,123	16,237,178
Current Liabilities	Before Distribution	231,822	314,540	780,100	1,060,082	678,634
	After Distribution	231,882	314,540	780,100	1,060,082	678,634
Noncurrent Liabilities		87,879	309,014	405,212	563,660	3,417,329
Total Liabilities	Before Distribution	319,761	623,554	1,185,312	1,623,742	4,095,963
	After Distribution	319,761	623,554	1,185,312	1,623,742	4,095,963
Equity Attributable to Owner of the Parent Company		2,190,849	2,250,438	2,634,183	2,769,036	3,024,556
Capital Stock		1,321,811	875,656	3,727,229	4,697,388	13,421,262
Retained Earnings	Before Distribution	(1,011,629)	(843,512)	(2,144,028)	(2,811,152)	(4,185,557)
	After Distribution	(1,011,629)	(843,512)	(2,144,028)	(2,811,152)	(4,185,557)
Other Equity		(29,072)	(27,506)	(40,435)	(60,150)	(31,544)
Treasury Shares		-	-	-	(344,741)	(87,502)
Noncontrolling Interests Total Equity	Before Distribution	2,471,959	2,255,076	3,919,710	4,250,381	12,141,215
	After Distribution	2,471,959	2,255,076	3,919,710	4,250,381	12,141,215

Note 1: The financial statements for each year have been audited and reviewed by a CPA.
Note 2: The financial data for each year were data from an IFRS-based unconsolidated financial report.

D. Parent Company Only Statement of Comprehensive Income – IFRS

Unit: NT$1,000

Item \ Year	Consolidated Financial Data for the Past 5 Years				
	2018	2019	2020	2021	
Operating Revenue	26,236	305,692	280,363	311,309	5,001,046
Gross Profit	(2,158)	243,989	152,939	179,269	4,293,026
Income (Loss) from Operations	(910,411)	(640,264)	(1,122,705)	(1,458,809)	(1,019,737)
Nonoperating Income and Expenses	(129,349)	(202,730)	(825,437)	(1,325,179)	(564,995)
Profit (Loss) before Income Tax	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,584,732)
Profit (Loss) from Continuing Operations	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,374,810)
Loss from Discontinuing Operations	-	-	-	-	
Net Income (Loss)	(1,039,760)	(842,994)	(1,948,142)	(2,810,988)	(1,374,810)
Other Comprehensive Income (Loss) for the Year (Net After Income Tax)	472	926	(13,089)	(19,879)	29,011
Total Comprehensive Income (Loss) for the Year	(1,039,288)	(842,068)	(1,951,231)	(2,830,867)	(1,345,799)
Earnings Per Share (NT$)	(4.76)	(3.85)	(8.04)	(10.80)	(4.84)

Note 1: The financial statements for each year have been audited and reviewed by a CPA.
Note 2: The financial data for each year were data from an IFRS-based unconsolidated financial report.

(2) Name of CPAs and Auditors' Opinions for the Past 5 Fiscal Years

A. Name of CPAs and Auditors' Opinions for the Past 5 Fiscal Years

Year	CPA	Name of Firm	Audit Opinion
2018	Chien-Ju Yu, Li-Feng Lin	Ernst & Young	An unqualified opinion (with emphasis of matter paragraph)
2019	Chien-Ju Yu, Li-Feng Lin	Ernst & Young	An unqualified opinion (with emphasis of matter paragraph)
2020	Chien-Ju Yu, Li-Feng Lin	Ernst & Young	An unqualified opinion (with emphasis of matter paragraph)
2021	Su-Wen Lin, Li-Feng Lin	Ernst & Young	An unqualified opinion (with emphasis of matter and other matter paragraph)
2022	Su-Wen Lin, Li-Feng Lin	Ernst & Young	An unqualified opinion (with emphasis of matter paragraph)

B. Reason for Change in CPA

None.

2. Financial Analysis

(1) Consolidated financial analysis – IFRS

Analysis Item (Note) \ Year			Consolidated Financial Data for the Past 5 Years				
			2018	2019	2020	2021	2022
Financial Structure	Debt Ratio (%)		11.87	23.80	29.13	31.43	20.81
	Long-Term Fund for Property, Plant, and Equipment (%)		828.57	654.92	1,087.75	1,330.12	2,348.12
Solvency	Current Ratio (%)		922.71	570.02	381.65	348.92	524.44
	Quick Ratio (%)		893.59	473.86	337.11	277.63	473.70
	Times Interest Earned		(656.62)	(111.24)	(234.98)	(280.94)	(98.41)
Operating ability	Average Collection Turnover (Times)		2.20	2.74	1.71	1.43	4.56
	Average Collection Days for Receivables		166	133	213	255	80
	Average Inventory Turnover (Times)		0.22	0.27	0.94	0.53	0.75
	Average Payment Turnover (Times)		1.75	2.50	3.58	2.14	3.99
	Average Inventory Turnover Days		1,659	1,352	388	688.68	487
	Property, Plant, and Equipment Turnover (Times)		0.09	0.86	1.38	1.71	6.38
	Total Assets Turnover (Times)		0.01	0.11	0.13	0.11	0.27
Profitability	Return on Total Assets (%)		(32.08)	(29.04)	(45.73)	(47.79)	(12.63)
	Return on Equity (%)		(35.07)	(35.67)	(63.10)	(68.81)	(16.77)
	Pre-tax Income to Paid-in Capital Ratio (%)	Income from Operations	(48.15)	(37.74)	(65.14)	(101.93)	(67.06)
		Pre-tax Income	(47.49)	(37.50)	(73.96)	(101.52)	(60.90)
	Net Margin (%)		(3,963.10)	(275.77)	(349.59)	(428.17)	(47.70)
	Earnings Per Share (NT$)		(4.76)	(3.85)	(8.04)	(10.80)	(4.84)
Cash Flow	Cash Flow Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
	Cash Flow Adequacy Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
	Cash Flow Reinvestment Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
Leverage	Operating Leverage		Note2	Note2	Note2	Note2	Note2
	Financial Leverage		Note2	Note2	Note2	Note2	Note2

The reasons for the 20% change in the financial ratios for the last two years are as follows:

1) Debt ratio: The ratio decreased due to the increase in total assets as a result of the capital increase in 2022.
2) Long-term capital to property, plant and equipment: The ratio increased due to the increase in long-term capital in 2022 compared to 2021 as a result of the capital increase in 2022.
3) Current ratio and quick ratio: The ratio increased due to the increase in cash and cash equivalents in 2022 as compared to 2021 due to the capital increase 2022..
4) Interest coverage ratio: The ratio increased due to the decrease in net loss as a result of the significant growth in revenue.

5) Receivables turnover rate and average collection days: The increase in receivables turnover rate and the decrease in average collection days were due to the increase in U.S. market penetration and sales growth following US FDA's approval of drug certification in November 2021.
6) Accounts payable turnover, inventory turnover and average selling days: Due to the growth of sales in the U.S. market, the cost of goods sold also increased, resulting in an increase in accounts payable turnover, inventory turnover and a decrease in average selling days.
7) Property, plant and equipment turnover rate and total asset turnover rate: The turnover rate of property, plant and equipment and total asset turnover rate increased due to the significant growth of revenue in the U.S. market.
8) Profitability-related ratios: Net loss decreased in 2022 compared to 2021 due to higher sales contribution from the U.S. market, resulting in higher profitability-related ratios.

Note 1: Net cash flow from operating activities is negative and is not calculated.
Note 2: The Company has net operating loss at the current year and this ratio is not analyzed

(2) Parent Company only financial analysis– IFRS

Analysis Item (Note) \ Year			Consolidated Financial Data for the Past 5 Years				
			2018	2019	2020	2021	2023
Financial Structure	Debt Ratio (%)		11.45	21.66	23.22	31.43	25.23
	Long-Term Fund for Property, Plant, and Equipment (%)		828.80	649.54	1,089.61	1,330.12	2,984.14
Solvency	Current Ratio (%)		940.39	598.57	464.33	348.92	2,119.67
	Quick Ratio (%)		910.64	497.37	406.15	277.63	1,924.51
	Times Interest Earned (%)		(656.24)	(133.26)	(282.78)	(280.94)	(178.27)
Operating Ability	Average Collection Turnover (Times)		2.20	2.74	1.45	1.43	4.20
	Average Collection Days for Receivables		166	133	252	255	87
	Average Inventory Turnover (Times)		0.22	0.27	0.33	0.53	0.83
	Average Payment Turnover (Times)		2.05	2.51	4.66	2.14	25.83
	Average Inventory Turnover Days		1,659	1,352	1,106	688.68	440
	Property, Plant and Equipment Turnover (Times)		0.09	0.87	0.71	1.71	11.68
	Total Assets Turnover (Times)		0.01	0.11	0.07	0.11	0.45
Profitability	Return on Total Assets (%)		(32.18)	(29.56%)	(48.67%)	(47.79)	(12.37)
	Return on Equity (%)		(35.07)	(35.67)	(63.10)	(68.81)	(16.77)
	As a Percentage of Paid-in Capital Ratio (%)	Income from Operations	(41.56)	(28.45)	(42.62)	(101.93)	(33.72)
		Pre-tax Income	(47.46)	(37.46)	(73.96)	(101.52)	(52.40)
	Net Margin (%)		(3,963.1)	(275.77)	(694.86)	(428.17)	(27.49)
	Earnings Per Share (NT$)		(4.76)	(3.85)	(8.04)	(10.80)	(4.84)
Cash Flow	Cash Flow Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
	Cash Flow Adequacy Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
	Cash Flow Reinvestment Ratio (%)		Note 1	Note 1	Note 1	Note 1	Note 1
Leverage	Operating Leverage		Note2	Note2	Note2	Note2	Note2
	Financial Leverage		Note2	Note2	Note2	Note2	Note2

The reasons for the 20% change in financial ratios for the last two years are as follows:

1) Long-term capital to property, plant and equipment ratio: The ratio increased due to the increase in long-term capital in 2022 compared to 2021 as a result of the capital increase in 2022.
2) Current ratio and quick ratio: The ratio increased due to the increase in cash in 2022 compared to 2021 as a result of the capital increase in 2022.
3) Interest coverage ratio: The ratio increased due to the decrease in net loss as a result of the significant growth in revenue.
4) Receivables turnover rate and average collection days: The increase in receivables turnover rate and the decrease in average collection days were due to the increase in sales to the U.S. subsidiary as a result of the steady increase in U.S. market penetration and the increase in sales to the U.S. subsidiary following the U.S. FDA's approval of drug certification in November 2011.
5) Property, plant and equipment turnover rate and total asset turnover rate: The turnover rate of property, plant and equipment and total asset turnover rate increased due to the significant growth of revenue in the U.S. market.
6) Profitability-related ratios: Both ratios increased due to the decrease in net loss in 2022 compared to 2021 as a result of the increase in sales contribution from the U.S. market.

Note 1: Net cash flow from operating activities is negative and is not calculated.
Note 2: The Company has net operating loss at the current year and this ratio is not analyzed

Note 1: The calculation formulas used for the financial analysis are as follows:

1. Financial Structure

(1) Debt ratio = total liabilities / total assets

(2) Long-term fund to property, plant and equipment ratio = (shareholders' equity + noncurrent liabilities) / net property, plant, and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets − inventories − prepaid expenses) / current liabilities

(3) Times interest earned = earnings before interest and taxes / interest expenses

3. Operating Ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / receivables turnover rate

(3) Average inventory turnover = cost of sales / average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / average inventory turnover

(5) average payment turnover = cost of sales / average trade payables

(6) Property, plant, and equipment turnover = operating revenue / average net property, plant, and equipment

(7) Total assets turnover = operating revenue / average total assets

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 − effective tax rate)) / average total assets

(2) Return on equity = net income / average equity

(3) Pre-tax income to paid-in capital ratio = income before tax / paid-in capital

(4) Net margin = net income /operating revenue

(5) Earnings per share = (net profit after tax – dividends on preferred shares) / weighted average number of issued shares (Note 2)

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities

(2) Cash flow adequacy ratio = 5-year sum of cash from operations / 5-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash flow reinvestment ratio = (cash provided by operating activities − cash dividends) /
(gross property, plant, and equipment + long-term investments + other noncurrent assets + working capital) (Note 3)

6. Leverage

(1) Operating leverage = (operating revenue − variable cost) / income from operations (Note 4)

(2) Financial leverage = income from operations / (income from operations − interest expenses)

Note 2: When the above formula for calculating earnings per share is used during measurement, pay attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.

2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered when calculating the weighted average number of shares.

3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

4. If the preferred shares are nonconvertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of noncumulative preferred shares, if there is net profit after tax, dividends on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment must be made.

Note 3: Pay attention to the following matters when performing cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.

2. Capital expenditures means the amounts of cash out-flows for annual capital investment.

3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculations.

4. Cash dividend includes cash dividends from both common shares and preferred shares.

5. Gross property, plant, and equipment value means the total value of property, plant, and equipment prior to the subtraction of accumulated depreciation.

Note 4: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, pay attention to their reasonableness and to maintaining consistency.

Note 5: In the case of a company whose shares have no par value or have a par value other than NT$10, for the calculation of the abovementioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

Note 6: The financial data for Q1 of 2019 have been reviewed by a CPA. Relevant profit (loss) was calculated for the year.

Note 7: The Company was not required to produce an unconsolidated financial statement for Q1 of 2019.

Note 8: Cost of sales for Q1 of 2019 was negative, resulting in a negative financial ratio.

3. Audit Committee's Report for the Most Recent Year's Financial Statement

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal of the deficit compensation. The CPA firm Ernst & Young Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating the Financial Statements. The Business Report, Financial Statements, and proposal of the deficit compensation have been reviewed and determined to be correct and accurate by the Audit Committee. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this Report.

PharmaEssentia Corp.

Chairman of the Audit Committee:

JinnDer Chang

February 24, 2023

4. **Financial Statement for the Most Recent Fiscal Year, Including an Auditor's Report Prepared by a Certified Public Accountant, as well as a 2-Year Comparative Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Chart, and Any Related Footnotes or Attached Appendices**

   Please see page 216 to 313 of this Annual Report.

5. **The Company's Unconsolidated Financial Statement for the Most Recent Fiscal Year Certified by a CPA**

   Please see of page 314 to 424 this Annual Report.

6. **If the Company and its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Impacted the Company's Financial Situation**

   None.

VII. Financial Status, Operating Results, and Risk Management

1. Financial Status

(1) Consolidated – IFRS

Unit: NT$1,000; %

Item \ Year	2021	2022	Difference	
			Amount	Amount
Current Assets	4,926,661	13,374,973	8,448,312	171.48
Property, Plant, and Equipment	374,384	571,837	197,453	52.74
Intangible Assets	246,249	236,881	(9,368)	(3.80)
Other Assets	650,889	1,148,937	498,048	76.52
Total Assets	6,198,183	15,332,628	9,134,445	147.37
Current Liabilities	1,411,962	2,550,348	1,138,386	80.62
Noncurrent Liabilities	535,840	641,065	105,225	19.64
Total Liabilities	1,947,802	3,191,413	1,243,611	63.85
Capital Stock	2,769,036	3,024,556	255,520	9.23
Capital Surplus	4,697,388	13,421,262	8,723,924	185.72
Retained Earnings (Cumulative Loss)	(2,811,152)	(4,185,557)	(1,374,405)	48.89
Total Equity	4,250,381	12,141,215	7,890,834	185.65

Significant changes: (Change in amount of 10% or more and amount of 1% of total assets for the year)

1) The increase in current assets and total assets was mainly due to the increase in cash capital in 2022.
2) The increase in property, plant and equipment was mainly due to the deposit for the land in Taoyuan Aviation City and the expansion of the second production line at the end of the year.
3) The increase in other assets was mainly due to the addition of deferred income tax assets in 2022.
4) The increase in current liabilities and total liabilities was mainly due to the bank borrowings from the U.S. subsidiary to support the its operations.
5) The increase in capital surplus and equity was mainly due to the increase in cash capital in 2022.
6) The increase in accumulated losses was due to the increase in operating expenses related to research and development and business expansion in 2022, even if the revenue increased in 2022 compared to the same period last year due to strong sales of our new rare blood cancer drug in Europe and the United States.

(2) Parent Company only – IFRS

Unit: NT$1,000; %

Item \ Year	2021	2022	Difference	
			Amount	Amount
Current Assets	4,603,832	14,384,781	9,780,949	212.45
Investment Accounted for Using the Equity Method	141,121	289,446	148,325	105.10
Property, Plant, and Equipment	348,391	548,889	200,498	57.55
Intangible Assets	226,317	217,010	(9,307)	(4.11)
Other Assets	554,462	797,052	242,590	43.75
Total Assets	5,874,123	16,237,178	10,363,055	176.42
Current Liabilities	1,060,082	678,634	(381,448)	35.98
Noncurrent Liabilities	563,660	3,417,329	2,853,669	506.27
Total Liabilities	1,623,742	4,095,963	2,472,221	152.25
Capital Stock	2,769,036	3,024,556	255,520	9.23
Capital Surplus	4,697,388	13,421,262	8,723,874	185.72
Retained Earnings (Cumulative Loss)	(2,811,152)	(4,185,557)	(1,374,405)	48.89
Total Equity	4,250,381	12,141,215	7,890,834	185.65

Significant changes: (Change of 10% or more and 1% of total assets for the year)

1) The increase in current assets and total assets was mainly due to the increase in cash capital in 2022.
2) The increase in property, plant and equipment was mainly due to the deposit for the land in Taoyuan Aviation City and the expansion of the second production line at the end of the year.
3) The increase in other assets was mainly due to the pledge of certificates of deposit to secure loans from subsidiaries.
4) The increase in current liabilities and total liabilities was mainly due to the completion of the legal procedures for transferring employee stock subscriptions and private placements in 2021 to equity and the payment of expenses related to the research and development services commissioned by the U.S. subsidiary and the acquisition of U.S. drug certificates in 2021.
5) The increase in non-current liabilities and total liabilities was mainly due to the transfer of the carrying value of the investment in the U.S. subsidiary to other non-current liabilities as a result of the continued recognition of investment losses.
6) The increase in capital surplus and equity was mainly due to the increase in cash capital in 2022.
7) The increase in accumulated losses was due to the increase in business expansion and research and development expenses during the expansion period.

2. Financial Performance

(1) Analysis of Operating Results in Consolidated Financial Statement – IFRS

Unit: NT$1,000; %

Item \ Year	2021	2022	Increase/Decrease	
			Amount	% Variation
Operating Revenue	656,506	2,882,042	2,225,536	339
Net Operating Revenue	656,506	2,882,042	2,225,536	339
Operating Cost	(378,856)	(812,288)	(433,432)	114.41
Gross Profit	277,650	2,069,754	1,792,104	645.45
Operating Expenses	(3,100,058)	(4,097,946)	(997,888)	32.19
Income (Loss) from Operations	(2,822,408)	(2,028,192)	794,216	(28.14)
Nonoperating Income and Expenses	11,420	186,321	174,901	1,531.53
Income (Loss) Before Income Tax	(2,810,988)	(1,841,871)	969,117	(34.48)
Minus: Income Tax Expense	-	467,061	467,061	
Other Comprehensive Income (Loss) for the Year	(19,879)	29,011	48,890	(245.94)
Net Profit (Loss) After Tax	(2,830,867)	(1,345,799)	1,485,068	(52.46)

Significant changes: (Change of 10% or more and 1% of total assets for the year)

1) The increase in operating revenue, operating cost, gross profit and decrease in operating loss, net loss before tax and comprehensive loss were mainly due to the increase in operating revenues, costs and gross profit in the first full year after obtaining U.S. FDA drug certification and the U.S. subsidiary's full efforts to build up access and insurance coverage.
2) The increase in operating expenses was mainly due to the increase in expenses related to the marketing activities of the U.S. subsidiary during the period.
3) The increase in non-operating income was due to the increase in foreign currency exchange gains as a result of the strengthening of the U.S. dollar exchange rate.

(2) Analysis of Operating Results in the Unconsolidated Financial Statement – IFRS

Unit: NT$1,000; %

Item \ Year	2021	2022	Increase/Decrease	
			Amount	% Variation
Operating Revenue	311,309	5,001,046	4,689,737	1,506.46
Net Operating Revenue	311,309	5,001,046	4,689,737	1,506.46
Operating Cost	(132,040)	(708,020)	(575,980)	436.22
Gross Profit	179,269	4,293,026	4,113,757	2,294.74
Operating Expenses	(1,613,860)	(1,533,168)	80,692	(5.00)
Income (Loss) from Operations	(1,458,809)	(1,019,737)	439,072	(30.10)
Nonoperating Income and Expenses	(1,352,179)	(564,995)	787,184	(58.22)
Income (Loss) before Income Tax	(2,810,988)	(1,584,732)	1,226,256	(43.62)
Minus: Income Tax Expense	-	(209,922)	(209,922)	-
Other Comprehensive Income (Loss) for the Year	(19,879)	29,011	48,890	(245.94)
Net Profit (Loss) After Tax	(2,830,867)	(1,345,799)	1,485,068	(52.46)

Significant changes: (Change of 10% or more and 1% of total assets for the year)

1) The increase in operating income, costs, gross profit, operating loss, net loss before tax and consolidated loss for the period were mainly due to the increase in sales to related parties after the Company obtained the U.S. drug license in November 2021 and authorized the U.S. subsidiary to conduct local marketing and sales.
2) The decrease in non-operating expenses was mainly due to the decrease in net loss after tax as compared to last year, as the U.S. subsidiary made full efforts to build access and insurance coverage after the launch of new drugs.

(3) Sales Volume Forecast and Basis, Potential Impact on the Company's Financial Operations and Measures to be Taken in Response

The assumptions involved in the estimation of a new drug's expected revenue mainly include the number of patients, the number of syringes required for treatment, and the drug prices in the areas where the drug is to be sold. The number of patients is estimated according to various factors, including the population growth rate based on published official statistics, disease prevalence rate based on the statistics measured by professional hematological disease research institutions, diagnostic rate or cure rate based on the statistics compiled by professional cancer research institutions, and the conservative market share (market penetration rate) estimated by international market research agencies commissioned by PharmaEssentia. The number of syringes required for treatment is estimated according to the administration rate or medical compliance of patients in a country. The drug prices in the areas where the drug is to be sold is estimated by referencing the price range of similar drugs and the drug pricing models and annual drug price variation patterns of the areas in question.

The marketing and distribution plans for P1101 are made in accordance with its primary indication. Targeting rare hematological diseases, P1101 is mainly marketed in advanced countries, such as those in Europe and Northern America. This is because the United States is the largest consumer in the new-drug market and accounts for the consumption of 42% of new drugs worldwide, and when combined with advanced countries in Europe, they consume 80% of new drugs in the market. Compared with other countries, European and Northern American countries exhibit a high level of acceptance for expensive new drugs. Moreover, the attention and benefits that these advanced countries give to orphan drugs will allow P1101 to occupy a vantage position in sales. Among Asian countries, Japan accounts for 20% of the international new drug market and has tremendous demands for orphan drugs. Therefore, other than the European and Northern American markets, PharmaEssentia also has plans to actively promote the clinical trials of P1101 in Japan and South Korea and commercialize it as an orphan drug for PV and ET in these countries.

3. Cash Flow

(1) Analysis of Cash Flow Changes During the Most Recent Years

A. Consolidated Financial Statement

Unit: NT$1,000; %

Year / Item	2021	2022	(Increase) Decrease	% (Increase) Decrease
Operating Activities	(2,462,071)	(1,505,489)	956,582	(38.85)
Investing Activities	(78,177)	(1,242,813)	(1,164,636)	1,489.74
Financing Activities	2,808,763	9,579,312	6,770,549	241.05

Analysis of changes:

1) The decrease in cash outflow from operating activities was mainly due to the decrease in net loss after tax for the period.
2) The increase in cash outflow from investing activities was mainly due to the increase in financial assets pledged as collateral and the increase in property, plant and equipment acquired for the expansion of production line in the current period.
3) The increase in cash inflow from financing activities was due to the increase in the amount of cash capital increase in comparison with the previous period.

B. Parent Company Only Financial Statement

Unit: NT$1,000; %

Year / Item	2021	2021	(Increase) Decrease	% (Increase) Decrease
Operating Activities	(1,443,892)	1,127,985	2,571,877	(178.12)
Investing Activities	(1,143,386)	(3,109,348)	(1,965,962)	171.94
Financing Activities	2,868,811	8,653,094	5,784,283	201.63

Analysis of changes:

1) The increase in cash inflow from operating activities was mainly due to the decrease in net loss after tax for the period.
2) The increase in cash outflow from investing activities was mainly due to the increase in capital increase to subsidiaries and the expansion of production line in the current period.
3) The increase in cash inflow from financing activities was mainly due to the increase in the amount of cash capital increase in the current period compared with the previous period.

(2) Liquidity Analysis for the Coming Year and Corrective Measures to be Taken in Response to Liquidity:

Cash – beginning balance (1)	Expected net cash flow from operating activities for the year (2)	Expected cash outflow (3)	Expected cash balance (insufficiency) (1)+(2)-(3)	Countermeasures against cash insufficiency	
				Investment plan	Wealth management plan
9,932,604	8,419,691	14,750,533	3,601,762	-	-

1. Cash flow analysis for the coming year
   1) Net outflow from operating activities: The net cash outflow from operating activities is mainly due to clinical trials, research and development expenses and personnel costs based on the progress of research and development.
   2) Net outflow from investing activities: The net cash outflow from investing activities was mainly due to the acquisition of plant and equipment and the reinvestment in subsidiaries.
   3) Net inflow from financing activities: Mainly due to the expected increase in bank loans and equity.
   2) Estimated cash shortage remediation and liquidity analysis: Not applicable.
2. Future cash flow analysis is based on the best estimate of the Company's management's current plans and the most likely scenario in the future. However, the planned events and economic environment may not be exactly as estimated, and the actual results may differ from the estimates.

4. Effect of Major Capital Expenditures on Financial Operations During the Most Recent Years

None.

5. Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses, Improvement Plan, and Investment Plans for the Coming Year

(1) The Company’s investment policy

Re-investments made by the Company take into consideration factors such as clinical promotion, drug marketing, and market deployment, among others, and are handled by respective departments in accordance with the internal control system after they are submitted to the Board of Directors, where they are discussed and approved.

(2) Main Reasons for Profits/Losses

A. PharmaEssentia Biotechnology (Beijing) Ltd.

To open up the Chinese market, PharmaEssentia established PharmaEssentia Asia (Hong Kong) Limited, a wholly owned subsidiary, in October 2013 to manage patent-related affairs in China. Presently, the subsidiary has only completed corporate registration and has not started the outward remittance of payments for shares issued. Additionally, to open up the Chinese market and manage human clinical trials for new products, PharmaEssentia established PharmaEssentia Asia (Hong Kong) Limited in February 2014, a wholly owned subsidiary, and used it as the parent company for a sub-subsidiary, PharmaEssentia Beijing Limited, which was established in December 2014. Through PharmaEssentia Asia (Hong

Kong) Limited, the corporation invested in PharmaEssentia Beijing Limited in the 2022 fiscal year, incurring a loss of NT$30,980,000 from equity method investments.

B. PharmaEssentia Japan KK

To open up the Japanese market, PharmaEssentia established a subsidiary, PharmaEssentia Japan KK, in Tokyo, Japan in February 2017 to manage the R&D and licensing of new drugs. For this subsidiary, PharmaEssentia lost NT$272,298,000 from equity method investments in the 2022 fiscal year .

C. PharmaEssentia USA Corporation.

To open up the U.S. market, PharmaEssentia established a subsidiary, PharmaEssentia USA LLC, in Massachusetts, United States in June 2017. The subsidiary was later renamed PharmaEssentia USA Corporation. For this subsidiary, PharmaEssentia lost NT$389,737,000 from equity method investments in the year of 2022.

D. PharmaEssentia Korea Corporation

To open up the South Korean market, PharmaEssentia established a subsidiary, PharmaEssentia Korea Corporation, in Seoul, South Korea in May 2020 to manage the clinical trials, licensing, and marketing of new drugs. For this subsidiary, PharmaEssentia lost NT$51,007,000 from equity method investments in the year of 2022.

E. Panco Healthcare Co., Ltd.

To expedite the integration of PharmaEssentia's warehouse and logistics systems for the marketing of new drugs, PharmaEssentia acquired Panco Healthcare Co., Ltd. in May 2020 at the cost of NT$102,500,000. For this subsidiary, PharmaEssentia lost NT$21,458,000 from equity method investments in the year of 2022.

F. PharmaEssentia Singapore Pte Ltd.

For the operation need of the Group, the Company established the wholly owned subsidiary PharmaEssentia Singapore Pte. Ltd. in September 2021. For this subsidiary, PharmaEssentia has a loss of NT$72,000 from equity method investments in the year of 2022.

G. PharmaEssentia Innovation Research Center, Inc.

For the operation need of the Group, the Company established the wholly owned subsidiary PharmaEssentia Innovation Research Center, Inc. in December 2022. For this subsidiary, PharmaEssentia has a loss of NT$185,000 from equity method investments in the year of 2022.

(3) Investment Plans for the Coming Year

A. On November 12, 2021 (U.S. time zone), PharmaEssentia Corporation received formal FDA approval for the use of P1101 to treat PV. P1101 is the first FDA-approved medication and interferon therapy for PV. In a press release on the day of the approval, Dr. Ann Farrell, director of the Division of Nonmalignant Hematological Diseases in the

FDA's Center for Drug Evaluation and Research, specifically stated that the FDA's approval of Ropeginterferon alfa-2b underscores the FDA's commitment to helping patients with rare diseases gain access to new treatments. commitment, especially to the 6,200 PV patients per year. The Company's U.S subsidiary is currently in a stage of rapid development and will continue to establish the sales channels in the U.S. market. Therefore, the Company will continue to investment in PharmaEssentia USA Corporation to support its establishment of marketing and sales team and to generate stable cash flows.

B. Japan Ministry of Health, Labour and Welfare (MHLW) approved the marketing authorization application of BESREMi for PV patients on March 27, 2023. In the future, the Company will continue to invest in PharmaEssentia Japan KK, to increase market share in the Japa market and support the generation of stable cash flow.

6. Risk Management

(1) Impact of Recent Interest Rates, Exchange Rate Fluctuations, and Inflation on the Company's Profit and Loss and Future Response Measures

A. Impact of changes in interest rates on the company's profit and loss and future response measures

The Company purchased its Nankang office in 2014 by taking out a collateral loan of NT$105,850,000 with the bank. The nonoperating interest expenses from 2020 to 2022 were $1,415,000, NT$2,411,000, and NT$1,768,000, respectively. In general, the changes in interest rate exert no material impact on the Company. The Company remains an active participant in forging and maintaining a strong relationship with its bank, which will guarantee favorable interest rates and efficient fund acquisition in the future should the Company need to apply for loans.

B. Impact of exchange rate fluctuations on the company's profit and loss and future response measures

In the Company's operating activities, relevant expenses required to conduct clinical trials overseas are paid in foreign currencies and potentially affected by exchange rates. The nonoperating net profit (loss) on foreign currency exchange from 2020 to 2022 was NT$9,815,000, NT$(1,845,000), and NT$122,360,000, respectively. In general, exchange rate fluctuations have no material impact on the Company's business outcomes. To mitigate the impact of exchange rate fluctuations, the Company collects exchange rate information at all times, pay attention to currency trends and changes in international foreign exchange market, and maintain a positive interactive relationship with the bank to obtain extensive information on foreign exchanges as well as more favorable exchange rates.

C. Impact of inflation on the company's profit and loss and future response measures
Inflation does not impact the Company's technologies and expenses required for the R&D of new drugs as well as new pharmaceutical products that are still being developed. Therefore, inflation has not imposed direct and material impacts on the Company's previous profits and losses. The Company will remain vigilant for market price variations and maintain a positive interactive relationship with its suppliers and clients. The Company will also take appropriate actions in response to reduce impacts on its profits and losses.

(2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, the main reasons for the profits/losses generated thereby, and response measures to be taken in the future.

A. High-risk investments and highly leveraged investments: None.

B. Loans to other parties, endorsements, and guarantees: The Company has formulated the "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee," which it follows when lending funds to other parties and providing endorsement and guarantees.

C. Derivatives transactions: None.

(3) R&D work to be conducted in the future, and further expenditures expected for such work:

Period	R&D Plans
Short-to-Mid Term	• Continue to conduct clinical trials of P1101 for the treatment of other indications. • Completed the Phase III global clinical trial of P1101 for the treatment of ET in 8 countries including the United States, Taiwan, Japan, South Korea and China, and applied for drug certificates in various countries.
Mid-to-Long Term	• Continue to develop new protein drugs based on the PEGylation platform • Develop new BiC/FiC protein drugs for cancer immunotherapy. • Continue to develop cell therapy and new indications • Continue to cooperate with industry experts to develop next-generation innovative drugs using AI and the biological platforms. Expand the PEGylation platform and continue the development of new drugs for PEGylated biologics

The Company's estimated total research and development expenses in 2023 will be approximately 1.9 billion. The research and development expenses of each plan will be adjusted year by year according to the actual progress and the targeted goals.

(4) Effect of important policies adopted and changes in the legal environment at home and abroad on the company's financial operations and measures to be taken in response.

Amendments to policies and laws did not have any material impact on the Company in the most recent fiscal years and up to the publication date of the Annual Report

(5) Effect of developments in science and technology as well as industrial change on the company's financial operations and measures to be taken in response.

The Company specializes in new protein drugs. Its latest development was a new generation long-acting interferon drug called P1101. P1101 can be used to treat blood proliferative disorders, chronic hepatitis, skin cancer, and T cell lymphoma among other indications. This new drug has unlimited market potential. The Company's R&D team regularly adjusts its development strategies according to industry R&D trends and discusses possible factors that influence the Company's resource allocation. The team takes immediate actions in response to any progress in biotechnologies that may impact the entire biotech industry and the Company. Hence, recent developments in science and technology as well as industrial changes have not exerted any immediate material impacts on the Company's operations.

(6) Effect of changes in corporate image on crisis management and measures to be taken in response.

The Company upholds the value of ethical and robust management. Since its inception, the Company has actively reinforced its internal management, improved quality and efficiency, and made plans to penetrate the capital market to recruit high-caliber talents, hone the capabilities of management teams, and contribute business achievements to shareholders and members of society, thereby fulfilling its corporate social responsibility. Thanks to the Company's positive corporate image, no corporate crisis has occurred in the Company as a result of changes to corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

The Company has had no merger and acquisition plans in the most recent fiscal years and up to the publication date of the annual report.

(8) Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken.

The Company completed the construction of a pharma facility in Taichung in October 2012 and received GMP certification from the EMA and Taiwan's Ministry of Health and Welfare. Per current estimations, the facility has the capacity to meet the production demands for phase III clinical trials and following the acquisition of drug permits and market distribution. In addition, the Company also plans to build its own factory in Hsinchu, which has officially started.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The Company is principally engaged in the development of new drugs and derives its operating income from licensing revenue, royalty income after the launch of the drugs and sales revenue.

Currently, the main product under development is P1101, a new drug for the treatment of hematologic diseases, including PV and ET, of which PV was officially granted a marketing authorization (MAA) by the EMA in February 2019. Although the Company has exclusively authorized AOP to conduct the sales of P1101 in the European market, resulting that the European sales concentrated in AOP, the products developed by the Company based on the P1101 platform are currently planned to be independently managed and sold by the Company itself. For the U.S. market, the Company has obtained the U.S. drug certificate for P1101 for the treatment of PV in November 2021. The Company is also actively promoting the application of PV drug licenses in Japan and Korea, and the clinical and marketing development of ET rare diseases in Japan and China. Therefore, with the approval of new drugs in other markets and the expansion of other indications, the Company will effectively diversify the source of customers in the future, and there should be no risk of concentration of sales.

The fact that the No.1 supplier accounted for 59% of the total purchase amount in 2020 and the No.1 and No.2 suppliers accounted for 61% of the total purchase amount in 2020, was mainly due to the merger with Panco Healthcare. The main function of Panco is to act as an agent for foreign hemophilia drugs, which cannot be easily changed and must be guaranteed for safety and stability, and must sign contracts with suppliers to ensure stable supply. Some of the hemophilia drugs that the Company exclusively represents have good efficacy and continuity, so the Company has increased its imports from these suppliers after evaluation by doctors, resulting in a higher percentage of the total imports from suppliers in the year. Other than that, the Company does not have a single supplier accounted for more than 25% of the total purchase amount.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or otherwise changed hands, and mitigation measures being or to be taken.

The Company did not transfer or change a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company in the most recent fiscal years and up to the publication date of the annual report.

(11) Effect upon and risk to the company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

The Company has made no changes to top management in the most recent fiscal years and up to the publication date of the annual report.

(12) List major litigious, nonlitigious, or administrative disputes that (1) involve the company and/or any company director, company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake greater than 10%, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

The Company's major litigious cases that have been concluded by means of a final judgment or are still under litigation:

Company Name	Main parties to the dispute	Facts of the dispute	Date of litigation commencement	Status of the dispute as of the date of publication of the annual report.
PharmaEssentia Corp.	Black Gold Global Sdn. Bhd (BGG)	BGG's failure to pay for the licensing of Q10 technology, which occurred in 2008.	101.4.18	The payment amounted to 1,108,130 RM (including the last installment of the licensing fee, 990,000 RM) and US$5,500. The noncompliance of BGG despite repeated requests prompted PharmaEssentia to appeal to the Malaysian court for the forced dissolution of BGG on April 18, 2012. The Malaysian court issued a winding-up order on October 18, 2012, authorizing the dissolution of BGG. In July 2013, PharmaEssentia submitted a claim for the estimated amount realized, which is awaiting the decision of a creditors' meeting under the Malaysian court. The account receivable has been listed as full loss in the 2013 and 2014 fiscal years, and it has no material impact to PharmaEssentia.
PharmaEssentia Corp.	AOP Orphan Pharmaceuticals AG (AOP), an Austrian corporation	In 2009, PharmaEssentia and AOP entered into an agreement for the mutual exchange of licensing scope, territory, and information, in which PharmaEssentia provides chemistry, manufacturing, and controls (CMC) processes information to AOP, and AOP provides clinical trial data to PharmaEssentia. Based on the agreement, any party's failure to	107.3.31	Based on the analysis and opinion of the Company's German counsel, the arbitral decision contained many mistakes and procedural defects, and therefore the Counsel has recommended that PharmaEssentia file an application to set aside with the arbitration award. On February 15, 2022, the Company was notified by its German counsel, that regarding a decision (I ZB 21/21) in its current set aside litigation against AOP, the German Federal Court of Justice (Bundesgerichtshof or BGH) decided to set aside the original ICC arbitral award that (2) the Company is ordered to pay to AOP EUR 142,221,201 plus interest at a rate of 5% above the base interest rate from 14 August 2019 until receipt by AOP of this amount in full, payable on an annual

Company Name	Main parties to the dispute	Facts of the dispute	Date of litigation commencement	Status of the dispute as of the date of publication of the annual report.
		provide information within 30 days constituted conditions for contract termination. Accordingly, in November 2017, PharmaEssentia retained German counsel to send a notice letter to AOP that its failure to cure a material breach would result in contract termination. In March 2018, AOP filed a request for arbitration to the International Chamber of Commerce (ICC), claiming that PharmaEssentia, in not assisting to provide CMC information, caused AOP delay in receiving drug approval, resulting in financial loss.		basis, and (3) the Company is ordered to pay to AOP EUR 1,353,976.63 as of the date of the present award. The Federal Supreme Court has declared the award enforceable in paragraphs (1) the validity of the license agreement and the manufacturing agreement have been established and (4) all other requests also remain dismissed. All those enforcement and attachment orders that AOP filed with Austria Court, USA Court, and German Court against the Company's patent right in December 2020, January 2021, and July 2021, respectively, was terminated and annulled after the German Federal Court of Justice. There is no significant impact to the Company's financial position and the business.
PharmaEssentia Corp.	Wei, a former employee	Wei, a former employee who left in 2006, filed a civil claim in 2019 to the Taiwan Shilin District Court against PharmaEssentia for the compensation of 111,111 stock shares.	108.11.27	In November 2019, the Company's former employee Mr. Wei brought civil litigation against the Company (Shihlin District Court (Taiwan District Court (109) Zhong Lao Zi No. 10, Taiwan High Court-Civil Appeals (Taiwan High Court (109) Lao Shang Yi Zi No. 145) demanding the Company make payment of technology shares. After case review by the Shihlin District Court and the Taiwan High Court, the entire case, as of November 3, 2021, has ended in a judgment overturning the

Company Name	Main parties to the dispute	Facts of the dispute	Date of litigation commencement	Status of the dispute as of the date of publication of the annual report.
				original judgment ordering the appellant to pay principal and interest of more than $375 thousand, and the announcement of the provisional execution, as well as the litigation costs, except for confirmed parts. With the judicial resolution of the dispute between the two parties, Mr. Wei Jun's original attachment of $1,566 thousand at the Company's Yuanta Bank, Zhongzheng branch, based on the results of the judicial resolution and negotiation between the two parties, Mr. Wei Jun should return $1,148 thousand to the Company. On January 22, 2022, Mr. Wei Jun issued a check of sufficient amount, and the Company has already cashed the full amount.
PharmaEssentia Corp.	AOP Orphan Pharmaceuticals AG(AOP), an Austrian corporation	AOP's late delivery of clinical trial data, which was a violation of the license agreement between AOP and PharmaEssentia, resulted in serious delays in obtaining BLA approval in the United States.	109.11.18	Following the decision of the Board of Directors made on November 13, 2020, PharmaEssentia filed a request for arbitration to the ICC against AOP on November 18, 2020, demanding compensation of no less than USD 1.78 billion for the loss associated with delayed BLA approval attributable to AOP's late delivery of clinical trial data, and the ICC secretariat accepted the request.
PharmaEssentia Corp.	AOP Orphan Pharmaceuticals AG(AOP) , an Austrian corporation	AOP's noncompliance of clinical trials for three indications, which was a violation of the license agreement between AOP and PharmaEssentia, resulted in losses associated with the delays in completing	109.12.22	Following the decision of the Board of Directors on November 13, 2020, PharmaEssentia filed a request for arbitration to the ICC against AOP on December 22, 2020, demanding the compensation of no less than EUR 500 million, and the ICC secretariat accepted the request. On January 27, 2021, AOP has requested to consolidate the two cases, Case No. 25925 PTA filed on December 12, 2020,

Company Name	Main parties to the dispute	Facts of the dispute	Date of litigation commencement	Status of the dispute as of the date of publication of the annual report.
		clinical trials and obtaining MAA approval for P1101, a product of PharmaEssentia, in the agent territory of AOP.		and Case 25808 PTA filed on November 18, filed by the Company against AOP. On February 18, 2021, the ICC notified PharmaEssentia about the consolidation. The Statement of Claim filed by the Company has in November 2021 has demanding the compensation to be 24.27 million and the Company retain the right to claim additional damages.。 The Company, on March 26, 2022, was notified by its retained counsel, that AOP, on March 25, 2022, filed with the ICC Court a Statement of Defence and Counterclaim. In AOP's responsive brief, in addition to its responses, AOP made counterclaims against PEC as follows: (1) Alleged the Company violated the original License Agreement and caused damages; (2) Alleged the Company illegally used AOP's clinical trial data; and (3) Alleged the Company should pay AOP for services and repay overpaid amounts. AOP's counterclaims total approximately EUR 6 billion. In this regard, the Company has filed the Statement of Reply and Defense to Counterclaim on October 21, 2022 in response to its claims, including the damages that resulted from the delay caused by the reasons attributable to AOP during the EU Marketing Approval review and AOP's failure to fully realize Besremi's commercial value in its licensed territories. Accordingly, the claim amount of the damages has also been adjusted. The company has dealt with the case in a manner deemed appropriate to safeguard the rights and interests of the Company and

Company Name	Main parties to the dispute	Facts of the dispute	Date of litigation commencement	Status of the dispute as of the date of publication of the annual report.
				shareholders. Currently there is no impact on the Company’s finance and business.
PharmaEssentia Corp.	AOP Orphan Pharmaceuticals AG(AOP) , an Austrian corporation	The Company was notified on October 18, 2022 that AOP filed a civil action against the Company and its US subsidiary in the Superior Court of Commonwealth of Massachusetts, claiming the following: (1) the transactions between the Company and its US subsidiary affected AOP’s rights; and (2) the Company and its US subsidiary's request against AOP to amend the License Agreement constitutes unfair competition. However, AOP has not specified the claim amount. The	2022.10.18	The Company has dealt with this matter in a manner that it deems appropriate and has retained US lawyers to evaluate to respond to the legal action and will re-evaluate the reasonableness of the relevant approaches in each subsequent financial reporting period.

(13) Other important risks and mitigation measures taken

Items	Possible Risks	Response Measures
R&D	• R&D and biocompatibility test results are not as expected. • Competitors overtake the Company in terms of R&D progress. • R&D professionals are difficult to cultivate and retain. • Clinical trial progress or results are not as expected.	• Perform a thorough assessment through animal studies and user experiences and strictly control trial quality using rigorous visual inspection mechanisms. • Simultaneously develop new drugs for different indications to disperse the risk of developing only a single drug. • Recruit professionals with a background in the biotech industry; create and maintain a positive R&D environment in which benefits and opportunities for further education are offered to retain talented employees. • Actively cooperate with relevant academic and educational institutions to establish cooperative education projects and foster high-caliber professionals for the biopharmaceutical industry.
External Cooperation	• The progress or results of sponsored studies are not as expected.	• Select the most cooperative study institutions for long-term cooperation to avoid delays caused by communication problems and technical differences. • The clinical study company sponsored by the Company not only strictly adheres to the Good Clinical Practice (GCP) standards but also hires professional managers with international experience to ensure study quality and comply with clinical trial laws and regulations.
Manufacturing	• To export new drug products, manufacturing plants must be inspected by the EMA (European Medicines Agency) and US FDA. The inspection standards and progress may change at any time.	• The Company is committed to new drug development by directing resources to innovations, inventions, clinical trials, and manufacturing plants, and obtaining drug permits for global distribution. With complete vertical integration, we hope to research, develop, and manufacture new drug products in Taiwan that are comparable to and completely in line with products clinically tested and sold worldwide, including European countries and the United States. Ever since the pilot plant of the Taichung Plant was completed in 2012, it has undergone a series of

Items	Possible Risks	Response Measures
		processes, including pilot production, TFDA inspection, and validated production for drug permit applications. Subsequently, at the beginning of 2018, the Taichung Plant received a GMP (good manufacturing practice) certificate from the EMA, making PharmaEssentia the first biopharmaceutical company in Taiwan to be certified by the EMA. After obtaining the drug permit, the Company will be able to structure its supply chain according to global marketing plans and sales demand.
Marketing	• The main markets of new drug products for the treatment of rare blood disorders are based in advanced countries such as European nations and the United States where competitors are major international manufacturers, rendering market penetration difficult.	• Medicine and pharmacy in the United States are clearly distinguished. One of the key strategies for gaining a share of the market is ascertaining sales and distribution channels to forge long-term customer relationships for market expansion. • The Company's P1101 is a long-acting interferon with fewer side effects, high safety, and flexible dosing adjustment. The Company has granted exclusive right of sale in Europe to AOP. At the beginning of 2018, the EMA issued GMP certificates to the Taichung Plant and Taipei Laboratory. The company was officially granted a drug license for the treatment of PV by EMA in February 2019. P11 was granted approval for its MAA by the U.S. FDA in November 2021.
Laws	• It is difficult to keep track of the status of drug permit applications in different countries. Competent authorities of different countries often provide inconsistent opinions regarding clinical trial agreements. The approval times for IND (investigational new drug) applications vary.	• First, gain international recognition by obtaining US FDA approval for an IND program, and then communicate with the competent authorities of other countries to expedite the clinical review process. • Prepare review documents by following ICH Guidelines to reduce differences among countries.

Items	Possible Risks	Response Measures
	• Amendments to health insurance and payment policies.	
Finance	• New drugs take a long time and are expensive to develop.	• Keep a well-replenished supply of funds and adhere to a strict budget plan. • Comply with the government's industry policies and apply for project funding. • The Company has obtained a drug permit in Europe for its new drug Besremi® and is slowly selling the product in various European countries. Product sales are expected to generate operating revenue for the Company and provide additional funds. • Before generating income from product sales and royalty payments, the Company sources its funds primarily from cash capital increase, with additional support from bank loans.

7. Other Important Matters

None.

VIII. Special Notes

1. Information Related to Affiliates

(1) Consolidated Business Report of Affiliates

A. Organizational Chart of Affiliates

Affiliate Name	Shareholding
PharmaEssentia (Hong Kong) Corporation(Note 1)	-
PharmaEssentia Asia (Hong Kong) Corporation	100%
PharmaEssentia Biotechnology (Beijing) Co., Ltd.	100%
PharmaEssentia Japan KK	100%
PharmaEssentia USA Corporation.	100%
PharmaEssentia Korea Corporation.	100%
Panco Healthcare co.,Ltd.	100%
PharmaEssentia Singapore Pte. Ltd.	100%
PharmaEssentia Innvoation Research Center, Inc. (Note 2)	100%

Note 1: To expand the mainland Chinese market, the Company established the wholly owned PharmaEssentia (Hong Kong) Co., Ltd. in October 2013. As of December 31, 2018, PharmaEssentia (Hong Kong) had only completed the registration process. The Company has not yet issued shares.

Note 2: For the operation need of the Group, the Company established the wholly owned subsidiary PharmaEssentia Innovation Research Center, Inc.. in December 2022.

B. Basic Information of Affiliates

As of December 31, 2022; NT$1,000

Affiliate Name	Region	Main Business Activity	Shareholding	Amount Invested
PharmaEssentia (Hong Kong) Corporation	Hong Kong	Biotechnology services	-	-
PharmaEssentia Asia (Hong Kong) Corporation	Hong Kong	Biotechnology services	100%	196,292
PharmaEssentia Biotechnology (Beijing) Co., Ltd.	Beijing	Biotechnology services	100%	122,500
PharmaEssentia Japan KK	Japan	Biotechnology services	100%	735,595
PharmaEssentia USA Corporation.	USA	Biotechnology services	100%	2,975,791
PharmaEssentia Korea Corporation.	Korea	Biotechnology services	100%	147,970

Affiliate Name	Region	Main Business Activity	Shareholding	Amount Invested
Panco Healthcare Co., Ltd.	Taiwan	Biotechnology services	100%	102,500
PharmaEssentia Singapore Pte Ltd.	Singarpore	Biotechnology services	100%	1,394
PharmaEssentia Innovation Research Center, Inc. (Note 2)	USA	Biotechnology services	100%	45,937

Note 1: To expand the mainland Chinese market, the Company established the wholly owned PharmaEssentia (Hong Kong) Co., Ltd. in October 2013. As of December 31, 2018, PharmaEssentia (Hong Kong) had only completed the registration process. The Company has not yet issued shares.

Note 2: For the operation need of the Group, the Company established the wholly owned subsidiary PharmaEssentia Innovation Research Center, Inc. in September 2021.

C. Information on Personnel Who Are Presumed to Have a Controlling and Subordinate Relationship with the Company and the Reasons Behind the Presumption: None.

D. Business Scope of Affiliated Companies: Biotechnology services and clinical trials.

E. Directors, Supervisors, and General Managers of Affiliates

Affiliate Name	Title	Name or Representative	Shareholding	
			Shares	%
PharmaEssentia (Hong Kong) Corporation	Director	ChingLeou Teng ChanKou Hwang	-	-
PharmaEssentia Asia (Hong Kong) Corporation	Director	ChingLeou Teng ChanKou Hwang	-	-
PharmaEssentia Biotechnology (Beijing) Co., Ltd.	Executive Director	KoChung Lin	-	-
PharmaEssentia Japan KK	Director Supervisor	KoChung Lin ChingLeou Teng Snow Chang Katsuya Yonezu Toshiaki Sato ChanKou Hwang ChiaYen Su	-	-
PharmaEssentia USA Corporation.	Director	KoChung Lin ChingLeou Teng Manning, Meredith	-	-

Affiliate Name	Title	Name or Representative	Shareholding	
			Shares	%
PharmaEssentia Korea Corporation	Director Supervisor	KoChung Lin ChingLeou Teng Moon, HakSun Snow Chang		
Panco Healthcare Co., Ltd.	Director Supervisor	KoChung Lin ChingLeou Teng ChanKou Hwang ChiaLi Lin		
PharmaEssentia Singapore Pte Ltd	Director	KoChung Lin ChiaLi Lin Peggy Lu Andrew Jeremy Jason		
PharmaEssentia Innovation Research Center, Inc.	Director	KoChung Lin ChingLeou Teng LihLing Lin		

F. Operational Highlights of Affiliates (Unconsolidated Financial Information)

As of December 31, 2022; Unit: NT$1,000

Affiliate Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Income from Operations	Income (Loss) for the Year
PharmaEssentia Asia (Hong Kong) Corporation	196,292	72,367	5,376	66,991	-	(16,636)	(47,705)
PharmaEssentia Biotechnology (Beijing) Co., Ltd.	122,500	43,996	7,275	36,721	-	(32,166)	(30,980)
PharmaEssentia Japan KK	735,595	128,546	54,894	73,652	114	(256,564)	(272,298)
PharmaEssentia USA Corporation.	2,975,791	5,121,682	4,293,935	827,747	1,931,323	(649,378)	(389,737)
PharmaEssentia Korea Corporation.	147,970	53,590	8,186	45,404	2,204	(47,917)	(51,007)
Panco Healthcare Co.,Ltd.	102,500	242,231	178,385	63,846	291,241	(21,889)	(21,458)
PharmaEssentia Singapore Pte. Ltd.	1,394	1,474	-	1,474	-	(54)	(72)
PharmaEssentia Innovation Research Center, Inc.	45,937	45,937	189	45,748	-	(185)	(185)

Note: The company is a limited company and therefore has no earnings per share.

(2) Consolidated Financial Statements of Affiliates

Please see page 216 to 313 of this annual report.

(3) Affiliation Report

The Company is not a subordinate company prescribed under the Affiliated Enterprise section of the Company Act; therefore, the Company is not required to produce an affiliation report.

2. Private Placement Securities in the Most Recent Year and Up to the Publication Date of This Annual Report

Item	First private placement in 2019 Date issued: December 30, 2019				
Type of private placement security	Common stock				
Date and quantity/value approved through the shareholder's meeting	As resolved through the first special shareholders' meeting of the Company on October 1, 2019, for common stock within the limit of 35,000 thousand shares, global depository receipt, and/or private placement of common stock through capital increase in cash, and/or private placement of global or domestic convertible corporate bonds may be adopted once or in separate efforts (no more than 3) within one year since the date when the decision was made through the shareholders' meeting.				
Basis for and legitimacy of pricing	1. As required by the Directions for Public Companies Conducting Private Placements of Securities, the reference price shall be the higher of the simple average closing price of the common stocks for either the 1, 3, or 5 business days or for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. 2. Based on the foregoing pricing price determination principle, the price of NT$ 106.8 obtained with the simple average closing price of the common stocks for the 30 business days before the price determination date, that is, December 24, 2019, and after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is the reference price. The current private placement price is set at NT$86, which is 80.5% of the reference price and no below the 80% reference price as decided through the special shareholders' meeting.				
Method chosen for specific people	Targets of the current private placement of securities are limited to specific people defined in Article 43-6 of the Securities and Exchange Act and the original (2002) Tai-Cai-Zheng-(I)-Tzi No. 0910003455 letter dated June 13, 2002 from the Securities and Futures Bureau, Ministry of Finance.				
Rationale for organizing private placements	In light of the relatively extended time-effectiveness and convenience associated with private placements and the fact that privately placed securities may not be freely assigned within three years, it will better ensure the long-term relationship between the Company and the subscribers. In addition, private placements organized by the authorized Board of Directors reflective of the actual operating demand of the Company helps effectively enhance the mobility and flexibility in fund-raising for the Company. As such, private placements need to be organized.				
Number of shares (or number of corporate bonds)	5,668,198 shares of common stock				
Date of payment and date of filing	Date of payment: December 30, 2019 Date of filing: January 8, 2020				
Date of delivery	January 20, 2020				
Information of subscriber	Target of private placement	Eligibility	Quantity subscribed	Relationship with the Company	Involvement in corporate operation
	ChingLeou Teng	Article 43-6 Paragraph 1 Sub-paragraph 3 of the Securities and Exchange Act	116,280	Chairman	Insider or related party of the Company
	ChaoHe Chen		581,396	Director	Insider or related party of the Company
	BenYuan Chen		174,419	Director	Insider or related party of the Company
	ChanKou Hwang		23,256	Director	Insider or related party of the Company
	ShihYing Hsu		186,047	Director	Insider or related party of the Company

	KoChung Lin		116,280	Chief Operation Officer	Insider or related party of the Company
	YenTung Luan		34,884	Chief Operation Officer of Taichung Branch	Insider or related party of the Company
	Snow Chang		11,629	Financial and Accounting Supervisor	Insider or related party of the Company
	MingKun Zeng		40,698	Shareholder	None
	RuiYu Yu		1279,070	Shareholder	None
	MaLi Huang		174,419	Shareholder	None
	LiJing Chen		290,698	Shareholder	None
	ShuYun Zheng		174,419	Shareholder	None
	XianZhi Zheng		174,419	Shareholder	None
	JianMing Wang		174,419	Shareholder	None
	YuZhen Lin		93,024	Shareholder	None
	YiRen Zhan		58,140	Shareholder	None
	GueiZhi You		290,698	Shareholder	None
	FuYu Wu		23,256	Shareholder	None
	SuChiang Chemical & Pharmaceutical Co., Ltd.		174,419	Shareholder	None
	KGI Bank Fiduciary Investment Account of HONGKONG JOYRICH INVESTMENTS LIMITED		174,000	Shareholder	None
	Hunya Foods Co., Ltd.		465,117	Shareholder	None
	GangTing Fan		23,256	Employee	None
	Zhe Hsu		29,070	Employee	None
	JingXing Su		17,442	Employee	None
	HuiHua Lin		34,884	Employee	None
	MingBin Xu		34,884	Employee	None
	MingShan Lu		17,442	Employee	None
	ShiGuan Wu		23,256	Employee	None
	YouKui Cai		17,442	Employee	None
	WeiDer Li		11,628	Employee	None
	DaRen Lin		11,628	Employee	None
	Yue Xie		23,256	None	None
	FanXiu Huang		11,628	None	None
	I&K Engineering Co., Ltd.		581,395	None	None

<table>
<tr><td>Actual subscription (or conversion) price</td><td>NT$ 86 per share</td></tr>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price</td><td>The actual subscription price is NT$ 86 per share, which is 80.5% of the reference price, NT$ 106.8 per share.</td></tr>
<tr><td>Impacts on the shareholder's equity of private placement (such as increase in the accumulated deficits...)</td><td>Fund-raising by means of private placement of common stock for capital increase in cash does not involve expenditure on the interest associated with liabilities, reduces the financial risk for the Company, and helps immediately improve the Company’s financial structure and increase the flexibility for the Company over financial allocation. It is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders’ equity positively.</td></tr>
<tr><td>Utilization of privately raised funds and status of implementation of the plan</td><td>(1) Value of required funds for the current plan: NT$501,000 thousand
(2) Funding source: 5,668,198 shares of common stock are privately placed, with the denomination per share being NT$10 and each share issued at NT$ 86; that is, NT$ 487,465 thousand is raised. The shortage of NT$ 13,535 thousand will be supported by the self-owned assets of the Company.
(3) Planned Items、Status of Capital Use：
The funds raised hereby shall reserve for either increasing working capital, strengthening the financial structure, and/or doing research and developing new drug, and/or conducting reinvestment and/or, and/or supporting the Company’s long-term development funding needs (one or several of these purposes). The Company has collected full payment of NT$487,465 and the funds are reserved for reinvesting in the Company’s subsidiaries PharmaEssentia Asia (Hong Kong) Corporation and PharmaEssentia Biotechnology (Beijing) Co., Ltd.. The Company's board of directors approved the plan adjustment on July 14, 2022. The adjustment ratio of 4.74% (23,115/487,465) did not meet the criteria for a material change and therefore did not need to be reported to the shareholders’ meeting.
Unit: NT1,000
<table><tr><td colspan="2" rowspan="3">Item</td><td rowspan="3">Expected Completion Date</td><td rowspan="3">Total Capital Required</td><td colspan="8">Status of Planned Capital Use</td></tr><tr><td colspan="4">2020</td><td colspan="4">2010</td></tr><tr><td>Q1 (Actual)</td><td>Q2 (Actual)</td><td>Q3 (Actual)</td><td>Q4 (Actual)</td><td>Q1 (Actual)</td><td>Q2 (Actual)</td><td>Q3 (Actual)</td><td>Q4 (Actual)</td></tr><tr><td rowspan="3">Reinvestmen</td><td>PharmaEssentia Japan KK</td><td>2021 Q4</td><td>297,885</td><td>30,157</td><td>-</td><td>29,235</td><td>14,263</td><td>85,560</td><td>83,085</td><td>-</td><td>55,585</td></tr><tr><td>PharmaEssentia Biotechnology (Beijing)</td><td>2023 Q4</td><td>203,115</td><td>-</td><td>-</td><td>-</td><td>14,248</td><td>-</td><td>14,008</td><td>-</td><td>-</td></tr><tr><td colspan="3">合 計</td><td>501,000</td><td>30,157</td><td>-</td><td>29,235</td><td>28,511</td><td>85,560</td><td>97,093</td><td>-</td><td>55,585</td></tr></table>
<table><tr><td colspan="2" rowspan="3">Item</td><td rowspan="3">Expected Completion Date</td><td rowspan="3">Total Capital Required</td><td colspan="8">Status of Planned Capital Use</td></tr><tr><td colspan="4">2022</td><td colspan="4">2023</td></tr><tr><td>Q1 (Actual)</td><td>Q2 (Actual)</td><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td></tr><tr><td rowspan="3">Reinvestmen</td><td>PharmaEssentia Japan KK</td><td>2021 Q4</td><td>297,885</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>PharmaEssentia Biotechnology (Beijing)</td><td>2023 Q4</td><td>203,115</td><td>-</td><td>29,120</td><td>-</td><td>30,000</td><td>30,000</td><td>30,000</td><td>30,000</td><td>25,739</td></tr><tr><td colspan="3">合 計</td><td>501,000</td><td>-</td><td>29,120</td><td>-</td><td>30,000</td><td>30,000</td><td>30,000</td><td>30,000</td><td>25,739</td></tr></table></td></tr>
<tr><td>Expressed benefits of private placement</td><td>After the completion of the cash capital increase prior to the Company's IPO in 2016, the Company started to reinvest PharmaEssentia Japan KK in 2017, and the total amount reinvested to PharmaEssentia Japan KK was $735,595,000 as of the end of 2022. Part of the funds from private</td></tr>
</table>

	placement of common stock in 2019 and 2021 were used to reinvest in PharmaEssentia Japan KK, with amount of NT$297,885,000 and NT$208,830,000, respectively, for a total of $506,715 thousand. PharmaEssentia Japan KK was estimated to have an after-tax loss of $394,093,000 in 2022 and the actual after-tax loss was $272,298,000. The actual performance of PharmaEssentia Japan KK is better than the estimated. PharmaEssentia Japan has submitted the marketing application of new drug P1101-PV to PMDA in April 2022 and received the notification from PMDA on February 10, 2023 that the Taipei manufacturing plant has passed the examination. PharmaEssentia Japan KK has obtained the drug license in the first half of 2023 and is expected to start sales in the second half of the year. The Company and its Beijing subsidiary have conducted the phase II bridging study in accordance with the requirements of NMPA in China in 2021 and released the results of the interim analysis at the end of July 2022. On February 13, 2023, the Company received the notification that the application of PV marketing approval has been official accepted.
Certificate of payment of subscribed (converted) shares (bond conversion entitlement certificate), shares, shares from free placement	None

<table>
<tr><td>Item</td><td colspan="5">First private placement in 2020
Date issued: June 24, 2020</td></tr>
<tr><td>Type of private placement security</td><td colspan="5">Common stock</td></tr>
<tr><td>Date and quantity/value approved through the shareholder's meeting</td><td colspan="5">As resolved through the first special shareholders' meeting of the Company on May 27, 2020, for common stock within the limit of 35,000 thousand shares, global depository receipt, and/or private placement of common stock through capital increase in cash, and/or private placement of global or domestic convertible corporate bonds may be adopted once or in separate efforts (no more than 3) within one year since the date when the decision was made through the shareholders' meeting.</td></tr>
<tr><td>Basis for and legitimacy of pricing</td><td colspan="5">1. As required by the Directions for Public Companies Conducting Private Placements of Securities, the reference price shall be the higher of the simple average closing price of the common stocks for either the 1, 3, or 5 business days or for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
2. Based on the foregoing pricing price determination principle, the price of NT$117 obtained with the simple average closing price of the common stocks for the 30 business days before the price determination date, that is, June 24, 2020, and after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is the reference price. The current private placement price is set at NT$93.8, which is 80.17% of the reference price and no below the 80% reference price as decided through the special shareholders' meeting.</td></tr>
<tr><td>Method chosen for specific people</td><td colspan="5">Targets of the current private placement of securities are limited to specific people defined in Article 43-6 of the Securities and Exchange Act and the original (2002) Tai-Cai-Zheng-(I)-Tzi No. 0910003455 letter dated June 13, 2002 from the Securities and Futures Bureau, Ministry of Finance.</td></tr>
<tr><td>Rationale for organizing private placements</td><td colspan="5">In light of the relatively extended time-effectiveness and convenience associated with private placements and the fact that privately placed securities may not be freely assigned within three years, it will better ensure the long-term relationship between the Company and the subscribers. In addition, private placements organized by the authorized Board of Directors reflective of the actual operating demand of the Company helps effectively enhance the mobility and flexibility in fund-raising for the Company. As such, private placements need to be organized.</td></tr>
<tr><td>Number of shares (or number of corporate bonds)</td><td colspan="5">16,724,947 shares of common stock</td></tr>
<tr><td>Date of payment and date of filing</td><td colspan="5">Date of payment: June 24, 2020
Date of filing: July 2, 2020</td></tr>
<tr><td>Date of delivery</td><td colspan="5">July 20, 2020</td></tr>
<tr><td rowspan="6">Information of subscriber</td><td>Target of private placement</td><td>Eligibility</td><td>Quantity subscribed</td><td>Relationship with the Company</td><td>Involvement in corporate operation</td></tr>
<tr><td>Eon Capital investment account, entrusted to Yuanta Commercial Bank</td><td rowspan="4">Article 43-6 Paragraph 1 Sub-paragraph 3 of the Securities and Exchange Act</td><td>6,210,022</td><td>None</td><td>None</td></tr>
<tr><td>Taiwania Capital Fund II</td><td>2,132,196</td><td>None</td><td>None</td></tr>
<tr><td>Mega International Commercial Bank Co., Ltd.</td><td>530,000</td><td>None</td><td>None</td></tr>
<tr><td>Hunya Foods Co., Ltd.</td><td>426,440</td><td>Shareholder</td><td>None</td></tr>
</table>

	Fruitful Orchard Properties Limited Taiwan Branch (B.V.I)		319,830	Shareholder	None
	Hong Tai Investment Co., Ltd.		213,220	Subordinate relation with the director of the Company	Insider or related party of the Company
	ChaoHe Chen		213,220	Director	Insider or related party of the Company
	ShihYing Hsu		181,237	Director	Insider or related party of the Company
	BenYuag Chen		127,932	Director	Insider or related party of the Company
	JinnDer Chang		85,288	Director	Insider or related party of the Company
	RuiYu Yu		2,345,416	Shareholder	None
	LiQing Chen		1,599,147	None	None
	GueiZhi You		370,239	Shareholder	None
	LiJing Chen		213,220	Shareholder	None
	JianMing Luo		181,237	Shareholder	None
	JingCun Liu		159,9	Shareholder	None
	ShenYu Li		159,915	Shareholder	None
	WenXian Cai		159,915	Shareholder	None
	MingYang Lai		159,915	Shareholder	None
	PingNan Liao		165,000	Shareholder	None
	YingRu Chen		106,610	None	None
	XiuQing Lin		106,610	Shareholder	None
	MaoTang Chen		106,610	Shareholder	None
	JingRan Xu		106,610	Shareholder	None
	LaiFu Kuo		106,610	Shareholder	None
	LiHua Su		100,000	Shareholder	None
	ShiMing Lin		53,305	Shareholder	None
	ZhenShan Wang		53,305	Shareholder	None
	LiHong Chen		21,322	None	None
	ChaoSheng Cheng		10,661	Employee	None
Actual subscription (or conversion) price	NT$ 93.8 per share				
Difference between the actual subscription (or conversion) price and the reference price	The actual subscription price is NT$ 93.8 per share, which is 80.17% of the reference price, NT$117 per share.				
Impacts on the shareholder's equity of private	Fund-raising by means of private placement of common stock for capital increase in cash does not involve expenditure on the interest associated with liabilities, reduces the financial risk for the Company, and helps immediately improve the Company’s financial structure and increase the				

<table>
<tr><td>placement (such as increase in the accumulated deficits...)</td><td>flexibility for the Company over financial allocation. It is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders' equity positively.</td></tr>
<tr><td>Utilization of privately raised funds and status of implementation of the plan</td><td>(1) Value of required funds for the current plan: NT$ 1,568,800 thousand
(2) Funding source: 16,724,947 shares of common stock are privately placed, with the denomination per share being NT$10 and each share issued at NT$ 93.8; that is, NT$ 1,568,800 thousand is raised.
(3) Planned Items、Status of Capital Use：
The funds raised hereby shall reserve for either increasing working capital, strengthening the financial structure, and/or doing research and developing new drug, and/or conducting reinvestment and/or, and/or supporting the Company's long-term development funding needs (one or several of these purposes). The Company has collected full payment of NT$1,568,800 and the funds are reserved for increasing working capital and purchasing equipment for research and production. On July 14, 2022, the Company submitted to the Board of Directors for approval the adjustment of the plan and its expected benefits.
<table>
<tr><th rowspan="3">Item</th><th rowspan="3">Expected Completion Date</th><th rowspan="3">Total Capital Required</th><th colspan="10">Status of Planned Capital Use</th></tr>
<tr><th colspan="2">2020</th><th colspan="4">2021</th><th colspan="4">2022</th></tr>
<tr><th>Q3</th><th>Q4</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td>Replenish working capital</td><td>2021 Q4</td><td>1,403,300</td><td>346,653</td><td>372,918</td><td>470,458</td><td>54,395</td><td>158,876</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Purchase of equipment</td><td>2022 Q4</td><td>165,500</td><td>1,983</td><td>33,387</td><td>18,078</td><td>4,793</td><td>9,719</td><td>19,232</td><td>10,326</td><td>5,000</td><td>50,000</td><td>12,982</td></tr>
<tr><td colspan="2">Total</td><td>1,568,800</td><td>348,636</td><td>406,305</td><td>488,536</td><td>59,188</td><td>168,595</td><td>19,232</td><td>10,326</td><td>5,000</td><td>50,000</td><td>12,982</td></tr>
</table></td></tr>
<tr><td>Expressed benefits of private placement</td><td>Among the funds raised hereby, NT$1,403,300 is reserved for increasing working capital and is expected to improving and strengthening the Company's financial structure, increasing the equity ratio and improving the liquidity; the remaining NT$165,500 is reserved for purchasing research and production equipment in order to maintain the competitiveness of the Company's operations.</td></tr>
<tr><td>Certificate of payment of subscribed (converted) shares (bond conversion entitlement certificate), shares, shares from free placement</td><td>None</td></tr>
</table>

Item	First private placement in 2021 Date issued: December 10, 2021				
Type of private placement security	Common stock				
Date and quantity/value approved through the shareholder's meeting	As resolved through the first special shareholders' meeting of the Company on August 5, 2021, for common stock within the limit of 50,000 thousand shares, global depository receipt, and/or private placement of common stock through capital increase in cash, and/or private placement of global or domestic convertible corporate bonds may be adopted once or in separate efforts (no more than 3) within one year since the date when the decision was made through the shareholders' meeting.				
Basis for and legitimacy of pricing	1. As required by the Directions for Public Companies Conducting Private Placements of Securities, the reference price shall be the higher of the simple average closing price of the common stocks for either the 1, 3, or 5 business days or for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. 2. Based on the foregoing pricing price determination principle, the price of NT$220.4 obtained with the simple average closing price of the common stocks for the 30 business days before the price determination date, that is, December 3, 2021, and after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is the reference price. The current private placement price is set at NT$177, which is 80.31% of the reference price and no below the 80% reference price as decided through the special shareholders' meeting.				
Method chosen for specific people	Targets of the current private placement of securities are limited to specific people defined in Article 43-6 of the Securities and Exchange Act and the original (2002) Tai-Cai-Zheng-(I)-Tzi No. 0910003455 letter dated June 13, 2002, from the Securities and Futures Bureau, Ministry of Finance.				
Rationale for organizing private placements	In light of the relatively extended time-effectiveness and convenience associated with private placements and the fact that privately placed securities may not be freely assigned within three years, it will better ensure the long-term relationship between the Company and the subscribers. In addition, private placements organized by the authorized Board of Directors reflective of the actual operating demand of the Company helps effectively enhance the mobility and flexibility in fund-raising for the Company. As such, private placements need to be organized.				
Number of shares (or number of corporate bonds)	6,602,000 shares of common stock				
Date of payment and date of filing	Date of payment: December 13, 2021 Date of filing: December 24, 2021				
Date of delivery	January 5, 2022				
Information of subscriber	Target of private placement	Eligibility	Quantity subscribed	Relationship with the Company	Involvement in corporate operation
	BenYuan Chen		170,000	Director	None
	PingNan Liao		170,000	Shareholder	None
	ChaoHe Chen		170,000	Shareholder	None
	MingKun Zeng		4,000	Shareholder	None

	LiHua Su	Article 43-6 Paragraph 1 Sub-paragraph 3 of the Securities and Exchange Act	100,000	Shareholder	None
	MaoTang Chen		57,000	Shareholder	None
	LiJing Chen		74,000	Shareholder	None
	JingCun Lin		113,000	Shareholder	None
	LaiFu Guo		170,000	Shareholder	None
	ShenYi Li		100,000	Director	Insider or related party of the Company
	MeiZhi Lai		339,000	Shareholder	None
	QiuMei Lai		339,000	Shareholder	None
	YuYing Jiang		339,000	Shareholder	None
	HengZhi You		1,130,000	Shareholder	None
	HuanWen Huang		198,000	Shareholder	None
	Yu Xi Investment Limited Company		198,000	Shareholder	None
	MengYong Huang		1,130,000	Shareholder	None
	ZengTian Li		198,000	Shareholder	None
	JinCai Huang		100,000	Shareholder	None
	WenXian Cai		170,000	Shareholder	None
	Taiwan Oasis Technology Co., Ltd.		170,000	Shareholder	None
	XuFeng Li		200,000	Shareholder	None
	MeiLi Tian		200,000	Shareholder	None
	JunZhong Zheng		311,000	Shareholder	None
	YiJie Qiu		339,000	Shareholder	None
	Long Deed Corporation		113,000	Shareholder	None
Actual subscription (or conversion) price	NT$177 per share				
Difference between the actual subscription (or conversion) price and the reference price	The actual subscription price is NT$220.4 per share, which is 80.31% of the reference price, NT$177per share.				
Impacts on the shareholder's equity of private placement (such as increase in the accumulated deficits...)	Fund-raising by means of private placement of common stock for capital increase in cash does not involve expenditure on the interest associated with liabilities, reduces the financial risk for the Company, and helps immediately improve the Company's financial structure and increase the flexibility for the Company over financial allocation. It is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders' equity positively.				
Utilization of privately raised funds and status of implementation of the plan	(1) Value of required funds for the current plan: NT$1,168,554 thousand (2) Funding source: 6,602,000 shares of common stock are privately placed, with the denomination per share being NT$10 and each share issued at NT$177; that is, NT$ 1,168,554 thousand is raised.				

	(3) Planned Items、Status of Capital Use： The funds raised hereby shall reserve for either increasing working capital, strengthening the financial structure, and/or doing research and developing new drug, and/or conducting reinvestment and/or, and/or supporting the Company’s long-term development funding needs (one or several of these purposes). The Company has collected full payment of NT$1,168,554,000 and the funds are reserved for increasing working capital and purchasing equipment for research and production. As of the fourth quarter of 2022, all the proceeds have been fully expended.
Expressed benefits of private placement	The 1st private placement of $1,168,554,000 in 2021 was used to increase working capital, which is expected to enhance the financial structure, increase the proportion of equity capital, and improve the Corporation’s debt-paying ability. The Company's total consolidated and parent company only current assets increased by $2,765,001,000 and $2,858,178,000 ,respectively, from September 2021 (before the capital raising) to December 2021 (after the capital raising). The debt ratio also decreased, and the long-term capital to fixed assets, current and quick ratio increased significantly. In addition, the development of new drug projects continued to progress.
Certificate of payment of subscribed (converted) shares (bond conversion entitlement certificate), shares, shares from free placement	None

Item	Second private placement in 2021 Date issued: December 29, 2021				
Type of private placement security	Common stock				
Date and quantity/value approved through the shareholder's meeting	As resolved through the first special shareholders' meeting of the Company on August 5, 2021, for common stock within the limit of 50,000 thousand shares, global depository receipt, and/or private placement of common stock through capital increase in cash, and/or private placement of global or domestic convertible corporate bonds may be adopted once or in separate efforts (no more than 3) within one year since the date when the decision was made through the shareholders' meeting.				
Basis for and legitimacy of pricing	1. As required by the Directions for Public Companies Conducting Private Placements of Securities, the reference price shall be the higher of the simple average closing price of the common stocks for either the 1, 3, or 5 business days or for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. 2. Based on the foregoing pricing price determination principle, the price of NT$293.7 obtained with the simple average closing price of the common stocks for the 30 business days before the price determination date, that is, December 23, 2021, and after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is the reference price. The current private placement price is set at NT$235, which is 80.01% of the reference price and no below the 80% reference price as decided through the special shareholders' meeting.				
Method chosen for specific people	Targets of the current private placement of securities are limited to specific people defined in Article 43-6 of the Securities and Exchange Act and the original (2002) Tai-Cai-Zheng-(I)-Tzi No. 0910003455 letter dated June 13, 2002 from the Securities and Futures Bureau, Ministry of Finance.				
Rationale for organizing private placements	In light of the relatively extended time-effectiveness and convenience associated with private placements and the fact that privately placed securities may not be freely assigned within three years, it will better ensure the long-term relationship between the Company and the subscribers. In addition, private placements organized by the authorized Board of Directors reflective of the actual operating demand of the Company helps effectively enhance the mobility and flexibility in fund-raising for the Company. As such, private placements need to be organized.				
Number of shares (or number of corporate bonds)	6,631,000 shares of common stock				
Date of payment and date of filing	Date of payment: December 29, 2021 Date of filing: January 12, 2022				
Date of delivery	January 24, 2022				
Information of subscriber	Target of private placement	Eligibility	Quantity subscribed	Relationship with the Company	Involvement in corporate operation
	China First Steel Cable Factory Co., Ltd.		256,000	Shareholder	None
	King King Energy Service Co., Ltd.		86,000	None	None

	Chung Shan Investment Co., Ltd.	Article 43-6 Paragraph 1 Sub-paragraph 3 of the Securities and Exchange Act	213,000	None	None
	XingZhu Huang		536,000	Shareholder	None
	XuFeng Li		150,000	Shareholder	None
	JianQuan Wei		149,000	None	None
	YingZhi Guo		510,000	None	None
	YiJie Qiu		128,000	Shareholder	None
	JunXiong Chen		107,000	Shareholder	None
	MeiLan Qiu		128,000	Shareholder	None
	PingNan Liao		130,000	Shareholder	None
	LiZhen Huang		62,000	Shareholder	None
	EnYi Chen		103,000	Shareholder	None
	XuanHuei Wang		57,000	Shareholder	None
	XueShun Zhang		213,000	None	None
	YuRong Chen		107,000	None	None
	QingDong Wang		383,000	None	None
	LiWen Chen		256,000	Shareholder	None
	JianMing Luo		86,000	Shareholder	None
	YingRu Chen		43,000	Shareholder	None
	YuXin Chen		64,000	Shareholder	None
	Zhong Hung		320,000	Shareholder	None
	Rui-Yu Yu		639,000	Shareholder	None
	LaiFu Guo		100,000	Shareholder	None
	YueQiuYang		277,000	Shareholder	None
	NengSenChen		86,000	Shareholder	None
	XiuLing Que		86,000	Shareholder	None
	JingRan Xu		200,000	Shareholder	None
	GuanYu Su		298,000	Shareholder	None
	Yu Xin Investment Limited Company		192,000	Shareholder	None
	HengZhi You		213,000	Shareholder	None
	MaoTang Chen		43,000	Shareholder	None
	JunNing Zhang		256,000	None	None
	MeiLi Tian Tian		111,000	Shareholder	None
	Bo Yuan Zhuo		43,000	None	None
Actual subscription (or conversion) price	NT$235 per share				
Difference between the actual subscription (or conversion) price and the reference price	The actual subscription price is NT$293.7 per share, which is 80.01% of the reference price, NT$235 per share.				
Impacts on the shareholder's equity of	Fund-raising by means of private placement of common stock for capital increase in cash does not involve expenditure on the interest associated with liabilities, reduces the				

private placement (such as increase in the accumulated deficits...)	financial risk for the Company, and helps immediately improve the Company's financial structure and increase the flexibility for the Company over financial allocation. It is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders' equity positively.
Utilization of privately raised funds and status of implementation of the plan	(1) Value of required funds for the current plan: NT$1,558,285 thousand (2) Funding source: 6,631,000 shares of common stock are privately placed, with the denomination per share being NT$10 and each share issued at NT$235; that is, NT$ 1,558,285 thousand is raised. (3) Planned Items、Status of Capital Use： The proceeds from the private placement of $1,558,285 thousand were used to reinvest in the subsidiaries to maintain the necessary staff, clinical trials and normal operations. As of the fourth quarter of 2022, all the funds have been fully expended.
Expressed benefits of private placement	The proceeds from the private placement were used to reinvest in the subsidiaries to maintain the necessary staff, clinical trials and normal operations.
Certificate of payment of subscribed (converted) shares (bond conversion entitlement certificate), shares, shares from free placement	None

Item	Third private placement in 2021 Date issued: May 3, 2022				
Type of private placement security	Common stock				
Date and quantity/value approved through the shareholder's meeting	As resolved through the first special shareholders' meeting of the Company on August 5, 2021, for common stock within the limit of 50,000 thousand shares, global depository receipt, and/or private placement of common stock through capital increase in cash, and/or private placement of global or domestic convertible corporate bonds may be adopted once or in separate efforts (no more than 3) within one year since the date when the decision was made through the shareholders' meeting.				
Basis for and legitimacy of pricing	1. As required by the Directions for Public Companies Conducting Private Placements of Securities, the reference price shall be the higher of the simple average closing price of the common stocks for either the 1, 3, or 5 business days or for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. 2. Based on the foregoing pricing price determination principle, the price of NT$ 310.4 obtained with the simple average closing price of the common stocks for the 30 business days before the price determination date, that is, April 19, 2022, and after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is the reference price. The current private placement price is set at NT$250, which is 80.54% of the reference price and no below the 80% reference price as decided through the special shareholders' meeting. 3. The price per share of this private placement was determined according to the mean of the Company's common-stock closing prices of the specified duration at the centralized market. Therefore, determination of the private placement price and relevant qualifications shall be reasonable.				
Method chosen for specific people	Targets of the current private placement of securities are limited to specific people defined in Article 43-6 of the Securities and Exchange Act and the original (2002) Tai-Cai-Zheng-(I)-Tzi No. 0910003455 letter dated June 13, 2002 from the Securities and Futures Bureau, Ministry of Finance.				
Rationale for organizing private placements	In light of the relatively extended time-effectiveness and convenience associated with private placements and the fact that privately placed securities may not be freely assigned within three years, it will better ensure the long-term relationship between the Company and the subscribers. In addition, private placements organized by the authorized Board of Directors reflective of the actual operating demand of the Company helps effectively enhance the mobility and flexibility in fund-raising for the Company. As such, private placements need to be organized.				
Number of shares (or number of corporate bonds)	7,334,000 shares of common stock				
Date of payment and date of filing	Date of payment: May 3, 2022 Date of filing: May 12, 2022				
Date of delivery	January 20, 2020				
Information of subscriber	Target of private placement	Eligibility	Quantity subscribed	Relationship with the Company	Involvement in corporate operation

	Chinafirst Steel Ropes Manufacturing Company	Article 43-6 Paragraph 1 Sub-paragraph 3 of the Securities and Exchange Act	120,000	Shareholder	Insider or related party of the Company
	SinoPac Venture Capital Co., Ltd.		300,000	Shareholder	Insider or related party of the Company
	Hunya Foods Co., Ltd.		380,000	Shareholder	None
	Chan Chao International Co., Ltd.		200,000	Shareholder	None
	Infomedia Inc.		100,000	Shareholder	None
	SL Link Co., Ltd.		400,000	Shareholder	None
	CSC Venture Capital Corp.		40,000	Shareholder	None
	Shujun Wang		580,000	Shareholder	None
	Xiaoyuan Wang		70,000	Shareholder	None
	Meili Tian		100,000	Shareholder	None
	Ruiyu Yu		640,000	Shareholder	None
	Zhengwei Li		20,000	Shareholder	None
	Xingjin Lin		500,000	Shareholder	None
	Zongtan Lin		100,000	Shareholder	None
	Qiufang Lin		80,000	Shareholder	None
	Qingsheng Tang		140,000	Shareholder	None
	Yumin Juang		100,000	Shareholder	None
	Benyuan Chen		120,000	Director	None
	Meifang Chen		100,000	Shareholder	None
	Maotang Chen		40,000	Shareholder	None
	Chaohe Chen		400,000	Shareholder	None
	Hancheng Chen		400,000	Shareholder	None
	Shuzhu Peng		250,000	Shareholder	None
	Kueiji You		500,000	Shareholder	None
	Huanwen Huang		160,000	Shareholder	None
	Yongjie Ye		250,000	Shareholder	None
	Pingnan Liao		120,000	Shareholder	None
	Wenjun Xiong		300,000	Shareholder	None
	Liangyin Liu		100,000	Shareholder	None
	Peiyu Tsai		120,000	Shareholder	None
	Yuehua Tsai		120,000	Shareholder	None
	Shujing Lu		134,000	Shareholder	None
	Kaiwen Xie		150,000	Shareholder	None
	Yuzhen Jian		100,000	Shareholder	None
	Taisong Luo		100,000	Shareholder	None
Actual subscription (or conversion) price	NT$ 250 per share				

<table>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price</td><td>The actual subscription price is NT$ 250 per share, which is 80.54% of the reference price, NT$ 310.4 per share.</td></tr>
<tr><td>Impacts on the shareholder's equity of private placement (such as increase in the accumulated deficits...)</td><td>Fund-raising by means of private placement of common stock for capital increase in cash does not involve expenditure on the interest associated with liabilities, reduces the financial risk for the Company, and helps immediately improve the Company’s financial structure and increase the flexibility for the Company over financial allocation. It is expected to reinforce the competitive advantages of the Company, improve the operating efficacy, and strengthen the financial structure and hence helps with the shareholders’ equity positively.</td></tr>
<tr><td>Utilization of privately raised funds and status of implementation of the plan</td><td>(1) Value of required funds for the current plan: NT$1,833,500 thousand
(2) Funding source: 7,334,000 shares of common stock are privately placed, with the denomination per share being NT$10 and each share issued at NT$ 250; that is, NT$ 1,833,500 thousand is raised.
(3) Planned Items、Status of Capital Use：
The funds raised hereby is NT$1,833,500 thousand and is reserved for enrich operating funds (NT$1,448,979 thousand). It is expected to improve the financial structure, increase the ratio of self-owned capital, strengthen the financial structure and improve the solvency. Also, the Company has prepaid NT$15,444 thousand in the 2nd quarter of 2022 with its own capital for the two production lines in Taichung, which approximately cost NT$400,165 thousand in total. The remainder NT$384,521 thousand is planned to be paid for by the funds from the third private placement in 2021. It is mainly used for production of BESREMi® for PV.
<table>
<tr><td rowspan="3">Item</td><td rowspan="3">Expected Completion Date</td><td rowspan="3">Total Capital Required</td><td colspan="7">Status of Planned Capital Use</td></tr>
<tr><td colspan="2">2022</td><td colspan="4">2023</td></tr>
<tr><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td></tr>
<tr><td>Replenish working capital</td><td>2023 Q3</td><td>1,448,979</td><td>-</td><td>400,000</td><td>400,000</td><td>400,000</td><td>248,979</td><td>-</td></tr>
<tr><td>Purchase of equipment</td><td>2023 Q4</td><td>384,521</td><td>31,184</td><td>77,246</td><td>115,315</td><td>66,376</td><td>47,200</td><td>47,200</td></tr>
<tr><td colspan="2">total</td><td>1,833,500</td><td>31,184</td><td>477,246</td><td>515,315</td><td>466,376</td><td>296,179</td><td>47,200</td></tr>
</table></td></tr>
<tr><td>Expressed benefits of private placement</td><td>The Company's private placement of common shares is used to enrich working capital and purchase machinery and equipment, which can effectively strengthen the financial structure. The company's total individual current assets at the end of March 2022 (after fundraising) increased by NT$1,658,726 thousand compared with that of the end of June 2022 (before fundraising). The debt ratio decreases and the ratio of long-term funds to fixed assets, current and quick ratios increased significantly. The company has indeed strengthened its financial structure after fundraising.
<table>
<tr><td>Item / Year</td><td></td><td>January to March, 2022 (before capital increase)</td><td>April to June, 2022 (after capital increase)</td></tr>
<tr><td></td><td></td><td>Parent company only</td><td>Parent company only</td></tr>
<tr><td rowspan="5">Financial information</td><td>Current assets</td><td>4,472,012</td><td>6,125,882</td></tr>
<tr><td>Total assets</td><td>4,971,298</td><td>6,675,538</td></tr>
<tr><td>Current liabilities</td><td>372,248</td><td>590,956</td></tr>
<tr><td>Total liabilities</td><td>952,478</td><td>1,060,938</td></tr>
<tr><td>Net value per share</td><td>14.49</td><td>19.70</td></tr>
</table></td></tr>
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<table>
<tr><td></td><td>
<table>
<tr><td></td><td>Revnue</td><td>471,041</td><td>1,630,626</td></tr>
<tr><td></td><td>EPS</td><td>(1.95)</td><td>(0.96)</td></tr>
<tr><td></td><td>Interest expesnes</td><td>1,858</td><td>2,274</td></tr>
<tr><td>Capital structure</td><td>Debt ratio (%)</td><td>19.16</td><td>15.89</td></tr>
<tr><td></td><td>Long term funds to fixed assets(%)</td><td>1402.15</td><td>1890.94</td></tr>
<tr><td>Liquidity</td><td>Current ratio (%)</td><td>770.73</td><td>1036.61</td></tr>
<tr><td></td><td>Quick ratio (%)</td><td>618.71</td><td>925.57</td></tr>
</table>
In addition, since BESREMi® was launched in the United States at the end of 2021, the cumulative revenue has continued to grow. Because most PV patients need long-term treatment and follow-up examination, the number of patients will continue to grow. Considering the needs of patients' medication rights and existing clinical trials, the existing production capacity is increasingly insufficient, so the Company has drawn up a list of equipment purchases and related quotations, and has begun to place orders for purchases in the 2nd quarter of 2022, and expects to pay for equipment successively from the third quarter</td></tr>
<tr><td>Certificate of payment of subscribed (converted) shares (bond conversion entitlement certificate), shares, shares from free placement</td><td>None</td></tr>
</table>

3. The Company's Common Shares Acquired, Disposed of, and Held by Subsidiaries in the Most Recent Year and Up to the Publication Date of this Annual Report

None.

4. Other Necessary Supplements

None.

5. Any Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, in the Most Recent Year and Up to the Publication Date of This Annual Report

None.

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED

DECEMBER 31, 2022 and 2021

Address: 13F, No.3, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)
Telephone: 886-2-2655-7688

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Representation Letter Translated from Chinese

The companies that are required to be included in the combined financial statements of PharmaEssentia Corp. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PharmaEssentia Corp. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

PharmaEssentia Corp.

By

Teng, Ching-Leou
Chairman
Febuary 24, 2023

EY安永
Building a better working world

安永聯合會計師事務所

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English Translation of Auditors' Report Originally Issued in Chinese

Independent Auditors' Report

To PharmaEssentia Corp.

Opinion

We have audited the accompanying consolidated balance sheets of PharmaEssentia Corp. and its subsidiaries (the "Company" and its subsidiaries) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 for the year of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Building a better working world

Revenue Recognition

The Company and its subsidiaries recognized consolidated operating revenue amounting to NTD 2,882,042 thousand in 2022. Main source of consolidated operating revenue comes from the sales of drugs by the Company's subsidiary, PharmaEssentia USA Corporation. It is necessary for the Company and its subsidiaries to judge and determine the performance obligation of a contract and the timing of its satisfaction when recoginze the revenue. Therefore, we determined this is a key audit matter.

Our audit procedures included but are not limited to:

1. Evaluating the appropriateness of the accounting policy related to revenue recognition, performing walk through to understand the trading models of revenue from the sales of drugs, and testing effectiveness of the internal controls over the revenue recognition, including review the terms of transactions to determine the performance obligations and whether revenue is recognized when the performance obligation is satisfied.

2. Performing tests of details on samples selected from detail of sales of drugs and obtaining the relevant documents to verify the accuracy of revenue recognition and the occurrence of transaction.

3. Reviewing transactions for certain period before and after the balance date, and selecting samples to perform cutoff procedures, tracing to relevant documents to verify that revenue has been recorded in the correct accounting period.

4. Performing analytical procedures to analyze the fluctuations and the reasonableness of the transactions.

Please refer to Note 4 and 6. (15) to the Company's consolidated financial statements for the accounting policies and information regarding revenue recognition.

Assessment for indicator of impairment of non-financial assets

As of December 31, 2022, the total net amount of property, plant and equipment, right-of-use assets and intangible assets of the Company and its subsidiaries was NTD 1,254,614 thousand, constituting 9% of the consolidated total assets. The Company and its subsidiaries are engaged in medicine discovery and new drug patten developments. The Company and its subsidiaries were still at loss position in the year of 2022 because the Company and its subsidiaries were still investing in new drugs development. As of the balance sheet date, the Company and its subsidiaries based on the external and internal sources to assess whether there is any indication of impairment in property, plant and equipment, right of use and intangible assets. If there is indication of impairment, the recoverable amount should be estimated. The evaluation of indicator of impairment of property, plant and equipment, right of use and intangible assets rely on management judgement on various external and internal sources of information. The result of impairment evaluation is significant to the consolidated financial statements. Therefore, we consider impairment assessment as a key audit matter.

Our audit procedures included but are not limited to:

1. Understanding the technical, market, economic or legal environment to consider whether there are any major changes that are detrimental to the Company and its subsidiaries and inquiring whether it has lost its competitiveness in the market.

2. Inquiring and obtaining the latest progress of research and development of major new drug projects and presence of significant delay happens. Observing whether property, plant and equipment are operated normally and not obsoleted or damaged through physical counts.

3. Evaluating whether the total market value of the Company and its subsidiaries as of the balance sheet date is greater than the net book value to assess the reasonableness of the management's judgement on impairment of non-financial assets.

We also considered the appropriateness of the accounting policies and disclosures regarding the impairment of non-financial assets in Note 4 and 5 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NTD 253,015 thousand, constituting 4% of consolidated total assets as of December 31, 2021, and total operating revenues of NTD 72,372 thousand, constituting 11% of consolidated operating revenue for the year ended December 31, 2021. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 and its subsidiaries 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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 year of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Others

We have audited and expressed an unqualified opinion with emphasis of matter and other matter paragraph and emphasis of matter on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Yu, Chien-Ju

Lin, Li-Huang

Ernst & Young, Taiwan
February 24, 2023

Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices in the Standards on Auditing of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31,2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4,6	$10,303,658	67	$3,453,645	56
Current financial assets at amortized cost	4,6,8	976,245	7	-	-
Notes receivable, net	4,8	224	-	-	-
Accounts receivable, net	4,5,6	798,648	5	466,044	8
Other receivables	4	38,996	-	26,788	-
Current tax assets	4	2,222	-	383	-
Inventories	4,5,6	1,102,038	7	861,378	13
Prepayments	6	105,602	1	76,488	1
Other current assets		47,340	-	41,935	1
Total current assets		13,374,973	87	4,926,661	79
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	4,6	43,235	-	39,220	1
Non-current financial assets at amortized cost	4,6,8	40,542	-	27,085	-
Property, plant and equipment	4,6,8	544,183	4	359,538	6
Right-of-use assets	4,6	473,550	3	405,389	7
Intangible assets	4,5,6,7	236,881	2	246,249	4
Deferred tax assets	4,6	483,424	3	-	-
Prepayments for business facilities		27,654	-	14,846	-
Other non-current assets, others	6	108,186	1	179,195	3
Total non-current assets		1,957,655	13	1,271,522	21
Total assets		$15,332,628	100	$6,198,183	100

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

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31,2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	4,6,8	$993,875	6	$20,000	-
Notes payable		41	-	75	-
Accounts payable		230,915	2	176,300	3
Other payables	6	749,611	5	495,637	8
Other payables to related parties	7	-	-	296	-
Current provisions	4	135,888	1	-	-
Current lease liabilities	4,6	77,763	1	78,591	2
Current portion of long-term borrowings	6,8	12,137	-	12,052	-
Other current liabilities, others	5,6,9	350,118	2	629,011	10
Total current liabilities		2,550,348	17	1,411,962	23
Non-current liabilities					
Non-current portion of long-term borrowings	6,8	74,977	-	87,090	1
Deferred tax liabilities	4,6	8,217	-	-	-
Non-current lease liabilities	4,6	410,049	3	338,505	5
Net defined benefit liability, non-current	4,5,6	4,185	-	3,950	-
Other non-current liabilities, others		143,637	1	106,295	2
Total non-current liabilities		641,065	4	535,840	8
Total liabilities		3,191,413	21	1,947,802	31
Equity attributable to owners of parent	4,6				
Share capital					
Ordinary share		3,024,556	20	2,769,036	45
Capital surplus		13,421,262	87	4,697,388	76
Retained earnings					
Accumulated deficit		(4,185,557)	(27)	(2,811,152)	(45)
Other equity interest		(31,544)	-	(60,150)	(1)
Treasury shares		(87,502)	(1)	(344,741)	(6)
Non-controlling interests	4	-	-	-	-
Total equity		12,141,215	79	4,250,381	69
Total liabilities and equity		$15,332,628	100	$6,198,183	100

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

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended December 31,			
		2022		2021	
		Amount	%	Amount	%
Operating revenue	4,6	$2,882,042	100	$656,506	100
Operating costs	4,6	(812,288)	(28)	(378,856)	(58)
Gross profit from operations		2,069,754	72	277,650	42
Operating expenses	6,7				
Selling expenses		(1,543,235)	(54)	(956,449)	(145)
Administrative expenses		(1,128,747)	(39)	(870,833)	(133)
Research and development expenses		(1,425,964)	(49)	(1,272,776)	(194)
Total operating expenses		(4,097,946)	(142)	(3,100,058)	(472)
Net operating loss		(2,028,192)	(70)	(2,822,408)	(430)
Non-operating income and expenses	6,9				
Interest income		40,441	1	4,631	1
Other income		48,780	2	24,667	4
Other gains and losses, net		115,628	4	(7,908)	(1)
Finance costs		(18,528)	(1)	(9,970)	(2)
Total non-operating income and expenses		186,321	6	11,420	2
Loss before income tax		(1,841,871)	(64)	(2,810,988)	(428)
Income tax benefit	4,6	467,061	16	-	-
Net loss		(1,374,810)	(48)	(2,810,988)	(428)
Other comprehensive income (loss)	4,6				
Items that will not be reclassified to profit or loss					
Losses on remeasurements of defined benefit plans		(507)	-	(164)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		4,015	-	(3,215)	-
Income tax related to items that will not be reclassified		912	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign financial statements		24,591	1	(16,500)	(3)
Income tax related to items that may be reclassified		-	-	-	-
Other comprehensive income (loss), net		29,011	1	(19,879)	(3)
Total comprehensive income (loss)		$(1,345,799)	(47)	$(2,830,867)	(431)
Net loss, attributable to:					
Owners of parent		$(1,374,810)		$(2,810,988)	
Non-controlling interests		-		-	
		$(1,374,810)		$(2,810,988)	
Comprehensive income (loss) attributable to:					
Owners of parent		$(1,345,799)		$(2,830,867)	
Non-controlling interests		-		-	
		$(1,345,799)		$(2,830,867)	
Earnings per share (in NTD)	6				
Basic loss per share		$(4.84)		$(10.80)	

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

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Summary	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other equity interest		Treasury shares	Total equity attributable to owners of parent		
			Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
Balance on January 1, 2021	$2,634,183	$3,727,229	$(2,144,028)	$(4,870)	$(35,565)	$(257,239)	$3,919,710	$-	$3,919,710
Other changes in capital surplus:									
Capital surplus used to offset accumulated deficits	-	(2,144,028)	2,144,028	-	-	-	-	-	-
Net loss for the year ended December 31, 2021	-	-	(2,810,988)	-	-	-	(2,810,988)	-	(2,810,988)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	(164)	(16,500)	(3,215)	-	(19,879)	-	(19,879)
Total comprehensive income (loss) for year ended December 31, 2021	-	-	(2,811,152)	(16,500)	(3,215)	-	(2,830,867)	-	(2,830,867)
Issue of shares	132,330	2,594,509	-	-	-	-	2,726,839	-	2,726,839
Share-based payments	2,523	519,678	-	-	-	-	522,201	-	522,201
Purchase of treasury shares	-	-	-	-	-	(87,502)	(87,502)	-	(87,502)
Balance on December 31,2021	$2,769,036	$4,697,388	$(2,811,152)	$(21,370)	$(38,780)	$(344,741)	$4,250,381	$-	$4,250,381
Balance on January 1, 2022	$2,769,036	$4,697,388	$(2,811,152)	$(21,370)	$(38,780)	$(344,741)	$4,250,381	$-	$4,250,381
Net loss for the year ended December 31, 2022	-	-	(1,374,810)	-	-	-	(1,374,810)	-	(1,374,810)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	405	24,591	4,015	-	29,011	-	29,011
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	(1,374,405)	24,591	4,015	-	(1,345,799)	-	(1,345,799)
Issue of shares	240,340	8,406,760	-	-	-	-	8,647,100	-	8,647,100
Share-based payments	15,180	317,114	-	-	-	257,239	589,533	-	589,533
Balance on December 31,2022	$3,024,556	$13,421,262	$(4,185,557)	$3,221	$(34,765)	$(87,502)	$12,141,215	$-	$12,141,215

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

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Loss before income tax	$(1,841,871)	$(2,810,988)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	204,011	221,173
Amortization expense	23,908	5,908
Interest expense	18,528	9,970
Interest income	(40,441)	(4,631)
Share-based payments	216,205	501,518
Loss on disposal of property, plant and equipment	-	70
Loss on disposal of intangible assets	99	-
Other adjustments to reconcile profit (loss)	-	(18)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(224)	-
Decrease (increase) in accounts receivable	(332,604)	(15,447)
Decrease (increase) in other receivables	(11,756)	(24,430)
Decrease (increase) in inventories	(240,660)	(466,531)
Decrease (increase) in prepayments	(9,839)	(33,542)
Decrease (increase) in other current assets	5,318	(249)
Increase (decrease) in notes payable	(34)	-
Increase (decrease) in accounts payable	54,615	(690)
Increase (decrease) in other payables	254,123	96,538
Increase (decrease) in other payables to related parties	(296)	(269)
Increase (decrease) in current provisions	135,888	-
Increase (decrease) in other current liabilities, others	(1,572)	(31,569)
Increase (decrease) in net defined benefit liability, non-current	(272)	(242)
Increase (decrease) in other non-current liabilities, others	37,342	85,504
Cash inflow (outflow) generated from operations	(1,529,532)	(2,467,925)
Interest received	29,718	5,852
Income taxes received (paid)	(5,675)	2
Net cash flows from (used in) operating activities	(1,505,489)	(2,462,071)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(989,125)	(174)
Proceeds from repayments of financial assets at amortized cost	-	62,751
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Acquisition of property, plant and equipment	(286,973)	(64,094)
Acquisition of intangible assets	(8,721)	(27,543)
Increase in prepayments for business facilities	(25,054)	(6,238)
Decrease (increase) in other non-current assets, others	67,060	(17,879)
Net cash flows from (used in) investing activities	(1,242,813)	(78,177)
Cash flows from (used in) financing activities:		
Increase in short-term loans	973,875	-
Decrease in short-term loans	-	(30,000)
Repayments of long-term borrowings (including current portion)	(12,028)	(6,560)
Payments of lease liabilities	(115,381)	(109,668)
Proceeds from issuing shares	8,647,100	2,726,839
Exercise of employee share options	96,007	318,065
Payments to acquire treasury shares	-	(87,502)
Interests paid	(10,261)	(2,411)
Net cash flows from (used in) financing activities	9,579,312	2,808,763
Effect of exchange rate changes on cash and cash equivalents	19,003	(15,248)
Net increase (decrease) in cash and cash equivalents	6,850,013	253,267
Cash and cash equivalents at the beginning of period	3,453,645	3,200,378
Cash and cash equivalents at the end of period	$10,303,658	$3,453,645

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

English translation of consolidated financial statements originally issued in Chinese

PHARMAESSENTIA CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

PharmaEssentia Corp. (the "Company"), was established on May 9, 2000. The Company primarily engages in medicine discovery, supplements in developing specialty pharmaceutical reagents, API and new drug patterns developments. The Company commenced business since October 2003.

In a board of directors meeting held in February 2012, the Company resolved to build a plant for producing pharmaceutical protein medicine at Central Taiwan Science Park, which was completed and put into use in October 2012 for producing, for clinical trial, pegylated interferon (Ropeginterferon alfa-2b) (P1101). The pegylated interferon (Ropeginterferon alfa-2b) (P1101) produced by the plant has, as of January 2018, received GMP certifications from both the European Medicines Agency (EMA) and the Taiwan Ministry of Health and Welfare. These certifications demonstrate that the plant complies with Good Manufacturing Practice to produce medicine. This Company's product has also received certification of medicine exportation from the Ministry of Health and Welfare in March 2018. Ropeginterferon alfa-2b (proprietary name of Besremi®), licensed to the European company AOP Orphan Pharmaceuticals GmbH (former name AOP orphan Pharmaceuticals AG, hereinafter referred to as AOP), received approval of EU marketing authorization application (MAA) for a medicinal product, announced February 19, 2019 on the EC (European Commission) website. In addition, the Company's Besremi 500 mcg/mL solution for injection in prefilled syringe was approved on April 30, 2020 by the Taiwan Ministry of Health and Welfare (hereinafter referred to as MoHW) new drug application review, MOHW-BM No. 000143. U.S. Food and Drug Administration (FDA) approved the Company's new drug Ropeginterferon alfa-2b (proprietary name of Besremi®) for the treatment of adults with Polycythemia Vera (PV), on November 13, 2021.

The Company's shares have been listed on the Taipei Exchange since July 19, 2016. The Company's registered address and main operating site are located at 2F and 13F, No.3, Park St., Nangang Dist., Taipei City. The Company also set up its Taichung branch, located at No. 28, Keya W. Rd., Daya Dist., Taichung City.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of PharmaEssentia Corp. and its subsidiaries (the Group) for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 24, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
B	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
C	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Group is still currently determining the potential impact of the aforementioned standards and interpretations.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
D	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
E	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (A), (C) and (E), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	December 31, 2022	December 31, 2021
The Company	PharmaEssentia (Hong Kong) Limited	Biotechnology Service, etc.	Note 1	Note 1
〃	PharmaEssentia Asia (Hong Kong) Limited	〃	100%	100%
〃	PharmaEssentia Japan KK	〃	100%	100%
〃	PharmaEssentia USA Corporation	〃	100%	100%
〃	PharmaEssentia Korea Corporation	〃	100%	100%
〃	Panco Healthcare Co., Ltd.	〃	100%	100%
〃	PharmaEssentia Singapore Pte. Ltd. (Note 2)	〃	100%	100%
〃	PharmaEssentia Innovation Research Center, Inc. (Note 3)	〃	100%	-
PharmaEssentia Asia (Hong Kong) Limited	PharmaEssentia Biotechnology (Beijing) Limited	〃	100%	100%

Note 1: In order to expand the China market, the Group registered and established a wholly owned PharmaEssentia (Hong Kong) Limited with 100% share in 2013. However, as of December 31, 2022, PharmaEssentia (Hong Kong) Limited only completed the registration process and the Group has not remitted payment for share.

Note 2: According to operation plan, the Group invested in PharmaEssentia Singapore Pte.Ltd. with 100% shares in September 2021 and included it in the consolidated financial statements since then.

Note 3: According to operation plan, the Group invested in and established PharmaEssentia Innovation Research Center, Inc. in December 2022 and included it in the consolidated financial statements since then.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency derivatives within the scope of IFRS 9 are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. On partial disposal of an associate or a joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. The Group holds the asset primarily for the purpose of trading;
C. The Group expects to realize the asset within twelve months after the reporting period; or
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in normal operating cycle;
B. The Group holds the liability primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period; or
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of *IFRS 9 Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under *IFRS 9 Financial Instruments.*

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted-average basis.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5～40 years
Machinery and equipment	5～10 years
Transportation equipment	5～6 years
Office equipment	3～6 years
Leasehold improvements	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies *IAS 36 Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group has applied the practical expedient to all rent concessions that meet the conditions for it.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Group's intangible assets is as follows:

	Trademarks and Licences	Patents	Computer software	Other intangible assets	Intangible assets under development
Useful lives	Finite (10~12 years)	Finite (10~11years)	Finite (3~6 years)	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the shorter of the period of legal life or estimated useful life	Amortized on a straight-line basis over the shorter of the period of the patent or estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated	Internally generated

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Provisions for legal matters</u>

Provisions for legal matters have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters are to be recognized.

Provisions for Sales returns and allowances

A provision has been recognized for sales returns and allowances in accordance with IFRS 15.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is drug and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide goods subsequently; according, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

The Group mainly provides the experimental research service, recognizes revenue based on the scope of services performed and enforceable rights to payments for completed services.

Most of the contractual considerations of the Group are collected evenly throughout the contract period. For some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Royalty revenue

The Group's royalty revenue contains contract fee and milestone royalty based on contracts entered with other pharmaceutical factory or cooperative partner about the intellectual property rights of the new drug. After the new drugs obtain the approval, the Group would require a sales-based royalty. The foregoing revenue is recognized based by the contract, it would be recognized when the performance obligation has very high possibility to be satisfied and has not expected to have large revised amount. Thus, the royalty amount would be counted by sales-base and would be recognized only when (or as) the later of the following events occurs:

A. the subsequent sale or usage occurs; and
B. the performance obligation to which some or all usage-based royalty has been allocated has been satisfied).

The royalties of intellectual property rights which provided rights for clients to use are recognized as revenue on a straight-line basis throughout the licensing period.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(18) Post-employment benefits

All regular employees of the Company and domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and related to employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model. Share-based payment transactions related to non-employees is measured based on the fair value of the service provided. If the fair value of service could not be measured reasonably, it will be measured based on the fair value of the equity instruments granted while the entity receives merchandise or counterparty provides service.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(21) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Impairment of non-financial assets

When the Group assessed whether non-financial assets were impairment, it was based on the external and internal information (including major new development market, industry profile and developing of each new drug' s competitiveness, project planning and progress).

B. Intangible assets under development－Development costs

The Group assessed that intangible assets under development met recognition requirements of intangible assets under development – development costs. Based on the fact and circumstances of marketing authorization application for new drug, the Group capitalized development costs which can be directly attributed to the development of new drug.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, changes of the future salary etc. Please refer to Note 6 for more details.

D. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6. Thus, the Group estimated the number of expected vesting equity instruments based on the vesting conditions success possibility and historical employee turnover rate.

E. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Group as of December 31, 2022.

F. Recognition and measurement for contingent liabilities

Provision for unsettled litigation is recognized when it is probable that it will result in unfavorable effect and the amount can be reasonably estimated. While the ultimate resolution of litigation and claims cannot be predicted with certainty, the final outcome or the actual cash outflow may be materially different from the estimated liability.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand / petty cash	$1,435	$981
Cash in banks	1,964,674	3,444,174
Time deposits	8,337,549	8,490
Total	$10,303,658	$3,453,645

Please refer to Note 12 for more details on credit risk.

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted company stocks	$43,235	$39,220

A. Please refer to Table 3 of Note 13 for more details on the relevant information of unlisted company stocks held by the Group.

B. Financial assets at fair value through other comprehensive income were not pledged.

(3) Financial assets at amortized cost

	As of December 31,	
	2022	2021
Cash in banks	$1,016,787	$27,085
Less: loss allowance	-	-
Total	$1,016,787	$27,085
Current	$976,245	$-
Non-current	40,542	27,085
Total	$1,016,787	$27,085

A. The credit risk of financial assets at amortized cost is low based on evaluation (same as the initial assessment) as of December 31, 2022, and 2021; therefore, there should be no significant expected credit losses.

B. The Group classified certain financial assets as financial assets at amortized cost. Please refer to Note 8 for more details on financial assets at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Accounts receivable

	As of December 31,	
	2022	2021
Accounts receivable	$798,648	$466,044
Less: loss allowance	-	-
Total	$798,648	$466,044

A. Accounts receivable were not pledged.

B. Accounts receivable credit terms are generally from 30 to 180 days. The total carrying amount as of December 31, 2022 and 2021 was $798,648 thousand and $466,044 thousand, respectively. Please refer to Note 12 for more details on credit risk.

C. The Group measures the allowance of its receivables at an amount equal to lifetime expected credit losses. The historical credit loss experience shows that different customer segments do not have significantly different loss patterns. Therefore, the loss allowance is measured at an amount equal to lifetime expected credit losses and with no distinction between groups. In addition, based on the historical default rate and subsequent collections, the Group assesses that receivables which are not overdue or overdue within 90 days from customers with great credit ratings, or the counterparties are domestic hospitals, foundation and government agencies, were no material impairment loss incurred. The relevant information of provision matrix as of December 31, 2022 and 2021, was as follows:

	As of December 31, 2022					
		Overdue				
	Not yet due	<=30 days	31-60 days	61-90 days	>90 days	Total
Gross carrying amount	$426,289	$134,577	$38,143	$22,112	$177,527	$798,648
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit loss	-	-	-	-	-	-
Carrying amount	$426,289	$134,577	$38,143	$22,112	$177,527	$798,648

	As of December 31, 2021					
		Overdue				
	Not yet due	<=30 days	31-60 days	61-90 days	>90 days	Total
Gross carrying amount	$232,266	$27,026	$19,125	$17,070	$170,557	$466,044
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit loss	-	-	-	-	-	-
Carrying amount	$232,266	$27,026	$19,125	$17,070	$170,557	$466,044

As of December 31, 2022 and 2021, allowance of the Group was both $0 thousand; there was no movement of allowance during the years ended December 31, 2022 and 2021, respectively.

D. The Group has an international arbitration event with counterparty – AOP Orphan Pharmaceuticals GmbH. As of December 31, 2022 and 2021, accounts receivable due from the counterparty was overdue for 91 days. Please refer to Note 9 for more details of such arbitration event. The Group has recognized related provision for overdue receivable.

(5) Inventories

	As of December 31,	
	2022	2021
Raw materials	$33,838	$8,827
Supplies	106,978	42,883
Work in progress	5,703	59,725
Finished goods	946,475	698,693
Purchased merchandise inventory	9,044	51,250
Total	$1,102,038	$861,378

A. Expense and loss incurred on inventories were as follows:

	For the years ended December 31,	
	2022	2021
Cost of inventories sold	$777,885	$348,185
Expense recognized (reversed) from inventory write-down to net realizable value	(7,476)	26,812
Others	37,983	1,460
Total	$808,392	$376,457

For the years ended December 31,2022 and 2021, the Group recognized $7,476 thousand related to reversal of inventory write-down and $26,812 thousand cost in operating from inventory write-down, respectively. As the inventories which had recognized allowance have been sold in the current period, the related allowances has decreased, resulting in the reversal of write-down of inventories.

B. Inventories were not pledged.

(6) Prepayments

	As of December 31,	
	2022	2021
Current:		
Prepaid expenses (Note 1)	$55,641	$49,015
Other prepayments (Note 1)	49,946	27,473
Excess business tax paid	15	-
Subtotal	105,602	76,488
Non-current:		
Excess business tax paid	-	115,277
Prepaid application patent fees and others	35,242	9,169
Subtotal (Note 2)	35,242	124,446
Total	$140,844	$200,934

Note 1: Prepaid expenses and other prepayments were mainly prepaid for operating expenses such as commissioned research expenses.

Note 2: Accounting for other non-current assets, other.

(7) Property, plant and equipment

A. Movements of property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost:								
As of January 1, 2022	$58,241	$70,523	$433,603	$2,309	$50,668	$341,609	$36,489	$993,442
Additions	-	-	42,792	-	9,109	27,524	207,548	286,973
Disposals	-	-	(3,966)	-	(68)	-	-	(4,034)
Other changes (Note)	-	90	27	-	451	1,983	(9,478)	(6,927)
As of December 31,2022	$58,241	$70,613	$472,456	$2,309	$60,160	$371,116	$234,559	$1,269,454
As of January 1, 2021	$58,241	$70,543	$410,980	$3,295	$27,938	$317,684	$42,561	$931,242
Additions	-	-	24,062	-	23,564	13,662	2,806	64,094
Disposals	-	-	(1,439)	(986)	(8)	(1,437)	-	(3,870)
Other changes (Note)	-	(20)	-	-	(826)	11,700	(8,878)	1,976
As of December 31, 2021	$58,241	$70,523	$433,603	$2,309	$50,668	$341,609	$36,489	$993,442
Accumulated depreciation and impairment:								
As of January 1, 2022	$-	$17,645	$298,792	$1,969	$18,938	$296,560	$-	$633,904
Depreciation	-	1,991	33,272	146	7,486	52,010	-	94,905
Disposals	-	-	(3,966)	-	(68)	-	-	(4,034)
Other changes (Note)	-	37	-	-	459	-	-	496
As of December 31, 2022	$-	$19,673	$328,098	$2,115	$26,815	$348,570	$-	$725,271
As of January 1, 2021	$-	$15,646	$267,214	$2,809	$13,359	$223,991	$-	$523,019
Depreciation	-	2,004	32,970	146	5,664	73,983	-	114,767
Disposals	-	-	(1,392)	(986)	(8)	(1,414)	-	(3,800)
Other changes (Note)	-	(5)	-	-	(77)	-	-	(82)
As of December 31, 2021	$-	$17,645	$298,792	$1,969	$18,938	$296,560	$-	$633,904
Net carrying amount as of:								
December 31, 2022	$58,241	$50,940	$144,358	$194	$33,345	$22,546	$234,559	$544,183
December 31, 2021	$58,241	$52,878	$134,811	$340	$31,730	$45,049	$36,489	$359,538

Note: Other changes included reclassifications from prepaid equipment, transfer out by nature, and exchange rate impacts.

B. There was no capitalization on interest expense to property, plant and equipment for the years ended December 31, 2022 and 2021.

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Intangible assets

A. Movements of the intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Trademarks	Patents	Computer software	Other intangible assets	Intangible assets in development	Total
Cost						
As of January 1, 2022	$6,501	$38,874	$16,335	$228,008	$-	$289,718
Additions－acquired separately	-	-	8,721	-	-	8,721
Disposals	(159)	-	(909)	-	-	(1,068)
Other changes (Note)	1,431	2,659	165	1,789	-	6,044
As of December 31, 2022	$7,773	$41,533	$24,312	$229,797	$-	$303,415
As of January 1, 2021	$5,713	$35,894	$13,111	$-	$203,506	$258,224
Additions－generated internally	-	-	-	-	24,901	24,901
Additions－acquired separately	-	-	2,642	-	-	2,642
Other changes (Note)	788	2,980	582	228,008	(228,407)	3,951
As of December 31, 2021	$6,501	$38,874	$16,335	$228,008	$-	$289,718
Accumulated Amortization and Impairment:						
As of January 1, 2022	$1,936	$28,340	$11,818	$1,375	$-	$43,469
Amortization	827	2,441	2,535	18,105	-	23,908
Disposals	(60)	-	(909)	-	-	(969)
Other changes (Note)	29	-	52	45	-	126
As of December 31, 2022	$2,732	$30,781	$13,496	$19,525	$-	$66,534
As of January 1, 2021	$1,221	$25,611	$10,738	$-	$-	$37,570
Amortization	719	2,729	1,085	1,375	-	5,908
Other changes (Note)	(4)	-	(5)	-	-	(9)
As of December 31, 2021	$1,936	$28,340	$11,818	$1,375	$-	$43,469
Net carrying amount as of:						
December 31, 2022	$5,041	$10,752	$10,816	$210,272	$-	$236,881
December 31, 2021	$4,565	$10,534	$4,517	$226,633	$-	$246,249

Note: Other changes included reclassifications by nature and exchange rate impacts.

B. Amortization expense of intangible assets was stated as follows:

	For the years ended December 31,	
	2022	2021
Operating costs	$18,575	$1,814
Selling expenses	729	626
Administrative expenses	2,161	738
Research and development expenses	2,443	2,730
Total	$23,908	$5,908

C. On November 12, 2021 (US time), the Company officially received notice from the U.S. Food and Drug Administration (FDA) that the Company's Besremi® (Ropeginterferon alfa-2b, namely P1101) had obtained FDA approval for the treatment of adults with Polycythemia Vera (PV). In December, 2021, the Company reclassified intangible assets in development to other intangible assets and started to amortize since then.

(9) Short-term borrowings

	As of December 31,	
	2022	2021
Unsecured bank loans	$20,000	$20,000
Secured bank loans	973,875	-
Total	$993,875	$20,000
Unused credit	$50,000	$40,000
Interest Rates	1.30%~2.18%	1.16%

Please refer to Note 8 for more details on assets pledged as security for short-term borrowings.

(10) Other payables

	As of December 31,	
	2022	2021
Professional service fees payable	$315,884	$207,383
Salaries and bonus payable	298,576	129,160
Commissioned research and clinical trial payable	52,993	68,664
Outsourced processing fees payable	11,116	-
Others (Note 1)	71,042	90,430
Total	$749,611	$495,637

Note 1:Individual payables amount not exceeded $10,000 thousand were aggregated as others.

(11) Long-term borrowings

A. Details of long-term borrowings as of December 31, 2022 and 2021 were as follows:

Creditor	As of December 31, 2022	Interest Rate (%)	Maturity date and terms of repayments
Mega Bank – Secured loan	$68,746	2.76356%	The period of the loan is from June 3, 2014 to June 2, 2034. After receiving the loan 1 month later, the principal should be repaid monthly in 240 installments.
Taiwan Cooperative Bank – Secured loan	2,883	2.470%	The period of the loan is from November 5, 2020 to November 5, 2025. After receiving the loan 1 year later, the principal should be repaid monthly in 48 installments.
Taiwan Cooperative Bank – Secured loan	15,485	2.470%	The period of the loan is from November 5, 2020 to November 5, 2025. After receiving the loan 1 year later, the principal should be repaid monthly in 48 installments.
Subtotal	87,114		
Less: current portion	(12,137)		
Total	$74,977		

Creditor	As of December 31, 2021	Interest Rate (%)	Maturity date and terms of repayments
Mega Bank – Secured loan	$74,724	2.06878%	The period of the loan is from June 3, 2014 to June 2, 2034. After receiving the loan 1 month later, the principal should be repaid monthly in 240 installments.
Taiwan Cooperative Bank – Secured loan	3,840	1.845%	The period of the loan is from November 5, 2020 to November 5, 2025. After receiving the loan 1 year later, the principal should be repaid monthly in 48 installments.
Taiwan Cooperative Bank – Secured loan	20,578	1.845%	The period of the loan is from November 5, 2020 to November 5, 2025. After receiving the loan 1 year later, the principal should be repaid monthly in 48 installments.
Subtotal	99,142		
Less: current portion	(12,052)		
Total	$87,090		

B. The Group' s unused credit of long-term borrowings was $0 thousand as of December 31, 2022 and 2021.

C. Please refer to Note 8 for more details on assets pledged as security for long-term borrowings.

(12) Post-employment benefits

A. Defined contribution plan

The Company and domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were $35,013 thousand and $23,578 thousand, respectively.

B. Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $553 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The duration of the defined benefits plan obligation as of December 31, 2022 and 2021 both were year of 2024.

Pension costs recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Current service cost	$-	$-
Net interest on the net defined benefit liabilities (assets)	20	8
Total	$20	$8

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$8,732	$7,890	$7,652
Plan assets at fair value	(4,547)	(3,940)	(3,624)
Net defined benefit liability, non-current recognized on the balance sheets	$4,185	$3,950	$4,028

Reconciliations of liabilities (assets) of the defined benefit plan were as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2021	$7,652	$(3,624)	$4,028
Current period service cost	-	-	-
Interest expense (income)	15	(7)	8
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	15	(7)	8
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2	-	2
Actuarial gains and losses arising from changes in financial assumptions	(47)	-	(47)
Experience adjustments	268	(59)	209
Remeasurements of the defined benefit assets	-	-	-
Subtotal	223	(59)	164
Payments from the plan	-	-	-
Contribution by employer	-	(250)	(250)
As of December 31, 2021	7,890	(3,940)	3,950
Current period service cost	-	-	-
Interest expense (income)	40	(20)	20
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	40	(20)	20
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(96)	-	(96)
Experience adjustments	898	(295)	603
Remeasurements of the defined benefit assets	-	-	-
Subtotal	802	(295)	507
Payments from the plan	-	-	-
Contribution by employer	-	(292)	(292)
As of December 31, 2022	$8,732	$(4,547)	$4,185

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.20%	0.50%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31,			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	$-	$33	$-	$36
Discount rate decrease by 0.25%	33	-	37	-
Future salary increase by 0.25%	29	-	32	-
Future salary decrease by 0.25%	-	28	-	31

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Equity

A. Common stock

As of January 1, 2021, the Company’s authorized capital was $4,000,000 thousand and the issued capital was $2,634,183 thousand divided into 263,418 thousand shares, each at a par value of $10.

The Company issued employee share options in January 2018 and September 2018. For the year ended December 31, 2021 and 2022, 253 thousand shares and 1,518 thousand shares of employee share options were converted to common shares and the registration was completed. Please refer to Note 6(14) for more details on employee share options.

On December 3, 2021, the Company's interim board of directors resolved to issue 6,602 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $177 per share, the capital increase date was set as December 13, 2021 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on December 22, 2021.

On December 23, 2021, the Company's interim board of directors resolved to issue 6,631 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $235 per share, the capital increase date was set as December 30, 2021 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on January 11, 2022.

On April 19, 2022, the Company's interim board of directors resolved to issue 7,334 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $250 per share, the capital increase date was set as May 4, 2022 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on May 16, 2022.

On July 14, 2022, the Company's board of directors resolved to issue 16,700 thousand ordinary shares with a par value of $10 for cash. On September 6, 2022, the issuance of new shares was receipted effective registration from the competent authority. The new shares issued by cash were at a premium of $408 per share, the capital increase date was set as Septemper 8, 2022 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on November 3, 2022.

As of December 31, 2022 and 2021, the Company's authorized capital was both $4,000,000 thousand and the issued capital was $3,024,556 thousand and $2,769,036 thousand, respectively, which was divided into 302,456 thousand shares and 276,904 thousand shares, respectively, each at a par value of $10.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital arising from ordinary share	$12,548,562	$3,964,932
Transaction of treasury shares	457,433	-
Employee share options	415,267	731,996
Restricted stock	-	460
Total	$13,421,262	$4,697,388

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

The Board of Directors of the Company had passed resolutions to purchase the Company's share for 3,200 thousand shares and 1,500 thousand shares on October 28, 2020 and January 6, 2021, respectively. Purchase period were during October 29, 2020 to December 27, 2020 and January 7, 2021 to March 5, 2021, respectively; the purchase shares were 2,935 thousand shares and 904 thousand shares, respectively; and the purchase price interval were $57 to $126 and $64 to $112, respectively.

As of December 31, 2022 and 2021, the treasury shares held by the Company were $87,502 thousand and $344,741 thousand; the number of treasury shares held by the Company was 904 thousand shares and 3,839 thousand shares, respectively.

Please refer to Note 6(14) for further information on share-based payment plan for employees of the Company.

D. Retained earnings and dividend policy

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: Payment of all taxes and dues; Offset prior years' deficits; set aside 10% of the remaining amount after deducting items mentioned above as legal reserve; set aside or reverse special reserve in accordance with law and regulations; and the distribution of the remaining portion, if any, will be distributed according to the distribution plan proposed by the Board of Directors and resolved in the shareholders' meeting.

Considering the industry environment and the growth of the Company, it will take into account the Company's future capital expenditure budget and funding needs when distributing earnings to keep in line with the business development and expansion. As of the current period, no less than 10% of current distributable earnings (by cash or issuing new shares) shall be distributed as bonus, and no less than 10% of the total dividend shall be cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders' equity" for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The Company resolved by the shareholders' meeting on August 5, 2021 to cover accumulated deficit by capital surplus – additional paid-in capital of $2,144,028 thousand.

The Company had accumulated deficit for the year ended December 31, 2021, therefore the Company had resolved the distribution of the remaining portion by the shareholders' meeting on May 27, 2022 , that there was no available earnings for distribution.

The Company had accumulated deficit for the years ended December 31, 2022, therefore the Company had resolved by the board of directors on February 24, 2023 to cover accumulated deficit by capital surplus – additional paid-in capital of $4,185,557 thousand.

Please refer to Note 6(16) for further details on employees' compensation and remuneration to directors and supervisors.

(14) Share-based payment plan

A. Related to employee transactions

Certain employees of the Company are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

(a) Share-based payment plan for employees of the Company

On August 11, 2017 and March 26, 2021, the Company passed the resolution in the board of directors meeting to issue employee share options with a total number of 4,400 thousand units (Share-based payments plan A) and 3,000 thousand units (Share-based payments plan B), respectively. Each unit entitles an optionee to subscribe for 1 share of the Company's common share. The relevant details of aforementioned share-based payments plan were as follows:

Share-based payments plan A

The exercise price of the option was set not less than 50% of the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

Share-based payments plan B

The exercise price of the option was set not less than 50% of the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The contractual terms of each option granted are 7 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (NT$)
January 12, 2018	2,166	$74
September 18, 2018	2,234	$88
June 24, 2021	3,000	$45

The following table lists the inputs to the model used for the plan granted during the year of 2018 and 2021:

	Year of 2018	Year of 2021
Dividend yield (%)	0%	0%
Expected volatility (%)	44.54% and 43.03%	39.43%
Risk-free interest rate (%)	0.73% and 0.72%	0.30%
Expected option life (years)	4.88years	4.88years
Weighted average share price (NT$)	$146.50 and $175	$90
Option pricing model	Black-Scholes Model	Black-Scholes Model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plans were as follows:

	For the years ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	5,891	$63	3,352	$81
Granted	-	-	3,000	45
Forfeited	-	-	(209)	81
Exercised (Note)	(1,518)	77	(252)	82
Expired	-		-	
Outstanding at end of period	4,373	$68	5,891	$63
Exercisable at end of period	1,602	$80	2,053	$81
For share options granted during the period, weighted average fair value of those options at the measurement date (NT$)		$-		

Note: The weighted average price at the implementation date of those options for the years ended December 31, 2022 and 2021 was $425 and $115, respectively.

The information on the outstanding share options was as follows:

	Range of exercise price	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	$74, $88 and $45	2.08、2.72 and 5.50
As of December 31, 2021		
Share options outstanding at the end of the period	$74, $88 and $45	3.08、3.72 and 6.50

(b) Treasury shares transferred to employees of the Company

To motivate the employees and retain the best talent, a resolution of repurchasing and transferring shares to the employees was approved through the board of directors' meeting held on October 28, 2020 and January 6, 2021. The number of shares to be repurchased was 3,200 thousand shares and 1,500 thousand shares, respectively. The Company has repurchased for 2,935 thousand shares and 904 thousand shares, respectively.

The Company passed the resolution in the board of directors meeting on December 3, 2021 to transfer treasury shares to employees and the details were as follows:

Agreement type	Date of grant	Shares (in thousands)	Contract period	Vested condition	Date of transferring
Treasury shares transferred to employees	December 3, 2021	2,935	-	Vested immediately	January 7, 2022

The fair value of treasury shares transferred to employees was as follow:

Agreement type	Date of grant	Stock price	Exercise price	Fair value (per unit)
Treasury shares transferred to employees	December 3, 2021	$243.50	$87.48	$156.02

(c) Capital increase by cash reserved for employee share options of the Company

On July 14, 2022, the interim board of directors meeting of the Company resolved a cash offering of new shares. 15% of the new shares shall be reserved for subscription by the qualified employees in compliance with requirements. The date of grant was based on the date of confirmation on the number of shares subscribed by the employees.

The subscription base date was September 8, 2022. The total newly issued shares for this capital increase by cash were 16,700 thousand shares and 2,505 thousand shares were reserved for the employees' subscription. The actual number of shares purchased by the employees was 2,034 thousand shares. The abovementioned cash offering of new shares was issued at NT$408 per share, and October 17, 2022 was set as the capital increase base date. The relevant information was as follows:

Agreement type	Date of grant	Shares (in thousands)	Contract period	Vested condition	Date of transferring
Reserved for employee share options	September 8, 2022	2,034	-	Vested immediately	October 17, 2022

The fair value of employee share options was as follow:

Agreement type	Date of grant	Stock price	Exercise price	Fair value (per unit)
Reserved for employee share options	September 8, 2022	$483.50	$408.00	$75.5

(d) Expense recognized for share-based payment transactions was as follows:

	For the years ended December 31,	
	2022	2021
Total expense arising from equity-settled share-based payment transactions	$216,205	$501,518

B. Related to non-employee transactions

The Company entered a joint venture agreement with Luck Shine Enterprises, Limited (LSE as short) in January 2014, for the purpose of conducting P1101 clinical trials and its marketing after obtaining drug license in China. According to the joint venture agreement, the Company should provide the PharmaEssentia Asia (Hong Kong) Limited's stock options for LSE successively based on the completion of each milestones. Thus, if the milestones mentioned above can be all completed on schedule, LSE would get 2,000 thousand shares (approximately 25% of total shares) of PharmaEssentia Asia (Hong Kong) Limited. Even if the option is exercised, the Company would still have the majority rights in Board meeting and significant operational and financial decisions would still be made by the Company. Due to the arrangement of the agreement framework and time schedule, the agreement was arranged in December 2015. As of December 31, 2022, the Company haven't exercised the share option yet, application of share-based payment is not used. In addition, although the execution schedule has been adjusted, LSE continued to perform agreed milestone. Because of this the Company evaluate that the share option could have great possibility to be exercised, therefore, it is optimal estimates to be recognized as liability. The total recognized liabilities as of December 31, 2022 and 2021 were $1,512 thousand and $1,367 thousand, respectively, it was putted under the other current liabilities-other account.

(15) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$2,879,403	$633,149
Revenue arising from rendering of services	2,639	23,357
Total	$2,882,042	$656,506

A. The Group is a single operating department. The revenue from contracts with customers for the years ended December 31, 2022 and 2021 were sale of goods and recognized as revenue at a point in time; revenue arising from rendering of services was recognized based on the scope of the services performed and the rights to the completed services are enforceable.

B. The Group's contract liabilities to be recognized as revenue usually do not exceed one year, and there was no assets recognized from costs to fulfill a contract during the period.

(16) Summary statement of employee benefits, depreciation and amortization expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function was as follows:

By function / By feature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Wages and salaries	$202,012	$1,286,533	$1,488,545	$327,268	$1,076,695	$1,403,963
Labor and health insurance	11,599	19,752	31,351	9,787	14,176	23,963
Pension	6,553	28,480	35,033	5,602	17,984	23,586
Other employee benefits expense	3,805	41,681	45,486	5,075	32,843	37,918
Depreciation	89,072	114,939	204,011	113,921	107,252	221,173
Amortization	18,575	5,333	23,908	1,814	4,094	5,908

B. According to the Articles of Incorporation of the Company, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated deficit shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the years ended December 31, 2022 and 2021, because of the net loss before tax, there was no estimated amounts of the employees' compensation and remuneration to directors.

(17) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	$37,606	$4,458
Interest income from financial assets measured at amortized cost	2,788	127
Other interest income	47	46
Total	$40,441	$4,631

B. Other income

	For the years ended December 31,	
	2022	2021
Others (Note)	$48,780	$24,667

Note: The Group received government relief subsidy revenue (including rent concession) amounted to $0 thousand and $14,570 thousand due to Novel Coronavirus (COVID-19) for the years ended December 31, 2022 and 2021.

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	$-	$(70)
Loss on disposal of intangible assets	(99)	-
Foreign exchange gains, net	122,360	(1,845)
Profit from lease modification	-	18
Other losses	(6,633)	(6,011)
Total	$115,628	$(7,908)

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest expenses of borrowings from bank	$1,768	$2,411
Interest expenses on lease liabilities	16,760	7,559
Total	$18,528	$9,970

(18) Components of other comprehensive income

For the years ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to items that will not be reclassified	Other comprehensive income (loss), net
Items that will not be reclassified to profit or loss:					
Gains (losses) on remeasurement of defined benefit plans	$(507)	$-	$(507)	$912	$405
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,015	-	4,015	-	4,015
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	24,591	-	24,591	-	24,591
Total	$28,099	$-	$28,099	$912	$29,011

For the years ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to items that will not be reclassified	Other comprehensive income (loss), net
Items that will not be reclassified to profit or loss:					
Gains (losses) on remeasurement of defined benefit plans	$(164)	$-	$(164)	$-	$(164)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,215)	-	(3,215)	-	(3,215)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	(16,500)	-	(16,500)	-	(16,500)
Total	$(19,879)	$-	$(19,879)	$-	$(19,879)

(19) Income tax

A. The major components of tax expense (benefit) for the years ended December, 31,2022 and 2021 were as follows:

Income tax recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) related to origination and reversal of temporary differences	$(62,562)	$-
Deferred income tax expense (benefit) related to changes in tax rate or the imposition of new taxes	4,020	-
Income tax expense (benefit) recognized in the period for previously unrecognized tax loss or temporary differences of prior periods	(408,519)	-
Total income tax expense (benefit)	$(467,061)	$-

Income tax recognized in other comprehensive income (loss)

	For the years ended December 31,	
	2022	2021
Deferred income tax expense (benefit):		
Remeasurements of defined benefit	$(912)	$-

B. A reconciliation between income tax expense (benefit) and loss before income tax multiplied by applicable tax rates was as follows:

	For the years ended December 31,	
	2022	2021
Accounting profit (loss) before tax from continuing operations	$(1,841,871)	$(2,810,988)
Tax at the domestic rates applicable to profits in the country concerned	$(368,374)	$(562,198)
Tax effect of revenues exempt from taxation	1,039	-
Tax effect of expenses not deductible for tax purposes	2,785	-
Tax effect of deferred tax assets/liabilities	(72,399)	562,198
Tax effect of statutory rate difference in other jurisdictions	(30,112)	-
Total income tax expense (benefit)	$(467,061)	$-

C. Significant components of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized provisions	$-	$78,360	$-	$2,204	$80,564
Allowance for inventory valuation loss	-	18,092	-	-	18,092
Unrealized exchange gains (losses)	-	(6,029)	-	-	(6,029)
Others	-	564	912	(59)	1,417
Unused tax losses	-	376,074	-	5,089	381,163
Deferred income tax benefit (expense)		$467,061	$912	$7,234	
Net deferred tax assets (liabilities)	$-				$475,207
Reflected in balance sheets as follows:					
Deferred tax assets	$-				$483,424
Deferred tax liabilities	$-				$(8,217)

For the year ended December 31, 2021:

There was no change in the balance of deferred income tax assets (liabilities).

D. The following table contains information of the unused tax losses of the Group:

		Unused tax losses as of December 31,		
Year	Deficit Amount	2022	2021	Expiration year
The Company:				
2012	227,847	$-	$227,847	2022
2013	576,215	-	576,215	2023
2014	833,819	-	833,819	2024
2015	661,054	-	661,054	2025
2016	983,636	365,005	983,636	2026
2017	848,158	848,158	848,158	2027
2018	867,392	867,392	867,392	2028
2019	653,000	653,000	653,000	2029
2020	1,093,535	1,093,535	1,093,535	2030
2021(Filed)	1,459,219	1,459,219	1,388,567	2031
Subsidiaries:	2,802,655	2,802,655	1,924,983	Note
		$8,088,964	$10,058,206	

Note: Subsidiaries' unused tax losses were in accordance with the regulations of the countries where the subsidiaries located and applied to local expiration years.

E. The following table contains information of the unused investment tax credit of the Company:

Regulations of compliance	Item	Year	Unused tax losses as of December 31, 2022	Unused tax losses as of December 31, 2021	Expiration year
Act for the development of biotech and new pharmaceuticals industry	Funds invested in Research and development and personnel training	2011	$21,249	$21,249	Note
〃	〃	2012	28,943	28,943	〃
〃	〃	2013	123,805	123,805	〃
〃	〃	2014	92,808	92,808	〃
〃	〃	2015	61,436	61,436	〃
〃	〃	2016	69,605	69,605	〃
〃	〃	2017	83,953	83,953	〃
〃	〃	2018	102,374	102,374	〃
〃	〃	2019	39,769	39,769	〃
〃	〃	2020	31,288	34,329	〃
〃	〃	2021 (Filed)	113,626	170,223	〃
〃	〃	2022 (Estimated)	60,046	-	〃
			$828,902	$828,494	

Note: For a period of five years from the time it is subject to corporate income tax, enjoy a reduction in its corporate income tax payable.

The differences of unused amount as of December 31, 2022 and 2021 were due to filed amount and approved amount and also between estimated filed amount and actual filed amount.

F. As of December 31, 2022 and 2021, the total unrecognized deferred tax assets associated with deductible temporary differences, carry forward of unused tax credits and unused tax losses amounted to $3,655,595 thousand and $5,663,823 thousand, respectively.

G. The assessment of the income tax returns of the Company and its subsidiaries in Taiwan were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Panco Healthcare Co., Ltd	Assessed and approved up to 2020

(20) Earnings per share

Basic earnings (losses) per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	For the years ended December 31,	
	2022	2021
A. Basic earnings (losses) per share		
Loss attributable to ordinary equity holders of the Company (in thousands of NTD)	$(1,374,810)	$(2,810,988)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	284,207	260,166
Basic earnings (losses) per share (NTD)	$(4.84)	$(10.80)

B. There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date of the financial statements were authorized for issue.

C. For the years ended December 31, 2022 and 2021 were both loss after tax which caused the potential ordinary shares into anti-dilutive. Therefore, the Company only disclosed basic losses per share.

(21) Leases

A. Group as a lessee

The Group leases various properties, including real estate (such as land, buildings and structures) and transportation equipment. The lease terms range from 1 to 20 years.

The Group's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Land	$285,791	$299,702
Buildings and structures	186,949	105,266
Transportation equipment	810	421
Total	$473,550	$405,389

During the year ended December 31, 2022 and 2021, the Group had additions to right-of-use assets amounted to $174,520 thousand and $33,700 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$487,812	$417,096
Current	$77,763	$78,591
Non-current	$410,049	$338,505

Please refer to Note 6(17)D for the interest expense on lease liabilities recognized for the year ended December 31, 2022 and 2021, and refer to Note 12 for the maturity analysis of lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land	$18,430	$17,969
Buildings and structures	90,247	88,128
Transportation equipment	429	309
Total	$109,106	$106,406

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	$567	$452
The expenses relating to variable lease payments not included in the measurement of lease liabilities	719	683
Total	$1,286	$1,135

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group recognized in other income for the years ended December 31, 2022 and 2021 amounted to $0 thousand and $1,611 thousand to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

(d) Cash outflow relating to leasing activities

During for the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounted to $116,667 thousand and $110,803 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Group's building and equipment rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period was as follows:

(1) Name and relationship of related parties

Name of the related parties	Relationship with the Group
Ching-Leou, Teng	Key management personnel
Ko-Chung, Lin	Key management personnel
Sage Advisors, LLC	Other related party (the Company's key management personnel is the Company's substantive related party)

(2) Significant transactions with the related parties

A. The Group's purchase of services

	For the years ended December 31,	
	2022	2021
Sage Advisors, LLC	$418	$3,580

Above purchase of services were separately recorded as operating expenses of $418 thousand and $3,580 thousand for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the above transaction which had not been paid was recorded as other payables to related parties amounted to $0 thousand and $296 thousand, respectively.

B. Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$185,167	$117,250
Post-employment benefits	2,950	1,985
Share-based payment	28,292	65,201
Total	$216,409	$184,436

C. The Company's Chairman and Chief Executive Officer act as joint guarantor for the borrowings from bank.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount as of December 31,		
Assets pledged for security	2022	2021	Secured liabilities
Current Financial assets at amortized cost	$976,245	$-	Short-term borrowings
Non-Current Financial assets at amortized cost	40,542	27,085	Performance bonds
Property, plant and equipment – land and buildings, net	108,330	109,933	Long-term borrowings
Total	$1,125,117	$137,018	

9. Significant contingencies and unrecognized contractual commitments

Other than unsettled litigation, endorsement and guarantee, the Group discloses contract amount over NTD 50,000 thousand as of December 31, 2022 as below:

(1) As of December 31, 2022, the Group provided endorsement and guarantee to subsidiaries were amounted to USD 32,382 thousand.

(2) The Company and Luck Shine Enterprises Limited signed a joint venture agreement to proceed into the conduct of clinical trials, obtaining marketing authorization, post marketing sales work, etc. for P1101 in China. Please refer to Note 6(14) for more details.

(3) The Company and Athenex, Inc. signed a license agreement for the trial and development of novel, oral cancer drug in Taiwan, Singapore and Vietnam. The payable license fees are USD 11,050 thousand, which the Company will pay at each stage in installments based on the agreement. In the future, based on the sales situation, certain percentages should be paid as license fees. As of December 31, 2022, the Company has paid USD 3,550 thousand in license fees.

(4) The Company and Athenex, Inc. signed a license agreement for the trial and development of an ointment preparation for psoriasis (KX01) in Taiwan, China (including Hong Kong and Macau), Singapore, and Malaysia. The payable license fees are USD 1,640 thousand and USD 13,500 thousand, which the Company will pay at each stage in installments based on the agreement. In the future, based on the sales situation, certain percentages should be paid as license fees. As of December 31, 2022, the Company has paid USD 1,640 thousand and USD 500 thousand, respectively.

(5) The Company and a Taiwan contract research organization (CRO) signed a contract research agreement which includes commissioning this CRO to conduct P1101 hepatitis C virus genotype 2 phase III clinical trials in Taiwan and South Korea, and KX01 psoriasis phase I/II clinical trial in Taiwan related work. The payable commissioned service fees total $225,655 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid $129,079 thousand.

(6) The Company and a Hong Kong contract research organization (CRO) signed a contract research agreement which includes commissioning this CRO to conduct the P1101 treatment of Hepatitis C virus genome type 2 phase III clinical trials related work in China. The payable commissioned research fees total $89,735 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid $49,720 thousand and CNY 1,352 thousand.

(7) The Company and a Taiwan pharmaceutical science company signed a contract research agreement that covers the conduct of comparing the efficacy of P1101 versus anagrelide for the treatment of essential thrombocythemia (ET) in a Phase III clinical trial. The payable commissioned research fees total USD 9,364 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid USD 3,724 thousand.

(8) The Company and a German drug product contract manufacturer signed a fill finish line change agreement, with an agreement cost totaling EUR 3,432 thousand. As of December 31, 2022, the Company has paid related costs of EUR 1,271 thousand.

(9) The Company's US subsidiary and a US consulting company signed a service agreement which includes commissioning this consulting company to provide human resources, sales & marketing, and training plans. Commissioned service fees are estimated at USD 10,762 thousand. This consulting company's commissioned service payments and related incurred expenses will be invoiced to the Company based on actual amounts. As of December 31, 2022, the Company's US subsidiary has paid related amounts of USD 9,996 thousand.

(10) In 2009, the Company and company AOP Orphan Pharmaceuticals GmbH (former name AOP orphan Pharmaceuticals AG, hereinafter referred to as AOP) entered into an agreement with promises as to certain license, territory, and data sharing rights, where the Company provided chemistry, manufacturing, and controls (CMC) data to AOP, and AOP provided clinical development data to the Company. However, AOP failed to provide the clinical development data pursuant to the contractual provisions. According to the contract, if any party did not provide data within 30 days, then such would form the basis for contract termination. Therefore, in November 2017, the Company retained German lawyers to send a notice letter to AOP, that if AOP did not cure its material breach, then the license agreement would be terminated. However, in late March 2018, AOP brought International Chamber of Commerce ("ICC") arbitration claims, asserting that because the Company did not assist in providing CMC data, it caused AOP's inability to receive a marketing authorization and financial loss, and that if the Company continued to breach the agreement, it might cause an EU marketing authorization result of a negative opinion or a stop to the pending application review. In April 2018, the Company received notice of the foregoing. In June 2018, the Company's Board of Directors resolved that, in the same arbitration proceedings, to raise an arbitration counterclaim for confirmation of effectiveness of termination of the license agreement.

On October 21, 2020, the Company received an unfavorable arbitration award. To protect the rights and interests of the Company, the Company retained legal counsels to file a lawsuit to revoke the arbitration award. On February 15, 2022, the Company was notified by a German counsel of the final rulings of the revocation lawsuit. The German Federal Court of Justice held that the original rulings in the ICC arbitration award should be officially set aside regarding AOP's damages claims and the part regarding the costs sharing of the arbitration costs borne by the Company. Although the counterclaim filed by the Company against AOP to terminate the license agreement in the same arbitration proceeding was dismissed. As of the date this financial report was authorized for issue, both of the foregoing disputes have reached a definitive end.

Since the rulings of the German Federal Court of Justice had already been finalized, AOP's damages claim previously awarded had been invalidated. The Company has considered suitable measures and going forward, for each financial reporting period, will evaluate the reasonableness of related matter.

(11) The Company, in order to protect the rights of shareholders, separately on November 18, 2020 and December 22, 2020, filed arbitration damages claims with the ICC Court that AOP's delay in providing clinical trial data caused delay damages during the Company's US BLA process, and that AOP's violation of the license agreement in not initiating clinical trials for three other clinical indications caused the Company losses.

On February 18, 2021, the ICC notified the Company that the two separate requests for arbitration were consolidated (hereinafter referred to as the "New Arbitration"), and the arbitrators appointed by each party collectively chose the chief arbitrator to constitute the arbitral tribunal. In accordance with the arbitration timetable, the first statement of claim was filed on October 22, 2021 by the Company (Statement of Claim). Against the Statement of Claim filed by the Company, AOP filed a statement of defense and counterclaim with the ICC on March 25, 2022 (Statement of Defense and Counterclaim). In addition to submitting the defenses, AOP filed a counterclaim asserting damages claims as follows: (1) the losses arising from violation of License Agreement by the Company; (2) illegal use of AOP's clinical trial data by the Company; (3) the service fees that should be paid by the Company to AOP and the overpaid product prices paid by AOP. In sum, AOP counterclaimed to the Company for compensation amounting to approximately EUR 6,000,000 thousand, and the Company is actively responding to this. In this regard, the Company has filed the Statement of Reply and Defense to Counterclaim on October 21, 2022 in response to its claims, including the damages that resulted from the delay caused by the reasons attributable to AOP during the EU Marketing Approval review and AOP's failure to fully realize Besremi's commercial value in its licensed territories. Accordingly, the claim amount of the damages has also been adjusted.

The Company has considered suitable measures and going forward, for each financial reporting period, will evaluate the reasonableness of related matter. The Company, in accordance with the rules of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), paragraph 92, is not disclosing normally required information under such rules, because disclosure of this information may affect the results of the foregoing matter.

(12) The Company was notified on October 18, 2022 that AOP filed a civil action against the Company and its US subsidiary in the Superior Court of Commonwealth of Massachusetts, claiming the following: (1) the transactions between the Company and its US subsidiary affected AOP's rights; and (2) the Company and its US subsidiary's request against AOP to amend the License Agreement constitutes unfair competition. However, AOP has not specified the claim amount. The Company has dealt with this matter in a manner that it deems appropriate and has retained US lawyers to evaluate to respond to the legal action by submitting a motion on January 6, 2023, and will re-evaluate the reasonableness of the relevant approaches in each subsequent financial reporting period.

(13) The Company signed the "Taoyuan Airport City Priority Industrial Zone Land Tendering Project E Land Contract" with the Taoyuan City Government. The Company will pay the corresponding amount in the future according to the respective stages stipulated in the Contract, and the total amount of payments payable for purchasing E Land payable NTD 1,100,029 thousand, and as of December 31, 2022, the Company has paid NTD 110,003 thousand.

(14) The Company's US subsidiary entered into a Master Services Agreement (MSA) and Statement of works (SOW) with Medpace Inc., USA, who is entrusted with the following tasks: (1) A phase IIIb, single-arm, multicenter study to assess the efficacy, safety, and tolerability of Ropeginterferon alfa-2b-njft (P1101) in patients with Polycythemia Vera (PV); and (2) A single-arm, multicenter supplemental clinical trial study protocol of Essential Thrombocythemia (ET) study to assess the efficacy, safety, and tolerability of Ropeginterferon alfa-2bnjft (P1101) in patients with ET, the total expenses payable for clinical trial amount to approximately USD 19,461 thousand, as of December 31, 2022, the US subsidiary has paid USD 658 thousand.

(15) In order to conduct the global phase III clinical trial of essential thrombocythemia (P1101 ET clinical trial), the Company entered into a Master Services Agreement (MSA), its Task Order 1 (Task Order 1) and its amendment (Amendment 1) with Medpace Inc., an American clinical research organization, which was entrusted to conduct the P1101 ET clinical trials at multiple clinical trial centers in the countries of Taiwan, the United States, Hong Kong, and moreover expanded to Canada, Singapore, and five European countries (Bulgaria, Czech Republic, France, Hungary, Poland), and the total related expenses payable are about USD 12,090 thousand. As of December 31, 2022, the Company has paid related expenses of USD 7,908 thousand.

10. Losses due to major disasters

No such circumstances.

11. Significant subsequent events

No such circumstances.

12. Others

(1) Financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through other comprehensive income (non-current included)	$43,235	$39,220
Financial assets at amortized cost		
Cash and cash equivalents(cash on hand excluded)	10,302,223	3,452,664
Receivables	798,872	466,044
Other receivables	38,996	26,788
Financial assets at amortized cost (non-current included)	1,016,787	27,085
Refundable deposits	72,944	25,838
Subtotal	12,229,822	3,998,419
Total	$12,273,057	$4,037,639

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term borrowings	$993,875	$20,000
Notes and accounts payable	230,956	176,375
Other payables (related parties included)	749,611	495,933
Long-term borrowings (current portion included)	87,114	99,142
Lease liabilities (non-current included)	487,812	417,096
Total	$2,549,368	$1,208,546

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analysis, please refer to Note 12(9).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments at variable interest rates and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. As at the end of the reporting period, an increase or a decrease of 10 basis points of interest rate cause the loss for the years ended December 31, 2022 and 2021 to decrease/increase by $7,257 thousand and $111 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for receivables) and from its financing activities (primarily for cash in banks).

The Group only trades with third parties whom have already approved and with good credit rating. The Group's policy also requires conducting credit confirmation procedures before open account transaction, and continuously assesses the collection of receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

As of December 31, 2022,and 2021, accounts receivable from top ten customers represent both 99% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Expect for the loss allowance of receivables measured at lifetime expected credit losses, the Group assess the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group maintains a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
Short-term borrowings (including interest to be paid)	$1,006,903	$-	$-	$-	$1,006,903
Payables (including other payables)	980,567	-	-	-	980,567
Long-term borrowings (including interest to be paid)	14,421	27,427	14,268	45,457	101,573
Lease liabilities (including non-current)	79,755	74,276	146,238	228,893	529,162
As of December 31, 2021					
Short-term borrowings (including interest to be paid)	$20,196	$-	$-	$-	$20,196
Payables (including other payables)	672,308	-	-	-	672,308
Long-term borrowings (including interest to be paid)	13,977	27,611	20,107	51,748	113,443
Lease liabilities (including non-current)	84,043	40,360	94,295	246,351	465,049

(6) Reconciliation of liabilities arising from financing activities

For the years ended December 31, 2022:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$20,000	$99,142	$417,096	$536,238
Cash flows	973,875	(12,028)	(115,381)	846,466
Non-cash changes	-	-	186,097	186,097
As of December 31, 2022	$993,875	$87,114	$487,812	$1,568,801

For the years ended December 31, 2021:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$50,000	$105,702	$491,028	$646,730
Cash flows	(30,000)	(6,560)	(109,668)	(146,228)
Non-cash changes	-	-	35,736	35,736
As of December 31, 2021	$20,000	$99,142	$417,096	$536,238

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other payables approximate their fair value due to their short maturities.

(b) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(c) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments at amortized cost

Among the Group's financial assets and financial liabilities measured at amortized cost, the carrying amount approximate their fair value.

C. Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$43,235	$43,235

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$39,220	$39,220

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy movements during the period was as follows:

	At fair value through other comprehensive income
	Stocks
As of January 1, 2022	$39,220
Total gains (losses) recognized for the years ended December 31, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	4,015
As of December 31, 2022	$43,235

	At fair value through other comprehensive income
	Stocks
As of January 1, 2021	$17,435
Total gains (losses) recognized for the years ended December 31, 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(3,215)
Acquisition for the year ended December 31, 2021	25,000
As of December 31, 2021	$39,220

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

As of December 31, 2022：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Assets approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by $618 thousand

As of December 31, 2021：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Assets approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease / increase in the Group's equity by $488 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value was disclosed

As of December 31, 2022：

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets at amortised cost				
Time deposits	$-	$1,016,787	$-	$1,016,787
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Long-term borrowings (including currents portion)	-	87,114	-	87,114

As of December 31, 2021：

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets at amortised cost				
Time deposits	$-	$27,085	$-	$27,085
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Long-term borrowings (including currents portion)	-	99,142	-	99,142

(9) Significant assets and liabilities denominated in foreign currencies

(In thousands)

	As of December 31, 2022				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on income
Financial assets					
Monetary items					
EUR	$10,409	32.6000	$339,333	1%	$3,393
USD	43,054	30.6250	1,318,527	1%	13,185
CNY	7,422	4.3940	32,610	1%	326
JPY	266	0.2255	60	1%	1
Financial liabilities					
Monetary items					
EUR	$10,084	32.6000	$328,724	1%	3,287
USD	925	30.6250	28,319	1%	283
CNY	1,063	4.3940	4,669	1%	47
JPY	76,225	0.2255	17,195	1%	172

(In thousands)

	As of December 31, 2021				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on income
Financial assets					
Monetary items					
EUR	$11,994	31.3200	$375,649	1%	$3,756
USD	2,405	27.8000	66,861	1%	669
CNY	7,433	4.3630	32,428	1%	324
JPY	173,934	0.2445	42,527	1%	425
HKD	1,818	3.5620	6,475	1%	65
Financial liabilities					
Monetary items					
EUR	$3,643	31.3200	$114,110	1%	$1,141
USD	1,251	27.8000	34,786	1%	348
CNY	290	4.3630	1,263	1%	13
JPY	97,484	0.2445	23,835	1%	238
HKD	3,984	3.5620	14,191	1%	142

The Group's foreign currency transactions were denominated in multiple currencies; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. For the years ended December 31, 2022 and 2021 the Group's incurred foreign exchange gains (losses) were $122,360 thousand and $(1,845) thousand, respectively.

The above information was disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares.

(11) Other

The impact from the COVID-19 outbreak

Due to the impact from the COVID-19 outbreak in the year of 2020, some countries where the Group's subsidiaries are located in the locations that in implemented lockdowns to slow down the spread of the pandemic. However, because the main research and development and manufacturing center of the Group are located in Taiwan, the pandemic caused no material impact on the Group's operations.

Governments released relief packages to deal with the significant economic uncertainty due to the pandemic. These packages are expected to narrow the scale and magnitude of the economic impacts. Please refer to Note 6(17) for more details of the Group's subsidy received from the government (including rent concession), as of December 31, 2022. In addition, the Group's American subsidiary applied for the Paycheck Protection Program (PPP) which was provided by the local government and received a loan of USD 127 thousand during the year of 2021. In accordance with the terms defined in PPP, the enterprises are allowed to apply for loan forgiveness if they use the loan to pay for expenditures in line with the loan forgiveness terms and no lay-offs or pay-cut within the 8 weeks following receipt of the loans. It has been determined that the loan of USD 127 thousand which was received in the second quarter of 2021 did not meet the criteria for the application of PPP. Therefore, the temporary receipts originally accounted for other current liabilities have been reclassified to short-term borrowings during the second quarter of 2022.

13. Other disclosure

(1) Information at significant transactions

A. Financings provided to others, please refer to table 1 for more details.

B. Endorsements/guarantees provided to others, please refer to table 2 for more details.

C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.

D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, please refer to table 4 for more details.

E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital, please refer to table 5 for more details.

F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital, no such circumstances.

G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital, please refer to table 6 for more details.

H. Receivables due from related parities amounting to at least NTD 100 million or 20 percent of the paid-in capital, please refer to table 7 for more details.

I. Derivative instruments transactions, no such circumstances.

J. Significant intercompany transactions between consolidated entities, please refer to table 8 for more details.

(2) Information on investees

A. The Company had directly or indirectly significant influence or control on the invested company which shall disclose relevant information, please refer to table 9 for more details.

B. The Company had directly or indirectly control on the invested company which shall disclose relevant information of the above (1) A~I, except for above (1) G and H, refer to table 6 and table 7, there were no such circumstances for above (1) A~F and I.

(3) Information on investments in Mainland China

Please refer to table 10 for more details.

(4) Information on major shareholders：

Shares / Name of major shareholder	Shareholdings	Percentage of ownership (%)
National Development Fund, Executive Yuan	22,066,296 shares	7.28%

14. Segment information

(1) Industrial information

The Group primarily engages in medicine research and development. The decision maker of the Group reviews the operating outcome based on a single operating department to determine its resource policy and assesses overall performance of the Company. Therefore, the Group does not distinguish departments and aggregate to a single operating department and prepare financial statement in the same basis as the summary of the important accounting policies described in Note 4.

(2) Geographical information

Revenue from external customer:

	For the years ended December 31,	
	2022	2021
Taiwan	$306,596	$342,980
Asia (excluded Taiwan)	30,293	35,915
Europe	613,830	205,239
America	1,931,323	72,372
Total	$2,882,042	$656,506

The Group categorized revenue from external customer by the regions where the clients are.

Non-current assets: The Group had no significant non-current assets located at any single foreign country.

(3) Information about major customer

Customers that contribute revenues exceeding 10% of total revenues for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,			
	2022		2021	
	Sales Amount	%	Sales Amount	%
Company A	$645,850	22.41%	$33,796	5.15%
Company B	613,830	21.30%	205,239	31.26%
Company C	532,121	18.46%	8,449	1.29%
Company D	515,744	17.90%	8,478	1.29%
Company E	405,064	14.05%	8,139	1.24%
Company F	231,315	8.03%	231,168	35.21%
Company G	18,767	0.65%	66,706	10.16%

PharmaEssentia Corp. and subsidiaries

Notes to consolidated financial statements

Table 1: Financings provided to others

(Unit: thousands of foreign currency/NTD)

No. <Note1>	Financing company	Counter-party <Note10>	Financial statement account	Related party	Maximum balance for the period <Note2>	Ending balance <Note3>	Amount actually drawn	Interest rate	Nature of financing <Note4>	Transaction amounts for business <Note5>	Reason for short-term financing <Note6>	Allowance for bad debt	Collateral		Financing Limits for each borrowing company <Note7>	Financing company's total financing amount limits <Note8>
													Item	Value		
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	Other receivables due from related parties	Y	$541,000	$541,000	$502,250 (USD 16,400)	2.50%	2	$-	Operating Capital	$-	-	-	$1,213,589	$4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Japan KK	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Korea Corporation	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Asia (Hong Kong) Limited	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357

<Note1> The numbers filled in for the financings provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note2> The maximum balance for the period.

<Note3> Resolved by the Board of Directors.

<Note4> The codes represent the nature of financing activities as follows:

1. Trading partner is "1".
2. Short-term financing is "2".

<Note5> For trading partners, disclose the accumulated trading amount for the period ended to financial statement date.

<Note6> For short-term financing, disclose the reason and use of funds.

<Note7> Financing limits for each borrowing companies are as follows:

1. Trading Partners: The maximum of total financing is higher of the transaction amount for procurement or sales during current year.
2. Short-term financing: The maximum of total financing is 10% of the Company's net worth.
3. Subsidiaries 100% held by the Company or the abovemention subsidiaries finance to the Company: The maximum of total financing is 10% of the financing company's net worth.

<Note8> Financing company's total financing amount limits are as follows:

1. Trading Partners: The maximum of financing total amount is 40% of the financing company's net worth.
2. Short-term financing: The maximum of financing total amount is 40% of the financing company's net worth.
3. Subsidiaries 100% held by the Company or the abovemention subsidiaries finance to the Company: The maximum of financing total amount is 40% of the financing company's net worth.

<Note9> All transactions listed above were eliminated in the consolidated financial statements.

<Note10> Ending amount in this table were disclosed in NTD. Amount related to foreign currency were translated to NTD by rate of financial statement date. The related exchange rates were as follows:

USD:NTD 1:30.625
JPY:NTD 1:0.2255
KRW:NTD 1:0.0237
HKD:NTD 1:3.9400

Table 2: Endorsements/guarantees provided to others

(Unit: thousands of foreign currency/NTD)

No. <Note1>	Endorsement/ Guarantee provider	Guaranteed party		Limits on endorsement / Guarantee amount provided to each guaranteed party <Note3>	Maximum balance for the period	Ending balance	Amount actually drawn	Amounts of endorsement / Guarantee collateralized by properties	Ratio of accumulated endorsement / Guarantee to net equity per latest financial statements	Maximum endorsement / Guarantee amount allowable <Note3>	Guarantee provided by the Company <Note4>	Guarantee provided by a subsidiary <Note4>	Guarantee provided to subsidiaries in Mainland China <Note4>
		Name	Nature of relationship <Note2>										
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	2	$2,427,179	USD 32,382 ($991,711)	USD 32,382 ($991,711)	USD 31,800 ($973,875)	-	8%	$4,854,357	Y	-	-

<Note1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".

2. The subsidiaries are numbered in order starting from "1".

<Note2> The following code represents the relationship with the company:

1. A company with which it does business.

2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.

5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note3> The amount of limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 20% of the net equity per latest financial statements of the Company; the amount of accumulated endorsement/guarantee shall not exceed 40% of net equity per latest financial statements.

<Note4> Guarantee provided by listed parent company to subsidiaries , guarantee provided by a subsidiary to listed parent company and guarantee provided to entities registered in Mainland China were recorded "Y".

<Note5> Ending amount in this table were disclosed in NTD. Amount related to foreign currency were translated to NTD by rate of financial statement date. The related exchange rate was as follow:

USD:NTD 1:30.625

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures) (Unit: thousands of NTD/share)

Held company name	Marketable securities type and name	Relationship with the Company	Financial statement account	Ending balance				Remark
				Share / Units	Carrying value	Percentage of ownership	Fair value	
PharmaEssentia Corp.	Mithra Biotechnology Inc.	—	Financial assets at fair value through other comprehensive income	980	$-	4.00%	$-	
PharmaEssentia Corp.	IIH Biomedical Venture Fund I Co., Ltd.	—	Financial assets at fair value through other comprehensive income	5,000	43,235	8.08%	43,235	

Table 4: Aggregate purchases or sales of the same securities reaching NTD 300 million or 20% of paid-in capital or more (Unit: thousands of NTD/share)

Company name	Type and name of marketable securities <Note1>	Financial statement account	Counter-party <Note2>	Nature of relationship <Note2>	Beginning balance		Acquisition<Note3>		Disposal<Note3>				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Carrying value	Gain/Loss on disposal	Shares/ Units	Amount
PharmaEssentia Corp.	Stocks	Investments accounted for using equity method	PharmaEssentia USA Corporation	Parent company and subsidiary	5,600	$1,617,926	4,600	$1,357,865	-	$-	-	$-	10,200	$2,975,791

<Note1> Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

<Note2> Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

<Note3> Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTD 300 million or 20% of paid-in capital or more.

<Note4> 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 $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.

Table 5：Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of paid-in capital or more (Unit: thousands of NTD)

Company Name	Name of Property	Transaction Date (Note)	Transaction amount	Payment term	Counter-party	Nature of relationships	Prior transaction of related counter-party				Price reference	Purpose of acquisition	Other terms
							Owner	Relationships	Transfer date	Amount			
PharmaEssentia Corp.	Taoyuan Aerotropolis Industry Area base E	July 28, 2022	$1,100,029	The first installment is 10% of the land price	Taoyuan City Government	Buyers and Sellers	-	-	-	-	Referring to the market price of the land in nearby area and reserve price.	Operating Capital	-

<Note> Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Table 6: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital (Unit: thousands of foreign currency/NTD)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transaction terms different from regular transactions		Notes/Accounts receivable (payable)		Remark
			Purchase /Sales	Amount	% to total <Note>	Payment term	Unit price	Payment term	Ending balance	% to total <Note>	
PharmaEssentia Corp.	PharmaEssentia USA Corporation	Subsidiary	Sales revenue	$4,324,930	86%	About 90 days	Similar to general terms and conditions	About 90 days	$1,961,926	91%	
PharmaEssentia USA Corporation	PharmaEssentia Corp.	Parent company	Purchases	(USD 143,468)	96%	-	Similar to general terms and conditions	-	(USD 64,063)	95%	

<Note> Percentage to total purchases (sales) and accounts receivable (accounts payable).

Table 7: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital (Unit: thousands of NTD)

Company name	Related party	Nature of relationship	Financial statement account	Ending balance	Turnover ratio	The reason that trade terms different from general transactions		Amounts received in subsequent period	Allowance for bad debts
						Amount	Procedure		
PharmaEssentia Corp.	PharmaEssentia USA Corporation	Subsidiary	Accounts receivable due from related parties	$1,961,926	-	$-	-	$-	$-

Table 8: Significant intercompany transactions between consolidated entities (Unit: thousands of NTD)

No. <Note1>	Company name	Counter-party	Nature of relationship <Note2>	Intercompany transactions			
				Financial statement account	Amount	Terms	Percentage of consolidated net revenue or total assets <Note3>
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	1	Accounts receivable	$1,961,926	Similar to general terms and conditions	13%
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	1	Sales revenue	4,324,930	Similar to general terms and conditions	150%

<Note1> The numbers filled in represent:

1. The company is "0".

2. The subsidiaries are numbered in order starting from "1".

<Note2> The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

1. Transactions from parent company to subsidiary is "1".

2. Transactions from subsidiary to parent company is "2".

3. Transactions between subsidiaries is "3".

<Note3> The percentage is divided by:

1. Consolidated total assets if the transaction account belongs to balance sheet.

2. Consolidated net revenue if the transaction account belongs to comprehensive income statement.

<Note4> We included only the intercompany transactions with amount larger than $50 millions in this table.

Table 9: Related informations (except to investments in Mainland China) about investee company, located, etc.: (Unit: thousands of NTD/share)

Invester company	Investee company	Location	Main business	Original investment amount		Balance at the end of period			Net income (losses) of the investee	Share of profits (losses) of investee	Remark
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying value			
PharmaEssentia Corp.	PharmaEssentia Asia (Hong Kong) Limited	Hong Kong	Biotechnology service, etc.	$196,292	$91,344	13,200	100%	$66,991	$(47,705)	$(47,705)	
PharmaEssentia Corp.	PharmaEssentia (Hong Kong) Limited	〃	〃	-	-	-	-	-	-	-	<Note1>
PharmaEssentia Corp.	PharmaEssentia Japan KK	Japan	〃	735,595	451,990	58,997	100%	73,652	(272,298)	(272,298)	
PharmaEssentia Corp.	PharmaEssentia USA Corporation	USA	〃	2,975,791	1,617,926	10,200	100%	(2,968,398)	(389,737)	(389,737)	<Note2>
PharmaEssentia Corp.	PharmaEssentia Korea Corporation	Korea	〃	147,970	58,700	1,227	100%	37,736	(51,007)	(51,007)	<Note2>
PharmaEssentia Corp.	Panco Healthcare Co., Ltd.	Taiwan	〃	102,500	102,500	10,000	100%	63,846	(21,458)	(21,458)	
PharmaEssentia Corp.	PharmaEssentia Singapore Pte. Ltd.	Singapore	〃	1,394	1,394	68	100%	1,474	(72)	(72)	
PharmaEssentia Corp.	PharmaEssentia Innovation Research Center, Inc.	USA	〃	45,937	-	150	100%	45,747	(185)	(185)	<Note3>

<Note1> In order to expand the China market, the Company registered and established a wholly owned PharmaEssentia (Hong Kong) Limited with 100% share holdings in 2013.

However, as of December 31, 2022, PharmaEssentia (Hong Kong) Limited only completed the registration process and the Company has not remitted payment for share.

<Note2> The carrying amount held at the end of the period has adjusted the unrealized profit from sales.

<Note3> According to operation plan, the Company invested in and established a wholly owned PharmaEssentia Innovation Research Center, Inc. with 100% share holdings in December, 2022.

At present, the attorney is assisting to change the registered shares to 150 thousand shares.

Table 10: Informations on investments in Mainland China

(Unit: thousands of foreign currency/NTD)

Investee company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan at the end of period	Net income (loss) of the investee company	Percentage of ownership	Share of profits/losses	Carrying amount at the end of period	Accumulated inward remittance of earnings at the end of period
					Outflow	Inflow						
PharmaEssentia Biotechnology (Beijing) Limited	Biotechnology service, etc.	$122,500 (USD 4,000)	<Note1(2)>	$61,250 (USD 2,000)	$61,250 (USD 2,000)	$-	$122,500 (USD 4,000)	$(30,980) (-CNY 6,998)	100.00%	$(30,980) (-CNY 6,998) <Note 1(2),3>	$36,918 CNY 8,402	$-

Accumulated Investment in Mainland China at The End of Period	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit of Investment (60% of the Company's net worth)
$122,500 (USD 4,000)	$122,500 (USD 4,000)	$7,281,536

<Note1> Method of investment was classified as the following three types:

1.The investments in Mainland China directly.

2. Re-invest in Mainland China through the third regional company (the invester company in the third regional was PharmaEssentia Asia (Hong Kong) Co., Ltd.).

3. Others.

<Note2> In the shared profits/losses column:

1. The investments that are in preparation and thus haven't generated any profits/losses should be specified.

2. The resources of shared profits/losses should be specified as one of the three below:

(1) Financial report audited by international audit firm that has partnership with audit firm in Taiwan.

(2) Financial report audited by CPA who audits the parent company in Taiwan.

(3) Others. (Financial statements of certain subsidiaries were not reviewed by independent accountants)

<Note3> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency were as follows:

1. Ending investment balance as of reporting date were translated using the exchange rates as follows:

USD:NTD 1: 30.625

CNY:NTD 1: 4.3940

2. Investment gains or losses were translated using the average rates for the year ended December 31, 2022 as follows:

USD:NTD 1: 29.7871

CNY:NTD 1: 4.4270

PHARMAESSENTIA CORP.

PARENT COMPANY ONLY

FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED

DECEMBER 31, 2022 and 2021

Address: 13F, No.3, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)
Telephone: 886-2-2655-7688

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

安永聯合會計師事務所

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English Translation of Auditors' Report Originally Issued in Chinese

Independent Auditors' Report

To PharmaEssentia Corp.

Opinion

We have audited the accompanying parent company only balance sheets of PharmaEssentia Corp. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively referred to "the financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of 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 the 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 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 for the year of 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, and we do not provide a separate opinion on these matters.

Share of profit (loss) of subsidiaries, associates and joint ventures

The Company's subsidiary, PharmaEssentia USA Corporation, became the main sales entity of the Group after U.S. Food and Drug Administration approved the Company's new drugs in November 2021. The share of profit (loss) of subsidiaries, associates and joint ventures deriving from PharmaEssentia USA Corporation recognized by the Company in 2022 was significant to the parent Company only financial statements. It is necessary for the company to judge and determine the performance obligation of a contract and the timing of its satisfaction when recoginze the revenue. Therefore, we determined this is a key audit matter.

Our audit procedures included but are not limited to:

1. Evaluating the appropriateness of the accounting policy related to revenue recognition, performing walk through to understand the trading models of revenue from the sales of drugs, and testing effectiveness of the internal controls over the revenue recognition, including review the terms of transactions to determine the performance obligations and whether revenue is recognized when the performance obligation is satisfied.

2. Performing tests of details on samples selected from detail of sales of drugs and obtaining the relevant documents to verify the accuracy of revenue recognition and the occurrence of transaction.

3. Reviewing transactions for certain period before and after the balance date, and selecting samples to perform cutoff procedures, tracing to relevant documents to verify that revenue has been recorded in the correct accounting period.

4. Performing analytical procedures to analyze the fluctuations and the reasonableness of the transactions.

Please refer to Note 4 and 6. (15) to the parent company only financial statements for the accounting policies and information regarding revenue recognition.

Assessment for indicator of impairment of non-financial assets

As of December 31, 2022, the total net amount of property, plant and equipment, right-of-use assets and intangible assets of the Company was NTD 1,164,918 thousand, constituting 7% of the total assets. The Company is engaged in medicine discovery and new drug patten developments. The Company was still at loss position in the year of 2022 because the Company was still investing in new drugs development. As of the balance sheet date, the Company based on the external and internal sources to assess whether there is any indication of impairment in property, plant and equipment, right of use and intangible assets. If there is indication of impairment, the recoverable amount should be estimated. The evaluation of indicator of impairment of property, plant and equipment, right of use and intangible assets rely on management judgement on various external and internal sources of information. The result of impairment evaluation is significant to the financial statements. Therefore, we consider impairment assessment as a key audit matter.

Our audit procedures included but are not limited to:

1. Understanding the technical, market, economic or legal environment to consider whether there are any major changes that are detrimental to the Company and inquiring whether it has lost its competitiveness in the market.

2. Inquiring and obtaining the latest progress of research and development of major new drug projects and presence of significant delay happens. Observing whether property, plant and equipment are operated normally and not obsoleted or damaged through physical counts.

3. Evaluating whether the total market value of the Company as of the balance sheet date is greater than the net book value to assess the reasonableness of the management's judgement on impairment of non-financial assets.

We also considered the appropriateness of the accounting policies and disclosures regarding the impairment of non-financial assets in Note 4 and 5 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain investments accounted for using equity method whose statements are based solely on the reports of other auditors. These investments accounted for using equity method amounted to NTD (199,571) thousand, constituting (3)% of total assets as of December 31, 2021. The related share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method amounted to NTD (1,092,404) thousand, constituting 39% of the net loss before tax for the year ended December 31, 2021, and the related share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method amounted to NTD (6,514) thousand, constituting 33% of the other comprehensive income for the year ended December 31, 2021.

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 requirements of 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 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 auditor's 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 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 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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 financial statements. We are responsible for the direction, supervision and performance of the company 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 year of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Yu, Chien-Ju

Lin, Li-Huang

Ernst & Young, Taiwan
February 24, 2023

Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices in the Standards on Auditing of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

ENGLISH TRANSLATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31,			
		2022		2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4,6	$9,932,604	61	$3,260,873	56
Current financial assets at amortized cost	4,6,8	976,245	6	-	-
Notes receivable, net	4,6,8	224	-	-	-
Accounts receivable, net	4,5,6	187,147	1	173,743	3
Accounts receivable due from related parties, net	4,6,7	1,961,926	12	58,287	1
Other receivables	4	26,128	-	18,447	-
Other receivables due from related parties	7	502,594	3	181,014	3
Current tax assets	4	2,219	-	383	-
Inventories	4,5,6	691,819	4	819,130	14
Prepayments	6	57,749	1	52,320	1
Other current assets		46,126	1	39,635	-
Total current assets		14,384,781	89	4,603,832	78
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	4,6	43,235	-	39,220	1
Non-current financial assets at amortized cost	4,6,8	37,786	-	21,398	-
Investments accounted for using equity method	4,6	289,446	2	141,121	2
Property, plant and equipment	4,6,8	521,235	3	335,136	6
Right-of-use assets	4,6	426,673	3	334,588	6
Intangible assets	4,5,6,7	217,010	1	226,317	4
Deferred tax assets	4,6	216,863	1	-	-
Prepayments for business facilities		27,654	-	13,255	-
Other non-current assets, others	6	72,495	1	159,256	3
Total non-current assets		1,852,397	11	1,270,291	22
Total assets		$16,237,178	100	$5,874,123	100

The accompanying notes are an integral part of financial statements.

ENGLISH TRANSLATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP.

PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31,			
		2022		2021	
		Amount	%	Amount	%
Current liabilities					
Notes payable		$41	-	$75	-
Accounts payable		32,963	-	21,744	-
Other payables	6	225,766	2	245,534	4
Other payables to related parties	7	17,568	-	119,762	2
Current lease liabilities	4,6	58,710	-	47,615	1
Current portion of long-term borrowings	6,8	5,978	-	5,978	-
Other current liabilities, others	5,6,9	337,608	2	619,374	11
Total current liabilities		678,634	4	1,060,082	18
Non-current liabilities					
Non-current portion of long-term borrowings	6,8	62,768	-	68,746	1
Deferred tax liabilities	4,6	6,029	-	-	-
Non-current lease liabilities	4,6	375,949	2	291,393	5
Net defined benefit liability, non-current	4,5,6	4,185	-	3,950	-
Other non-current liabilities, others	6	2,968,398	19	199,571	4
Total non-current liabilities		3,417,329	21	563,660	10
Total liabilities		4,095,963	25	1,623,742	28
Equity attributable to owners of parent	4,6				
Share capital					
Ordinary share		3,024,556	19	2,769,036	47
Capital surplus		13,421,262	83	4,697,388	80
Retained earnings					
Accumulated deficit		(4,185,557)	(26)	(2,811,152)	(48)
Other equity interest		(31,544)	-	(60,150)	(1)
Treasury shares		(87,502)	(1)	(344,741)	(6)
Total equity		12,141,215	75	4,250,381	72
Total liabilities and equity		$16,237,178	100	$5,874,123	100

The accompanying notes are an integral part of financial statements.

ENGLISH TRANSLATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended December 31,			
		2022		2021	
		Amount	%	Amount	%
Operating revenue	4,6,7	$5,001,046	100	$311,309	100
Operating costs	4,6,7	(708,020)	(14)	(132,040)	(42)
Gross profit from operations		4,293,026	86	179,269	58
Unrealized profit from sales	4	(4,063,465)	(81)	(24,218)	(8)
Realized profit from sales		283,870	6	-	-
Gross profit from operations		513,431	11	155,051	50
Operating expenses	6,7				
Selling expenses		(77,797)	(2)	(44,139)	(14)
Administrative expenses		(581,043)	(12)	(529,046)	(170)
Research and development expenses		(874,328)	(17)	(1,040,675)	(335)
Total operating expenses		(1,533,168)	(31)	(1,613,860)	(519)
Net operating loss		(1,019,737)	(20)	(1,458,809)	(461)
Non-operating income and expenses	6,9				
Interest income		43,721	1	4,907	2
Other income		44,787	1	21,392	7
Other gains and losses, net		137,799	3	(4,008)	(1)
Finance costs		(8,840)	-	(7,873)	(3)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		(782,462)	(16)	(1,366,597)	(439)
Total non-operating income and expenses		(564,995)	(11)	(1,352,179)	(434)
Loss before income tax		(1,584,732)	(31)	(2,810,988)	(903)
Income tax benefit	4,6	209,922	4	-	-
Net loss		(1,374,810)	(27)	(2,810,988)	(903)
Other comprehensive income (loss)	4,6				
Items that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(507)	-	(164)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		4,015	-	(3,215)	(1)
Income tax related to items that will not be reclassified		912	-	-	-
Items that may be reclassified subsequantly to profit or loss					
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss		24,591	-	(16,500)	(5)
Income tax related to items that may be reclassified		-	-	-	-
Other comprehensive income (loss), net		29,011	-	(19,879)	(6)
Total comprehensive income (loss)		$(1,345,799)	(27)	$(2,830,867)	(909)
Earnings per share (in NTD)	6				
Basic loss per share		$(4.84)		$(10.80)	

The accompanying notes are an integral part of financial statements.

ENGLISH TRANSLATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIA CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Summary	Share capital	Capital surplus	Retained earnings	Other equity interest		Treasury shares	Total equity
			Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2021	$2,634,183	$3,727,229	$(2,144,028)	$(4,870)	$(35,565)	$(257,239)	$3,919,710
Other changes in capital surplus:							
Capital surplus used to offset accumulated deficits	-	(2,144,028)	2,144,028	-	-	-	-
Net loss for the year ended December 31, 2021	-	-	(2,810,988)	-	-	-	(2,810,988)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	(164)	(16,500)	(3,215)	-	(19,879)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	(2,811,152)	(16,500)	(3,215)	-	(2,830,867)
Issue of shares	132,330	2,594,509	-	-	-	-	2,726,839
Share-based payments	2,523	519,678	-	-	-	-	522,201
Purchase of treasury shares	-	-	-	-	-	(87,502)	(87,502)
Balance on December 31, 2021	$2,769,036	$4,697,388	$(2,811,152)	$(21,370)	$(38,780)	$(344,741)	$4,250,381
Balance on January 1, 2022	$2,769,036	$4,697,388	$(2,811,152)	$(21,370)	$(38,780)	$(344,741)	$4,250,381
Net loss for the year ended December 31, 2022	-	-	(1,374,810)	-	-	-	(1,374,810)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	405	24,591	4,015	-	29,011
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	(1,374,405)	24,591	4,015	-	(1,345,799)
Issue of shares	240,340	8,406,760	-	-	-	-	8,647,100
Share-based payments	15,180	317,114	-	-	-	257,239	589,533
Balance on December 31, 2022	$3,024,556	$13,421,262	$(4,185,557)	$3,221	$(34,765)	$(87,502)	$12,141,215

The accompanying notes are an integral part of financial statements.

ENGLISH TRANSLATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE

PHARMAESSENTIACORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Loss before income tax	$(1,584,732)	$(2,810,988)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	169,321	186,922
Amortization expense	21,879	5,507
Interest expense	8,840	7,873
Interest income	(43,721)	(4,907)
Share-based payments	180,865	483,420
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	782,462	1,366,597
Unrealized profit from sales	4,063,465	24,218
Realized profit from sales	(283,870)	-
Loss (gain) on disposal of property, plant and equipment	-	47
Loss (gain) on disposal of intangible assets	99	-
Other adjustments to reconcile profit (loss)	-	(18)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(224)	-
Decrease (increase) in accounts receivable	(13,404)	14,893
Decrease (increase) in accounts receivable due from related parties	(1,903,639)	(58,287)
Decrease (increase) in other receivables	(7,681)	(19,668)
Decrease (increase) in other receivables due from related parties	(321,580)	(181,014)
Decrease (increase) in inventories	127,311	(435,125)
Decrease (increase) in prepayments	12,694	(26,710)
Decrease (increase) in other current assets	4,232	1,564
Increase (decrease) in notes payable	(34)	-
Increase (decrease) in accounts payable	11,219	(1,557)
Increase (decrease) in other payables	(19,768)	75,399
Increase (decrease) in other payables to related parties	(102,194)	(46,242)
Increase (decrease) in other current liabilities, others	(4,445)	(31,698)
Increase (decrease) in net defined benefit liability, non-current	(272)	(242)
Cash inflow (outflow) generated from operations:	1,096,823	(1,450,016)
Interest received	32,998	6,128
Income taxes paid	(1,836)	(4)
Net cash flows from (used in) operating activities	1,127,985	(1,443,892)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(992,633)	(174)
Acquisition of financial assets at fair value through other comprehensive income	-	(25,000)
Acquisition of investments accounted for using equity method	(1,881,624)	(1,029,239)
Acquisition of property, plant and equipment	(284,127)	(45,584)
Acquisition of intangible assets	(8,721)	(27,543)
Increase in prepayments for business facilities	(25,054)	(6,238)
Increase in other non-current assets, others	82,811	(9,608)
Net cash flows from (used in) investing activities	(3,109,348)	(1,143,386)
Cash flows from (used in) financing activities:		
Repayments of long-term borrowings (including current portion)	(5,978)	(5,978)
Payments of lease liabilities	(82,331)	(80,893)
Proceeds from issuing shares	8,647,100	2,726,839
Exercise of employee share options	96,007	318,065
Payments to acquire treasury shares	-	(87,502)
Interests paid	(1,704)	(1,720)
Net cash flows from (used in) financing activities	8,653,094	2,868,811
Net increase (decrease) in cash and cash equivalents	6,671,731	281,533
Cash and cash equivalents at the beginning of period	3,260,873	2,979,340
Cash and cash equivalents at the end of period	$9,932,604	$3,260,873

The accompanying notes are an integral part of financial statements.

English translation of financial statements originally issued in Chinese

PHARMAESSENTIA CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

PharmaEssentia Corp. (the "Company"), was established on May 9, 2000. The Company primarily engages in medicine discovery, supplements in developing specialty pharmaceutical reagents, API and new drug patterns developments. The Company commenced business since October 2003.

In a board of directors meeting held in February 2012, the Company resolved to build a plant for producing pharmaceutical protein medicine at Central Taiwan Science Park, which was completed and put into use in October 2012 for producing, for clinical trial, pegylated interferon (Ropeginterferon alfa-2b) (P1101). The pegylated interferon (Ropeginterferon alfa-2b) (P1101) produced by the plant has, as of January 2018, received GMP certifications from both the European Medicines Agency (EMA) and the Taiwan Ministry of Health and Welfare. These certifications demonstrate that the plant complies with Good Manufacturing Practice to produce medicine. This Company's product has also received certification of medicine exportation from the Ministry of Health and Welfare in March 2018. Ropeginterferon alfa-2b (proprietary name of Besremi®), licensed to the European company AOP Orphan Pharmaceuticals GmbH (former name AOP orphan Pharmaceuticals AG, hereinafter referred to as AOP), received approval of EU marketing authorization application (MAA) for a medicinal product, announced February 19, 2019 on the EC (European Commission) website. In addition, the Company's Besremi 500 mcg/mL solution for injection in prefilled syringe was approved on April 30, 2020 by the Taiwan Ministry of Health and Welfare (hereinafter referred to as MoHW) new drug application review, MOHW-BM No. 000143. U.S. Food and Drug Administration (FDA) approved the Company's new drug Ropeginterferon alfa-2b (proprietary name of Besremi®) for the treatment of adults with Polycythemia Vera (PV), on November 13, 2021.

The Company's shares have been listed on the Taipei Exchange since July 19, 2016. The Company's registered address and main operating site are located at 2F and 13F, No.3, Park St., Nangang Dist., Taipei City. The Company also set up its Taichung branch, located at No. 28, Keya W. Rd., Daya Dist., Taichung City.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of PharmaEssentia Corp. for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 24, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
B	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
C	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Company is still currently determining the potential impact of the aforementioned standards and interpretations.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	1 January 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
D	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
E	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

A. IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (A), (C) and (E), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in New Taiwan Dollars (NTD), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency derivatives within the scope of IFRS 9 are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. On partial disposal of an associate or a joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. The Company holds the asset primarily for the purpose of trading;
C. The Company expects to realize the asset within twelve months after the reporting period; or
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in normal operating cycle;
B. The Company holds the liability primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period; or
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of *IFRS 9 Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under *IFRS 9 Financial Instruments.*

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a weighted-average basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. The Company made such adjustments by debiting or crediting accounts such as investments accounted for using equity method, share of profit (loss) of associates and joint ventures accounted for using equity method, or share of other comprehensive income of associates and joint ventures accounted for using equity method, unrealized gains (losses), considering the accounting method used for the investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements and the differences of application of IFRS between different consolidated entities.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments* in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment.* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5～40 years
Machinery and equipment	5～10 years
Transportation equipment	5～6 years
Office equipment	3～6 years
Leasehold improvements	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies *IAS 36 Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company has applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Company's intangible assets is as follows:

	Trademarks and Licences	Patents	Computer software	Other intangible assets	Intangible assets under development
Useful lives	Finite (10~12 years)	Finite (10~11years)	Finite (3~6 years)	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the shorter of the period of legal life or estimated useful life	Amortized on a straight-line basis over the shorter of the period of the patent or estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated	Internally generated

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for legal matters

Provisions for legal matters have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters are to be recognized.

(16) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is drug and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide goods subsequently; according, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

The Company mainly provides the experimental research service, recognizes revenue based on the scope of services performed and enforceable rights to payments for completed services.

Most of the contractual considerations of the Company are collected evenly throughout the contract period. For some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Royalty revenue

The Company's royalty revenue contains contract fee and milestone royalty based on contracts entered with other pharmaceutical factory or cooperative partner about the intellectual property rights of the new drug. After the new drugs obtain the approval, the Company would require a sales-based royalty. The foregoing revenue is recognized based by the contract, it would be recognized when the performance obligation has very high possibility to be satisfied and has not expected to have large revised amount. Thus, the royalty amount would be counted by sales-base and would be recognized only when (or as) the later of the following events occurs:

A. the subsequent sale or usage occurs; and
B. the performance obligation to which some or all usage-based royalty has been allocated has been satisfied).

The royalties of intellectual property rights which provided rights for clients to use are recognized as revenue on a straight-line basis throughout the licensing period.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company and related to employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model. Share-based payment transactions related to non-employees is measured based on the fair value of the service provided. If the fair value of service could not be measured reasonably, it will be measured based on the fair value of the equity instruments granted while the entity receives merchandise or counterparty provides service.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(21)Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company only financial statements:

A. Impairment of non-financial assets

When the Company assessed whether non-financial assets were impairment, it was based on the external and internal information (including major new development market, industry profile and developing of each new drug' s competitiveness, project planning and progress).

B. Intangible assets under development－Development costs

The Company assessed that intangible assets under development met recognition requirements of intangible assets under development – development costs. Based on the fact and circumstances of marketing authorization application for new drug, the Company capitalized development costs which can be directly attributed to the development of new drug.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, changes of the future salary etc. Please refer to Note 6 for more details.

D. Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6. Thus, the Company estimated the number of expected vesting equity instruments based on the vesting conditions success possibility and historical employee turnover rate.

E. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Company as of December 31, 2022.

F. Recognition and measurement for contingent liabilities

Provision for unsettled litigation is recognized when it is probable that it will result in unfavorable effect and the amount can be reasonably estimated. While the ultimate resolution of litigation and claims cannot be predicted with certainty, the final outcome or the actual cash outflow may be materially different from the estimated liability.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand / petty cash	$1,435	$981
Cash in banks	1,593,620	3,251,402
Time deposits	8,337,549	8,490
Total	$9,932,604	$3,260,873

Please refer to Note 12 for more details on credit risk.

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted company stocks	$43,235	$39,220

A. Please refer to Table 3 of Note 13 for more details on the relevant information of unlisted company stocks held by the Company.

B. Financial assets at fair value through other comprehensive income were not pledged.

(3) Financial assets at amortized cost

	As of December 31,	
	2022	2021
Cash in banks	$1,014,031	$21,398
Less: loss allowance	-	-
Total	$1,014,031	$21,398
Current	$976,245	$-
Non-current	37,786	21,398
Total	$1,014,031	$21,398

A. The credit risk of financial assets at amortized cost is low based on evaluation (same as the initial assessment) as of December 31, 2022 and 2021; therefore, there should be no significant expected credit losses.

B. The Company classified certain financial assets as financial assets at amortized cost. Please refer to Note 8 for more details on financial assets at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Accounts receivable

	As of December 31,	
	2022	2021
Accounts receivable	$187,147	$173,743
Less: loss allowance	-	-
Subtotal	187,147	173,743
Accounts receivable due from related parties	1,961,926	58,287
Less: loss allowance	-	-
Subtotal	1,961,926	58,287
Total	$2,149,073	$232,030

A. Accounts receivables were not pledged.

B. Accounts receivable credit terms are generally from 30 to 180 days. The total carrying amount as of December 31, 2022 and 2021 was $2,149,073 thousand and $232,030 thousand, respectively. Please refer to Note 12 for more details on credit risk.

C. The Company measures the allowance of its receivables at an amount equal to lifetime expected credit losses. The historical credit loss experience shows that different customer segments do not have significantly different loss patterns. Therefore, the loss allowance is measured at an amount equal to lifetime expected credit losses and with no distinction between groups. In addition, based on the historical default rate and subsequent collections, the Company assesses that receivables which are not overdue or overdue within 90 days from customers with great credit ratings, or the counterparties are domestic hospitals, foundation and government agencies, were no material impairment loss incurred. The relevant information of provision matrix as of December 31, 2022 and 2021, was as follows:

	As of December 31, 2022					
		Overdue				
	Not yet due	<=30 days	31-60 days	61-90 days	>90 days	Total
Gross carrying amount	$1,971,436	$110	$-	$-	$177,527	$2,149,073
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Carrying amount	$1,971,436	$110	$-	$-	$177,527	$2,149,073

	As of December 31, 2021					
		Overdue				
	Not yet due	<=30 days	31-60 days	61-90 days	>90 days	Total
Gross carrying amount	$61,473	$-	$-	$-	$170,557	$232,030
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit loss	-	-	-	-	-	-
Carrying amount	$61,473	$-	$-	$-	$170,557	$232,030

As of December 31, 2022 and 2021, allowance of the Company was both $0 thousand; there was no movement of allowance during the years ended December 31, 2022 and 2021, respectively.

D. The Company has an international arbitration event with counterparty – AOP Orphan Pharmaceuticals GmbH. As of December 31, 2022, accounts receivable due from the counterparty was overdue for 91 days. Please refer to Note 9 for more details of such arbitration event. The Company has recognized related provision for overdue receivable.

(5) Inventories

	As of December 31,	
	2022	2021
Raw materials	$17,750	$8,827
Supplies	106,249	40,481
Work in progress	5,703	59,725
Finished goods	561,220	698,693
Purchased merchandise inventory	897	11,404
Total	$691,819	$819,130

A. Expense and loss incurred on inventories were as follows:

	For the years ended December 31,	
	2022	2021
Cost of inventories sold	$680,640	$103,875
Expense recognized (reversed) from inventory write-down to net realizable value	(7,444)	26,781
Others	34,824	1,384
Total	$708,020	$132,040

For the years ended December 31,2022 and 2021, the Company recognized $7,444 thousand related to reversal of inventory write-down and $26,781 thousand cost in operating from inventory write-down, respectively. As the inventories which had recognized allowance have been sold in the current period, the related allowances has decreased, resulting in the reversal of write-down of inventories.

B. Inventories were not pledged.

(6) Prepayments

	As of December 31,	
	2022	2021
Current:		
Prepaid expenses (Note 1)	$26,167	$33,457
Other prepayments (Note 1)	31,567	18,863
Excess business tax paid	15	-
Subtotal	57,749	52,320
Non-current:		
Excess business tax paid	-	115,277
Prepaid application patent fees and others	35,242	9,169
Subtotal (Note 2)	35,242	124,446
Total	$92,991	$176,766

Note 1: Prepaid expenses and other prepayments were mainly prepaid for operating expenses such as commissioned research expenses.

Note 2: Accounting for other non-current assets, other.

(7) Investments accounted for using equity method

Investee companies	As of December 31, 2022 Carrying amount	2022 % of ownership	2021 Carrying amount	2021 % of ownership
Subsidiaries				
PharmaEssentia (Hong Kong) Limited (Note1)	$-	-%	$-	-%
PharmaEssentia Asia (Hong Kong) Limited	66,991	100%	5,537	100%
PharmaEssentia Japan KK	73,652	100%	54,305	100%
PharmaEssentia USA Corporation	(2,968,398)	100%	(199,571)	100%
PharmaEssentia Korea Corporation	37,736	100%	2,032	100%
Panco Healthcare Co., Ltd.	63,846	100%	77,859	100%
PharmaEssentia Singapore Pte. Ltd. (Note2)	1,474	100%	1,388	100%
PharmaEssentia Innovation Research Center, Inc. (Note3)	45,747	100%	-	-
Net of investments accounted for using equity method	$(2,678,952)		$(58,450)	
Investments accounted for using equity method	$289,446		$141,121	
Less: Credit balance of investments accounted for using equity method (Note 4)	(2,968,398)		(199,571)	
Net of investments accounted for using equity method	$(2,678,952)		$(58,450)	

Investments in subsidiaries was represented as “Investments accounted for using equity method” and adjusted for the valuation if necessary.

The financial statements of certain investments accounted for using equity method whose statements are based solely on the reports of other auditors. These investments accounted for using equity method amounted to NTD (199,571) thousand as of December 31, 2021. The related share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method amounted to NTD (1,092,404) thousand, for the year ended December 31, 2021, and the related share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method amounted to NTD (6,514) thousand for the year ended December 31, 2021.

Note 1: In order to expand the China market, the Company registered and established a wholly owned PharmaEssentia (Hong Kong) Limited with 100% share in 2013. However, as of December 31, 2022, PharmaEssentia (Hong Kong) Limited only completed the registration process and the Company has not remitted payment for share.

Note 2: According to operation plan, the Company invested in PharmaEssentia Singapore Pte. Ltd. with 100% shares in September 2021 and included it in the consolidated financial statements since then.

Note 3: According to operation plan, the Company invested in PharmaEssentia Innovation Research Center, Inc. with 100% shares in December 2022 and included it in the consolidated financial statements since then.

Note 4: Accounted for other non-current liabilities, others.

(8) Property, plant and equipment

A. Movements of property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost:								
As of January 1, 2022	$58,241	$69,639	$433,603	$2,309	$24,701	$321,716	$36,489	$946,698
Additions	-	-	42,792	-	6,840	26,947	207,548	284,127
Disposals	-	-	(3,966)	-	(68)	-	-	(4,034)
Other changes (Note)	-	-	27	-	-	1,983	(9,478)	(7,468)
As of December 31, 2022	$58,241	$69,639	$472,456	$2,309	$31,473	$350,646	$234,559	$1,219,323
As of January 1, 2021	$58,241	$69,639	$410,980	$3,295	$18,561	$297,448	$42,561	$900,725
Additions	-	-	24,062	-	6,148	12,568	2,806	45,584
Disposals	-	-	(1,439)	(986)	(8)	-	-	(2,433)
Other changes (Note)	-	-	-	-	-	11,700	(8,878)	2,822
As of December 31, 2021	$58,241	$69,639	$433,603	$2,309	$24,701	$321,716	$36,489	$946,698
Accumulated depreciation and impairment:								
As of January 1, 2022	$-	$17,318	$298,792	$1,969	$14,722	$278,761	$-	$611,562
Depreciation	-	1,856	33,271	145	4,584	50,704	-	90,560
Disposals	-	-	(3,966)	-	(68)	-	-	(4,034)
Other changes (Note)	-	-	-	-	-	-	-	-
As of December 31, 2022	$-	$19,174	$328,097	$2,114	$19,238	$329,465	$-	$698,088

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
As of January 1, 2021	$-	$15,442	$267,214	$2,809	$11,571	$207,136	$-	$504,172
Depreciation	-	1,876	32,970	146	3,159	71,625	-	109,776
Disposals	-	-	(1,392)	(986)	(8)	-	-	(2,386)
Other changes (Note)	-	-	-	-	-	-	-	-
As of December 31, 2021	$-	$17,318	$298,792	$1,969	$14,722	$278,761	$-	$611,562
Net carrying amount as of:								
December 31, 2022	$58,241	$50,465	$144,359	$195	$12,235	$21,181	$234,559	$521,235
December 31, 2021	$58,241	$52,321	$134,811	$340	$9,979	$42,955	$36,489	$335,136

Note: Other changes included reclassifications from prepaid equipment, transfer out by nature.

B. There was no capitalization on interest expense to property, plant and equipment for the years ended December 31, 2022 and 2021.

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

A. Movements of the intangible assets of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Trademarks	Patents	Computer software	Other intangible assets	Intangible assets in development	Total
Cost						
As of January 1, 2022	$5,125	$38,874	$14,711	$210,405	$-	$269,115
Additions－generated internally	-	-	-	-	-	-
Additions－acquired separately	-	-	8,721	-	-	8,721
Other changes (Note)	1,132	2,659	(909)	-	-	2,882
As of December 31, 2022	$6,257	$41,533	$22,523	$210,405	$-	$280,718
As of January 1, 2021	$4,306	$35,894	$11,450	$-	$185,505	$237,155
Additions－generated internally	-	-	-	-	24,900	24,900
Additions－acquired separately	-	-	2,643	-	-	2,643
Other changes (Note)	819	2,980	618	210,405	(21,405)	4,417
As of December 31, 2021	$5,125	$38,874	$14,711	$210,405	$-	$269,115

	Trademarks	Patents	Computer software	Other intangible assets	Intangible assets in development	Total
Accumulated Amortization and Impairment:						
As of January 1, 2022	$1,683	$28,341	$11,399	$1,375	$-	$42,798
Amortization	729	2,441	2,207	16,502	-	21,879
Other changes (Note)	(60)	-	(909)	-	-	(969)
As of December 31, 2022	$2,352	$30,782	$12,697	$17,877	$-	$63,708
As of January 1, 2021	$1,057	$25,611	$10,623	$-	$-	$37,291
Amortization	626	2,730	776	1,375	-	5,507
As of December 31, 2021	$1,683	$28,341	$11,399	$1,375	$-	$42,798
Net carrying amount as of:						
December 31, 2022	$3,905	$10,751	$9,826	$192,528	$-	$217,010
December 31, 2021	$3,442	$10,533	$3,312	$209,030	$-	$226,317

Note: Other changes included reclassifications by nature and disposal.

B. Amortization expense of intangible assets was stated as follows:

	For the years ended December 31,	
	2022	2021
Operating costs	$16,972	$1,814
Selling expenses	729	626
Administrative expenses	1,735	338
Research and development expenses	2,443	2,729
Total	$21,879	$5,507

C. On November 12, 2021 (US time), the Company officially received notice from the U.S. Food and Drug Administration (FDA) that the Company's Besremi® (Ropeginterferon alfa-2b, namely P1101) had obtained FDA approval for the treatment of adults with Polycythemia Vera (PV). In December 2021, the Company reclassified intangible assets in development to other intangible assets and started to amortize since then.

(10) Other payables

	As of December 31,	
	2022	2021
Salaries and bonus payable	$70,368	$56,920
Professional service fees payable	62,761	95,003
Commissioned research and clinical trial payable	52,993	68,664
Outsourced processing fees payable	11,116	-
Others (Note1)	28,528	24,947
Total	$225,766	$245,534

Note1: Individual payables amount not exceeded $10,000 thousand were aggregated as others.

(11) Long-term borrowings

A. Details of long-term borrowings as of December 31, 2022 and 2021 were as follows:

Creditor	As of December 31, 2022	Interest Rate (%)	Maturity date and terms of repayments
Mega Bank – Secured loan	$68,746	2.76356%	The period of the loan is from June 3, 2014 to June 2, 2034. After receiving the loan 1 month later, the principal should be repaid monthly in 240 installments.
Subtotal	68,746		
Less: current portion	(5,978)		
Total	$62,768		

Creditor	As of December 31, 2021	Interest Rate (%)	Maturity date and terms of repayments
Mega Bank – Secured loan (Note)	$74,724	2.06878%	The period of the loan is from June 3, 2014 to June 2, 2034. After receiving the loan 1 month later, the principal should be repaid monthly in 240 installments.
Subtotal	74,724		
Less: current portion	(5,978)		
Total	$68,746		

B. The Company' s unused credit of long-term borrowings was $0 thousand as of December 31, 2022 and 2021.

C. Please refer to Note 8 for more details on assets pledged as security for long-term borrowings.

(12) Post-employment benefits

A. Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were $13,747 thousand and $11,693 thousand, respectively.

B. Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $553 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The duration of the defined benefits plan obligation as of December 31, 2022 and 2021 both were year of 2024.

Pension costs recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Current service cost	$-	$-
Net interest on the net defined benefit liabilities (assets)	20	8
Total	$20	$8

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$8,732	$7,890	$7,652
Plan assets at fair value	(4,547)	(3,940)	(3,624)
Net defined benefit liability, non-current recognized on the balance sheets	$4,185	$3,950	$4,028

Reconciliations of liabilities (assets) of the defined benefit plan were as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2021	$7,652	$(3,624)	$4,028
Current period service cost	-	-	-
Interest expense (income)	15	(7)	8
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	15	(7)	8
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2	-	2
Actuarial gains and losses arising from changes in financial assumptions	(47)	-	(47)
Experience adjustments	268	(59)	209
Remeasurements of the defined benefit assets	-	-	-
Subtotal	223	(59)	164
Payments from the plan	-	-	-
Contribution by employer	-	(250)	(250)
As of December 31, 2021	7,890	(3,940)	3,950
Current period service cost	-	-	-
Interest expense (income)	40	(20)	20
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	40	(20)	20

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	$-	$-	$-
Actuarial gains and losses arising from changes in financial assumptions	(96)	-	(96)
Experience adjustments	898	(295)	603
Remeasurements of the defined benefit assets	-	-	-
Subtotal	802	(295)	507
Payments from the plan	-	-	-
Contribution by employer	-	(292)	(292)
As of December 31, 2022	$8,732	$(4,547)	$4,185

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.20%	0.50%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31,			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	$-	$33	$-	$36
Discount rate decrease by 0.25%	33	-	37	-
Future salary increase by 0.25%	29	-	32	-
Future salary decrease by 0.25%	-	28	-	31

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Equity

A. Common stock

As of January 1, 2021, the Company's authorized capital was $4,000,000 thousand and the issued capital was $2,634,183 thousand divided into 263,418 thousand shares, each at a par value of $10.

The Company issued employee share options in January 2018 and September 2018. For the years ended December 31, 2021 and 2022, 253 thousand shares and 1,518 thousand shares of employee share options were converted to common shares and the registration was completed. Please refer to Note 6(14) for more details on employee share options.

On December 3, 2021, the Company's interim board of directors resolved to issue 6,602 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $177 per share, the capital increase date was set as December 13, 2021 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on December 22, 2021.

On December 23, 2021, the Company's interim board of directors resolved to issue 6,631 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $235 per share, the capital increase date was set as December 30, 2021 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on January 11, 2022.

On April 19, 2022, the Company's interim board of directors resolved to issue 7,334 thousand ordinary shares with a par value of $10 through private placement for cash. The new shares issued by cash were at a premium of $250 per share, the capital increase date was set as May 4, 2022 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on May 16, 2022.

On July 14, 2022, the Company's board of directors resolved to issue 16,700 thousand ordinary shares with a par value of $10 for cash. On September 6, 2022, the issuance of new shares was receipted effective registration from the competent authority. The new shares issued by cash were at a premium of $408 per share, the capital increase date was set as Septemper 8, 2022 and the full amount of the shares was received on that date. The aforementioned additions in capital were approved and registered by the competent authority on November 3, 2022.

As of December 31, 2022 and 2021, the Company's authorized capital was both $4,000,000 thousand and the issued capital was $3,024,556 thousand and $2,769,036 thousand, respectively, which was divided into 302,456 thousand shares and 276,904 thousand shares, respectively, each at a par value of $10.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital arising from ordinary share	$12,548,562	$3,964,932
Treasury share transactions	457,433	-
Employee share options	379,927	731,996
Changes in ownership interests in subsidiaries	35,340	-
Restricted stock	-	460
Total	$13,421,262	$4,697,388

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

The Board of Directors of the Company had passed resolutions to purchase the Company's share for 3,200 thousand shares and 1,500 thousand shares on October 28, 2020 and January 6, 2021, respectively. Purchase period were during October 29, 2020 to December 27, 2020 and January 7, 2021 to March 5, 2021, respectively; the purchase shares were 2,935 thousand shares and 904 thousand shares, respectively; and the purchase price interval were $57 to $126 and $64 to $112, respectively.

As of December 31, 2022 and 2021, the treasury shares held by the Company were $87,502 thousand and $344,741thousand; the number of treasury shares held by the Company was 904 thousand shares and 3,839 thousand shares, respectively.

Please refer to Note 6(14) for further information on share-based payment plan for employees of the Company.

D. Retained earnings and dividend policy

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: Payment of all taxes and dues; Offset prior years' deficits; set aside 10% of the remaining amount after deducting items mentioned above as legal reserve; set aside or reverse special reserve in accordance with law and regulations; and the distribution of the remaining portion, if any, will be distributed according to the distribution plan proposed by the Board of Directors and resolved in the shareholders' meeting.

Considering the industry environment and the growth of the Company, it will take into account the Company's future capital expenditure budget and funding needs when distributing earnings to keep in line with the business development and expansion. As of the current period, no less than 10% of current distributable earnings (by cash or issuing new shares) shall be distributed as bonus, and no less than 10% of the total dividend shall be cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders' equity" for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The Company resolved by the shareholders' meeting on August 5, 2021 to cover accumulated deficit by capital surplus – additional paid-in capital of $2,144,028 thousand.

The Company had accumulated deficit for the year ended December 31, 2021, therefore the Company had resolved the distribution of the remaining portion by the shareholders' meeting on May 27, 2022 , that there was no available earnings for distribution.

The Company had accumulated deficit for the years ended December 31, 2022, therefore the Company had resolved by the board of directors on February 24, 2023 to cover accumulated deficit by capital surplus – additional paid-in capital of $4,185,557 thousand.

Please refer to Note 6(16) for further details on employees' compensation and remuneration to directors and supervisors.

(14) Share-based payment plan

A. Related to employee transactions

Certain employees of the Company are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

(a) Share-based payment plan for employees of the Company

On August 11, 2017 and March 26, 2021, the Company passed the resolution in the board of directors meeting to issue employee share options with a total number of 4,400 thousand units (Share-based payments plan A) and 3,000 thousand units (Share-based payments plan B), respectively. Each unit entitles an optionee to subscribe for 1 share of the Company's common share. The relevant details of aforementioned share-based payments plan were as follows:

Share-based payments plan A
The exercise price of the option was set not less than 50% of the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

Share-based payments plan B
The exercise price of the option was set not less than 50% of the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The contractual terms of each option granted are 7 years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (NT$)
January 12, 2018	2,166	$74
September 18, 2018	2,234	$88
June 24, 2021	3,000	$45

The following table lists the inputs to the model used for the plan granted during the year of 2018 and 2021:

	Year of 2018	Year of 2021
Dividend yield (%)	0%	0%
Expected volatility (%)	44.54% and 43.03%	39.43%
Risk-free interest rate (%)	0.73% and 0.72%	0.30%
Expected option life (years)	4.88years	4.88years
Weighted average share price (NT$)	$146.50 and $175	$90
Option pricing model	Black-Scholes Model	Black-Scholes Model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plans were as follows:

	For the years ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	5,891	$63	3,352	$81
Granted	-	-	3,000	45
Forfeited	-	-	(209)	81
Exercised (Note)	(1,518)	77	(252)	82
Expired	-		-	
Outstanding at end of period	4,373	$68	5,891	$63
Exercisable at end of period	1,602	$80	2,053	$81
For share options granted during the period, weighted average fair value of those options at the measurement date (NT$)		$-		

Note: The weighted average price at the implementation date of those options for the years ended December 31, 2022 and 2021 was $425 and $115, respectively.

The information on the outstanding share options was as follows:

	Range of exercise price	Weighted average remaining contractual life (years)
As of December 31, 2022		
Share options outstanding at the end of the period	$74, $88 and $45	2.08、2.72 and 5.5
As of December 31, 2021		
Share options outstanding at the end of the period	$74, $88 and $45	3.08、3.72 and 6.5

(b) Treasury shares transferred to employees of the Company

To motivate the employees and retain the best talent, a resolution of repurchasing and transferring shares to the employees was approved through the board of directors' meeting held on October 28, 2020 and January 6, 2021. The number of shares to be repurchased was 3,200 thousand shares and 1,500 thousand shares, respectively. The Company has repurchased for 2,935 thousand shares and 904 thousand shares, respectively.

The Company passed the resolution in the board of directors meeting on December 3, 2021 to transfer treasury shares to employees and the details were as follows:

Agreement type	Date of grant	Shares (in thousands)	Contract period	Vested condition	Date of transferring
Treasury shares transferred to employees	December 3, 2021	2,935	-	Vested immediately	January 7, 2022

The fair value of treasury shares transferred to employees was as follow:

Agreement type	Date of grant	Stock price	Exercise price	Fair value (per unit)
Treasury shares transferred to employees	December 3, 2021	$243.50	$87.48	$156.02

(c) Capital increase by cash reserved for employee share options of the Company

On July 14, 2022, the interim board of directors meeting of the Company resolved a cash offering of new shares. 15% of the new shares shall be reserved for subscription by the qualified employees in compliance with Company Act. The date of grant was based on the date of confirmation on the number of shares subscribed by the employees.

The subscription base date was September 8, 2022. The total newly issued shares for this capital increase by cash were 16,700 thousand shares and 2,505 thousand shares were reserved for the employees' subscription. The actual number of shares purchased by the employees was 2,034 thousand shares. The abovementioned cash offering of new shares was issued at NT$408 per share, and October 17, 2022 was set as the capital increase base date. The relevant information was as follows:

Agreement type	Date of grant	Shares (in thousands)	Contract period	Vested condition	Date of transferring
Reserved for employee share options	September 8, 2022	2,034	-	Vested immediately	October 17, 2022

The fair value of employee share options was as follow:

Agreement type	Date of grant	Stock price	Exercise price	Fair value (per unit)
Reserved for employee share options	September 8, 2022	$483.50	$408.00	$75.5

(d) Expenses incurred on share-based payment transactions were shown as follows:

	For the years ended December 31,	
	2022	2021
Total expense arising from equity-settled share-based payment transactions	$180,865	$483,420

B. Related to non-employee transactions

The Company entered a joint venture agreement with Luck Shine Enterprises, Limited (LSE as short) in January 2014, for the purpose of conducting P1101 clinical trials and its marketing after obtaining drug license in China. According to the joint venture agreement, the Company should provide the PharmaEssentia Asia (Hong Kong) Limited's stock options for LSE successively based on the completion of each milestones. Thus, if the milestones mentioned above can be all completed on schedule, LSE would get 2,000 thousand shares (approximately 25% of total shares) of PharmaEssentia Asia (Hong Kong) Limited. Even if the option is exercised, the Company would still have the majority rights in Board meeting and significant operational and financial decisions would still be made by the Company. Due to the arrangement of the agreement framework and time schedule, the agreement was arranged in December 2015. As of December 31, 2022, the Company haven't exercised the share option yet, application of share-based payment is not used. In addition, although the execution schedule has been adjusted, LSE continued to perform agreed milestone. Because of this the Company evaluate that the share option could have great possibility to be exercised, therefore, it is optimal estimates to be recognized as liability. The total recognized liabilities as of December 31, 2022 and 2021 were $1,512 thousand and $1,367 thousand, respectively, it was putted under the other current liabilities-other account.

(15) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$5,000,986	$290,543
Revenue arising from rendering of services	60	20,766
Total	$5,001,046	$311,309

A. The Company is a single operating department. The revenue from contracts with customers for the years ended December 31, 2022 and 2021 were sale of goods and recognized as revenue at a point in time; revenue arising from rendering of services was recognized based on the scope of the services performed and the rights to the completed services are enforceable.

B. The Company's contract liabilities to be recognized as revenue usually do not exceed one year, and there was no assets recognized from costs to fulfill a contract during the period.

(16) Summary statement of employee benefits, depreciation and amortization expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function was as follows:

By function / By feature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Wages and salaries	$202,012	$322,267	$524,279	$327,268	$429,857	$757,125
Labor and health insurance	11,599	13,663	25,262	9,787	10,975	20,762
Pension	6,553	7,210	13,763	5,602	6,099	11,701
Remuneration to directors	-	5,700	5,700	-	3,192	3,192
Other employee benefits expense	3,805	9,567	13,372	4,771	5,532	10,303
Depreciation	89,071	80,250	169,321	113,921	73,001	186,922
Amortization	16,972	4,907	21,879	1,814	3,693	5,507

B. As of December 31, 2022 and 2021, the Company had 295 and 225 employees, respectively. There were both 8 non-employee directors for each year.

C. Employee benefits and salaries

	For the years ended December 31,	
	2022	2021
Average employee benefits (Note1)	$2,009	$3,662
Average employee salaries (Note 2)	1,827	3,489
Adjustment the movement of average employee salary cost (Note 3)(Note 4)	(47.64)%	135.62%

Note 1: (Total employee benefits for the year - total directors' remuneration for the year)/(number of employees for the year - number of directors who are not employees)

Note 2: Total wages and salaries expenses for the current year/(number of employees for the current year - number of directors who are not concurrently employees)

Note 3: (Current year average employee salary expense - prior year average employee salary expense)/prior year average employee salary expense.

Note 4: The massive variation for the years ended December 31, 2021 due to the Company transferred its treasury shares to employees generating related expenses, and for the years ended December 31, 2022, no such circumstances.

D. There is no compensation to supervisors for the years ended December 31, 2022 and 2021, as the company set up an audit committee instead of appointing supervisors.

E. Salary remuneration of the Company is ruled by the Company's Management Measures for Employee Remuneration and Remuneration Committee Charter. Wages and salaries are determined on the basis of the Company's salary structure and the Company also assesses the employee's education, experience and working performance. According to the yearly target achievement rate of the Company, salary adjustment rate of government, consumer price index, salary level in market and demand of human resource, human resource department recommends an adjustment of salary and submit to general manager and chairperson for approval and implementation.

Remuneration policy for the Company's general manager, vice president and position of management equivalent is considered by the Company's operation strategy, profitability, performance and the contribution and also referred to industry standards. Compensation Committee proposes a resolution to the Board of Directors for approval and implementation.

F. According to the Articles of Incorporation of the Company, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated deficit shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the years ended December 31, 2022 and 2021 because of the net loss before tax, there was no estimated amounts of the employees' compensation and remuneration to directors.

(17) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	$37,488	$4,423
Interest income from financial assets measured at amortized cost	2,788	127
Other interest income	3,445	357
Total	$43,721	$4,907

B. Other income

	For the years ended December 31,	
	2022	2021
Others (Note)	$44,787	$21,392

Note: The Company received government relief subsidy revenue (including rent concession) amounted to $0 thousand and $14,228 thousand due to Novel Coronavirus (COVID-19) for the years ended December 31, 2022 and 2021.

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	$-	$(47)
Loss on disposal of intangible assets	(99)	-
Foreign exchange gains, net	139,085	(2,240)
Profit from lease modification	-	18
Other losses	(1,187)	(1,739)
Total	$137,799	$(4,008)

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest expenses of borrowings from bank	$1,704	$1,720
Interest on lease liabilities	7,136	6,153
Total	$8,840	$7,873

(18) Components of other comprehensive income

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to items that will not be reclassified	Other comprehensive income (loss), net
Items that will not be reclassified to profit or loss:					
Gains (losses) on remeasurement of defined benefit plans	$(507)	$-	$(507)	$912	$405
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,015	-	4,015	-	4,015
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	24,591	-	24,591	-	24,591
Total	$28,099	$-	$28,099	$912	$29,011

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to items that will not be reclassified	Other comprehensive income (loss), net
Items that will not be reclassified to profit or loss:					
Gains (losses) on remeasurement of defined benefit plans	$(164)	$-	$(164)	$-	$(164)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,215)	-	(3,215)	-	(3,215)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(16,500)	-	(16,500)	-	(16,500)
Total	$(19,879)	$-	$(19,879)	$-	$(19,879)

(19) Income tax

A. The major components of tax expense (benefit) for the years ended December, 31,2022 and 2021 were as follows:

Income tax recognized in profit or loss:

	For the years ended December 31,	
Deferred income tax expense (benefit):	2022	2021
Deferred income tax expense (benefit) relating to origination and reversal of temporary differences	$(8,699)	$-
Income tax expense (benefit) recognized in the period for previously unrecognized tax loss or temporary difference of prior periods	(201,223)	-
Total income tax expense (benefit)	$(209,922)	$-

Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred income tax expense (benefit):		
Remeasurements of defined benefit	$(912)	$-

B. A reconciliation between income tax expense (benefit) and loss before income tax multiplied by applicable tax rates was as follows:

	For the years ended December 31,	
	2022	2021
Accounting loss before tax from continuing operations	$(1,584,732)	$(2,810,988)
Tax expense at the statutory rate	$(316,946)	$(562,198)
Tax effect of revenues exempt from taxation	1,039	-
Tax effect of deferred tax assets/liabilities	105,985	562,198
Total income tax expense	$(209,922)	$-

C. Significant components of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2022:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowance for inventory valuation loss	$-	$18,092	$-	$18,092
Unrealized exchange gains (losses)	-	(6,029)	-	(6,029)
Others	-	2,693	912	3,605
Unused tax losses	-	195,166	-	195,166
Deferred income tax benefit (expense)		$209,922	$912	
Net of deferred tax assets (liabilities)	$-			$210,834
Reflected in balance sheets as follows:				
Deferred tax assets	$-			$216,863
Deferred tax liabilities	$-			$(6,029)

For the year ended December 31, 2021:

There was no change in the balance of deferred income tax assets (liabilities).

D. The following table contains information of the unused tax losses of the Company:

		Unused tax losses as of December 31,		
Year	Tax losses for the period	2022	2021	Expiration year
2012	227,847	$-	$227,847	2022
2013	576,215	-	576,215	2023
2014	833,819	-	833,819	2024
2015	661,054	-	661,054	2025
2016	983,636	365,005	983,636	2026
2017	848,158	848,158	848,158	2027
2018	867,392	867,392	867,392	2028
2019	653,000	653,000	653,000	2029
2020	1,093,535	1,093,535	1,093,535	2030
2021(Filed)	1,459,219	1,459,219	1,388,567	2031
		$5,286,309	$8,133,223	

E. The following table contains information of the unused investment tax credit of the Company:

Regulations of compliance	Item	Year	Unused investment tax credit as of December 31, 2022	Unused investment tax credit as of December 31, 2021	Expiration year
Act for the development of biotech and new pharmaceuticals industry	Funds invested in Research and development and personnel training	2011	$21,249	$21,249	Note
〃	〃	2012	28,943	28,943	〃
〃	〃	2013	123,805	123,805	〃
〃	〃	2014	92,808	92,808	〃
〃	〃	2015	61,436	61,436	〃
〃	〃	2016	69,605	69,605	〃
〃	〃	2017	83,953	83,953	〃
〃	〃	2018	102,374	102,374	〃
〃	〃	2019	39,769	39,769	〃
〃	〃	2020	31,288	34,329	〃
		2021 (Filed)	113,626	170,223	〃
		2022(Estimated)	60,046	-	〃
			$828,902	$828,494	

Note: For a period of five years from the time it is subject to corporate income tax, enjoy a reduction in its corporate income tax payable.

The differences of unused amount as of December 31, 2022 and 2021 were due to filed amount and approved amount and also between estimated filed amount and actual filed amount.

F. As of December 31, 2022 and 2021, the total amounts of all deductible temporary differences, carry forward of unused tax credits and unused tax losses, in the balance sheet are $3,110,901 thousand and $5,278,826 thousand, respectively.

G. The assessment of income tax returns of the Company before 2020 (including) was approved by the tax collection office.

(20) Earnings per share

Basic earnings (losses) per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	For the years ended December 31,	
	2022	2021
A. Basic earnings (losses) per share		
Loss attributable to ordinary equity holders of the Company (in thousands of NTD)	$(1,374,810)	$(2,810,988)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	284,207	260,166
Basic earnings (losses) per share (NTD)	$(4.84)	$(10.80)

B. There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date of the financial statements were authorized for issue.

C. For the years ended December 31, 2022 and 2021 were both loss after tax which caused the potential ordinary shares into anti-dilutive. Therefore, the Company only disclosed basic losses per share.

(21) Leases

A. Company as a lessee

The Company leases various properties, including real estate (such as land, buildings and structures) and transportation equipment. The lease terms range from 1 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Land	$285,791	$299,702
Buildings and structures	140,882	34,886
Transportation equipment	-	-
Total	$426,673	$334,588

During the years ended December 31, 2022 and 2021, the Company had additions to right-of-use assets amounted to $170,846 thousand and $26,478 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$434,659	$339,008
Current	$58,710	$47,615
Non-current	$375,949	$291,393

Please refer to Note 6(17)D for the interest expense on lease liabilities recognized for the years ended December 31, 2022 and 2021, and refer to Note 12 liquidity risk management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land	$18,430	$17,969
Buildings and structures	60,331	59,177
Total	$78,761	$77,146

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	$567	$452
The expenses relating to variable lease payments not included in the measurement of lease liabilities	719	683
Total	$1,286	$1,135

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company recognized in other income for the years ended December 31, 2022 and 2021 amounted to $0 thousand and $1,611 thousand to reflect changes in lease payments that arise from such rent concessions to which the Company has applied the practical expedient.

(d) Cash outflow relating to leasing activities

During for the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to $83,617 thousand and $82,028 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Company's building and equipment rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. Company as a lessor

The Company entered property, plant and equipment as operating leases, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
Not later than one year	$1,440	$1,440

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period was as follows:

(1) Name and relationship of related parties

Name of the related parties	Relationship with the Company
Panco Healthcare Co., Ltd. (PANCO)	Subsidiary of the Company
PharmaEssentia Korea (PEC (Korea))	Subsidiary of the Company
PharmaEssentia Japan KK (PEC (Japan))	Subsidiary of the Company
PharmaEssentia USA Corporation (PEC (USA))	Subsidiary of the Company
Ching-Leou, Teng	Key management personnel
Ko-Chung, Lin	Key management personnel
Sage Advisors, LLC	Other related party (the Company's key management personnel is the Company's substantive related party)

(2) Significant transactions with the related parties

A. Sales

	For the years ended December 31,	
	2022	2021
PEC (USA)	$4,324,930	$58,245
PEC (Korea)	10,119	-
	$4,335,049	$58,245

The amount for sales to related parties include unrealized profit from sales as of December 31, 2022 and 2021 were $4,063,465 thousand and $24,218 thousand. The terms for sales to related parties were not significantly different from those of sales to third parties. The collection period was about 30 to 90 days after sales.

B. The Company's purchase of services

	For the years ended December 31,	
	2022	2021
PEC (USA)	$14,748	$118,527
PANCO	7,449	3,867
Sage Advisors, LLC	418	3,580
PEC (Japan)	125	134
Total	$22,740	$126,108

Above purchase of services were s recorded as operating expenses of $22,740 thousand for the years ended December 31, 2022. Purchase of services were separately recorded as operating expenses of $125,617 thousand; recorded as intangible assets of $491 thousand for the years ended December 31, 2021.

C. Accounts receivable

	As of December 31,	
	2022	2021
PEC (USA)	$1,961,926	$58,287

D. Other receivables

	As of December 31,	
	2022	2021
PEC (USA)	$502,594	$181,014

Please refer to Note 13 for more details of the Company financings provided to related parties.

E. Other payables

	As of December 31,	
	2022	2021
PEC (USA)	$15,163	$118,527
PANCO	2,281	805
PEC (Japan)	124	134
Sage Advisors, LLC	-	296
Total	$17,568	$119,762

F. Interest revenue

	For the years ended December 31,	
	2022	2021
PEC (USA)	$2,049	$314
PEC (Japan)	846	-
PEC (Korea)	144	-
Total	$3,039	$314

G. Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$60,169	$38,375
Post-employment benefits	171	263
Share-based payment	25,664	61,300
Total	$86,004	$99,938

H. The Company's Chairman and Chief Executive Officer act as joint guarantor for the borrowings from bank.

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Assets pledged for security	Carrying amount as of December 31, 2022	Carrying amount as of December 31, 2021	Secured liabilities
Current Financial assets at amortized cost	$976,245	$-	Short-term borrowings by subsidiaries
Non-Current Financial assets at amortized cost	37,786	21,398	Performance bonds
Property, plant and equipment – land and buildings, net	108,330	109,933	Long-term borrowings
Total	$1,122,361	$131,331	

9. Significant contingencies and unrecognized contractual commitments

Other than unsettled litigation, endorsement and guarantee, the Company discloses contract amount over NTD 50,000 thousand as of December 31, 2022 as below:

(1) As of December 31, 2022, the Company provided endorsement and guarantee to subsidiaries were amounted to USD 32,382 thousand.

(2) The Company and Luck Shine Enterprises Limited signed a joint venture agreement to proceed into the conduct of clinical trials, obtaining marketing authorization, post marketing sales work, etc. for P1101 in China. Please refer to Note 6(14) for more details.

(3) The Company and Athenex, Inc. signed a license agreement for the trial and development of novel, oral cancer drug in Taiwan, Singapore and Vietnam. The payable license fees are USD 11,050 thousand, which the Company will pay at each stage in installments based on the agreement. In the future, based on the sales situation, certain percentages should be paid as license fees. As of December 31, 2022, the Company has paid USD 3,550 thousand in license fees.

(4) The Company and Athenex, Inc. signed a license agreement for the trial and development of an ointment preparation for psoriasis (KX01) in Taiwan, China (including Hong Kong and Macau), Singapore, and Malaysia. The payable license fees are USD 1,640 thousand and USD 13,500 thousand, which the Company will pay at each stage in installments based on the agreement. In the future, based on the sales situation, certain percentages should be paid as license fees. As of December 31, 2022, the Company has paid USD 1,640 thousand and USD 500 thousand, respectively.

(5) The Company and a Taiwan contract research organization (CRO) signed a contract research agreement which includes commissioning this CRO to conduct P1101 hepatitis C virus genotype 2 phase III clinical trials in Taiwan and South Korea, and KX01 psoriasis phase I/II clinical trial in Taiwan related work. The payable commissioned service fees total $225,655 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid $129,079 thousand.

(6) The Company and a Hong Kong contract research organization (CRO) signed a contract research agreement which includes commissioning this CRO to conduct the P1101 treatment of Hepatitis C virus genome type 2 phase III clinical trials related work in China. The payable commissioned research fees total $89,735 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid $49,720 thousand and CNY 1,352 thousand.

(7) The Company and a Taiwan pharmaceutical science company signed a contract research agreement that covers the conduct of comparing the efficacy of P1101 versus anagrelide for the treatment of essential thrombocythemia (ET) in a Phase III clinical trial. The payable commissioned research fees total USD 9,364 thousand, which the Company will pay at each stage based on the agreement. As of December 31, 2022, the Company has paid USD 3,724 thousand.

(8) The Company and a German drug product contract manufacturer signed a fill finish line change agreement, with an agreement cost totaling EUR 3,432 thousand. As of December 31, 2022, the Company has paid related costs of EUR 1,271 thousand.

(9) The Company's US subsidiary and a US consulting company signed a service agreement which includes commissioning this consulting company to provide human resources, sales & marketing, and training plans. Commissioned service fees are estimated at USD 10,762 thousand. This consulting company's commissioned service payments and related incurred expenses will be invoiced to the Company based on actual amounts. As of December 31, 2022, the Company's US subsidiary has paid related amounts of USD 9,996 thousand.

(10) In 2009, the Company and company AOP Orphan Pharmaceuticals GmbH (former name AOP orphan Pharmaceuticals AG, hereinafter referred to as AOP) entered into an agreement with promises as to certain license, territory, and data sharing rights, where the Company provided chemistry, manufacturing, and controls (CMC) data to AOP, and AOP provided clinical development data to the Company. However, AOP failed to provide the clinical development data pursuant to the contractual provisions. According to the contract, if any party did not provide data within 30 days, then such would form the basis for contract termination. Therefore, in November 2017, the Company retained German lawyers to send a notice letter

to AOP, that if AOP did not cure its material breach, then the license agreement would be terminated. However, in late March 2018, AOP brought International Chamber of Commerce ("ICC") arbitration claims, asserting that because the Company did not assist in providing CMC data, it caused AOP's inability to receive a marketing authorization and financial loss, and that if the Company continued to breach the agreement, it might cause an EU marketing authorization result of a negative opinion or a stop to the pending application review. In April 2018, the Company received notice of the foregoing. In June 2018, the Company's Board of Directors resolved that, in the same arbitration proceedings, to raise an arbitration counterclaim for confirmation of effectiveness of termination of the license agreement.

On October 21, 2020, the Company received an unfavorable arbitration award. To protect the rights and interests of the Company, the Company retained legal counsels to file a lawsuit to revoke the arbitration award. On February 15, 2022, the Company was notified by a German counsel of the final rulings of the revocation lawsuit. The German Federal Court of Justice held that the original rulings in the ICC arbitration award should be officially set aside regarding AOP's damages claims and the part regarding the costs sharing of the arbitration costs borne by the Company. Although the counterclaim filed by the Company against AOP to terminate the license agreement in the same arbitration proceeding was dismissed. As of the date this financial report was authorized for issue, both of the foregoing disputes have reached a definitive end

Since the rulings of the German Federal Court of Justice had already been finalized, AOP's damages claim previously awarded had been invalidated. The Company has considered suitable measures and going forward, for each financial reporting period, will evaluate the reasonableness of related matter.

(11) The Company, in order to protect the rights of shareholders, separately on November 18, 2020 and December 22, 2020, filed arbitration damages claims with the ICC Court that AOP's delay in providing clinical trial data caused delay damages during the Company's US BLA process, and that AOP's violation of the license agreement in not initiating clinical trials for three other clinical indications caused the Company losses.

On February 18, 2021, the ICC notified the Company that the two separate requests for arbitration were consolidated (hereinafter referred to as the "New Arbitration"), and the arbitrators appointed by each party collectively chose the chief arbitrator to constitute the arbitral tribunal. In accordance with the arbitration timetable, the first statement of claim was filed on October 22, 2021 by the Company (Statement of Claim). Against the Statement of Claim filed by the Company, AOP filed a statement of defense and counterclaim with the ICC on March 25, 2022 (Statement of Defense and Counterclaim). In addition to submitting the defenses, AOP filed a counterclaim asserting damages claims as follows: (1) the losses arising from violation of License Agreement by the Company; (2) illegal use of AOP's clinical trial

data by the Company; (3) the service fees that should be paid by the Company to AOP and the overpaid product prices paid by AOP. In sum, AOP counterclaimed to the Company for compensation amounting to approximately EUR 6,000,000 thousand, and the Company is actively responding to this. In this regard, the Company has filed the Statement of Reply and Defense to Counterclaim on October 21, 2022 in response to its claims, including the damages that resulted from the delay caused by the reasons attributable to AOP during the EU Marketing Approval review and AOP's failure to fully realize Besremi's commercial value in its licensed territories. Accordingly, the claim amount of the damages has also been adjusted.

The Company has considered suitable measures and going forward, for each financial reporting period, will evaluate the reasonableness of related matter. The Company, in accordance with the rules of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), paragraph 92, is not disclosing normally required information under such rules, because disclosure of this information may affect the results of the foregoing matter.

(12) The Company was notified on October 18, 2022 that AOP filed a civil action against the Company and its US subsidiary in the Superior Court of Commonwealth of Massachusetts, claiming the following: (1) the transactions between the Company and its US subsidiary affected AOP's rights; and (2) the Company and its US subsidiary's request against AOP to amend the License Agreement constitutes unfair competition. However, AOP has not specified the claim amount. The Company has dealt with this matter in a manner that it deems appropriate and has retained US lawyers to evaluate to respond to the legal action by submitting a motion on January 6, 2023, and will re-evaluate the reasonableness of the relevant approaches in each subsequent financial reporting period.

(13) The Company signed the "Taoyuan Airport City Priority Industrial Zone Land Tendering Project E Land Contract" with the Taoyuan City Government. The Company will pay the corresponding amount in the future according to the respective stages stipulated in the Contract, and the total amount of payments payable for purchasing E Land payable NTD 1,100,029 thousand, and as of December 31, 2022, the Company has paid NTD 110,003 thousand.

(14) The Company's US subsidiary entered into a Master Services Agreement (MSA) and Statement of works (SOW) with Medpace Inc., USA, who is entrusted with the following tasks: (1) A phase IIIb, single-arm, multicenter study to assess the efficacy, safety, and tolerability of Ropeginterferon alfa-2b-njft (P1101) in patients with Polycythemia Vera (PV); and (2) A single-arm, multicenter supplemental clinical trial study protocol of Essential Thrombocythemia (ET) study to assess the efficacy, safety, and tolerability of Ropeginterferon alfa-2bnjft (P1101) in patients with ET, the total expenses payable for clinical trial amount to approximately USD 19,461 thousand, as of December 31, 2022, the US subsidiary has paid USD 658 thousand.

(15) In order to conduct the global phase III clinical trial of essential thrombocythemia (P1101 ET clinical trial), the Company entered into a Master Services Agreement (MSA), its Task Order 1 (Task Order 1) and its amendment (Amendment 1) with Medpace Inc., an American clinical research organization, which was entrusted to conduct the P1101 ET clinical trials at multiple clinical trial centers in the countries of Taiwan, the United States, Hong Kong, and moreover expanded to Canada, Singapore, and five European countries (Bulgaria, Czech Republic, France, Hungary, Poland), and the total related expenses payable are about USD 12,090 thousand. As of December 31, 2022, the Company has paid related expenses of USD 7,908 thousand.

10. Losses due to major disasters

No such circumstances.

11. Significant subsequent events

No such circumstances.

12. Others

(1) Financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through other comprehensive income (non-current included)	$43,235	$39,220
Financial assets at amortized cost		
Cash and cash equivalents (cash on hand excluded)	9,931,169	3,259,892
Receivables (related parties included)	2,149,297	232,030
Other receivables (related parties included)	528,722	199,461
Financial assets at amortized cost (non-current included)	1,014,031	21,398
Refundable deposits	37,253	34,810
Subtotal	13,660,472	3,712,781
Total	$13,703,707	$3,752,001

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Notes and accounts payable	$33,004	$21,819
Other payables (related parties included)	243,334	365,296
Long-term borrowings (current portion included)	68,746	74,724
Lease liabilities (non-current included)	434,659	339,008
Total	$779,743	$800,847

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analysis, please refer to Note 12(9).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments at variable interest rates and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. As at the end of the reporting period, an increase or a decrease of 10 basis points of interest rate cause the loss for the years ended December 31, 2022 and 2021 to decrease/increase and increase/decrease by $8,269 thousand and $66 thousand, respectively.

Equity price risk

The fair value of the Company's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for receivables) and from its financing activities (primarily for cash in banks).

The Company only trades with third parties whom have already approved and with good credit rating. The Company's policy also requires conducting credit confirmation procedures before open account transaction, and continuously assesses the collection of receivables.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

As of December 31, 2022 and 2021, accounts receivable from top ten customers represent both 99% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

Expect for the loss allowance of receivables measured at lifetime expected credit losses, the Company assess the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
Payables (including other payables)	$276,338	$-	$-	$-	$276,338
Long-term borrowings (including interest to be paid)	7,878	14,914	14,268	45,456	82,516
Lease liabilities (including non-current)	59,973	58,911	126,877	228,893	474,654
As of December 31, 2021					
Payables (including other payables)	$387,115	$-	$-	$-	$387,115
Long-term borrowings (including interest to be paid)	7,520	14,680	14,181	51,748	88,129
Lease liabilities (including non-current)	52,002	23,532	62,791	246,351	384,676

(6) Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2022:

	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$74,724	$339,008	$413,732
Cash flows	(5,978)	(82,331)	(88,309)
Non-cash changes	-	177,982	177,982
As of December 31, 2022	$68,746	$434,659	$503,405

For the year ended December 31, 2021:

	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$80,702	$387,377	$468,079
Cash flows	(5,978)	(80,893)	(86,871)
Non-cash changes	-	32,524	32,524
As of December 31, 2021	$74,724	$339,008	$413,732

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other payables approximate their fair value due to their short maturities.

(b) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(c) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments at amortized cost

Among the Company’s financial assets and financial liabilities measured at amortized cost, the carrying amount approximate their fair value.

C. Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$43,235	$43,235

As of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$39,220	$39,220

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

During the years ended December 31, 2022 and 2021, there were no movements of fair value measurements in Level 3 of the fair value hierarchy.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy movements during the period was as follows:

	At fair value through other comprehensive income
	Stocks
As of January 1, 2022	$39,220
Total gains (losses) recognized for the year ended December 31, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	4,015
As of December 31, 2022	$43,235

	At fair value through other comprehensive income
	Stocks
As of January 1, 2021	$17,435
Total gains (losses) recognized for the year ended December 31, 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(3,215)
Acquisition for the year ended December 31, 2021	25,000
As of December 31, 2021	$39,220

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

As of December 31, 2022：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Assets approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Company's equity by $618 thousand

As of December 31, 2021：

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Assets approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease / increase in the Company's equity by $488 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed

As of December 31, 2022：

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Time deposits	$-	$1,014,031	$-	$1,014,031
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Long-term borrowings (including current portion)	-	68,746	-	68,746

As of December 31, 2021：

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets at amortized cost				
Time deposits	$-	$21,398	$-	$21,398
Financial liabilities did not measure at fair value but for which the fair value was disclosed:				
Long-term borrowings (including currents portion)	-	74,724	-	74,724

(9) Significant assets and liabilities denominated in foreign currencies

(In thousands)

	As of December 31, 2022				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on income (equity)
Financial assets					
Monetary items					
EUR	$10,409	32.6000	$339,333	1%	$3,393
USD	140,350	30.6250	4,298,227	1%	42,982
CNY	7,422	4.3940	32,610	1%	326
HKD	18,403	3.9400	72,507	1%	725
KRW	1,915,358	0.0237	45,404	1%	454

	As of December 31, 2022				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on income (equity)
Non-monetary items					
USD	$18,234	30.6250	$558,418	1%	$5,584
HKD	17,003	3.9400	66,991	1%	670
KRW	1,915,358	0.0237	45,404	1%	454
JPY	326,618	0.2255	73,652	1%	737
Financial liabilities					
Monetary items					
EUR	10,084	32.6000	328,724	1%	3,287
USD	925	30.6250	28,319	1%	2,832
CNY	1,063	4.3940	4,669	1%	47
JPY	76,255	0.2255	17,195	1%	172

(In thousands)

	As of December 31, 2021				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on income (equity)
Financial assets					
Monetary items					
EUR	$11,994	31.3200	$375,649	1%	$3,756
USD	10,772	27.8000	299,453	1%	2,995
CNY	7,433	4.3630	32,428	1%	324
HKD	1,818	3.5620	6,475	1%	65
Non-monetary items					
SGD	68	20.3200	1,388	1%	14
HKD	1,554	3.5620	5,537	1%	55
KRW	86,652	0.02345	2,032	1%	20
JPY	221,202	0.2445	54,305	1%	543
Financial liabilities					
Monetary items					
EUR	3,643	31.3200	114,110	1%	1,141
USD	5,515	27.8000	153,313	1%	1,533
CNY	289	4.3630	1,263	1%	13
JPY	98,033	0.2445	23,969	1%	240
HKD	3,984	3.5620	14,191	1%	142
Non-monetary items					
USD	7,179	27.8000	199,571	1%	1,996

The Company's foreign currency transactions were denominated in multiple currencies; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. For the years ended December 31, 2022 and 2021 the Company's incurred foreign exchange gains (losses) were $139,085 thousand and $(2,240) thousand, respectively.

The above information was disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares.

13. Other disclosure

(1) Information at significant transactions

A. Financings provided to others, please refer to table 1 for more details.

B. Endorsements/guarantees provided to others, please refer to table 2 for more details.

C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.

D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, please refer to table 4 for more details.

E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital, please refer to table 5 for more details.

F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital, no such circumstances.

G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital, please refer to table 6 for more details.

H. Receivables due from related parities amounting to at least NTD 100 million or 20 percent of the paid-in capital, please refer to table 7 for more details.

I. Derivative instruments transactions, no such circumstances.

J. Significant intercompany transactions between consolidated entities, please refer to table 8 for more details.

(2) Information on investees

A. The Company had directly or indirectly significant influence or control on the invested company which shall disclose relevant information, please refer to table 8 for more details.

B. The Company had directly or indirectly control on the invested company which shall disclose relevant information of the above (1) A~I, except for above (1) G and H, refer to table 6 and table 7, there were no such circumstances for above (1) A~F and I.

(3) Information on investments in Mainland China

Please refer to table 9 for more details.

(4) Information on major shareholders：

Shares / Name of major shareholder	Shareholdings	Percentage of ownership (%)
National Development Fund, Executive Yuan	22,066,296 shares	7.28%

PharmaEssentia Corp.

Notes to parent company only financial statements

Table 1: Financings provided to others

(Unit: thousands of foreign currency/NTD)

No. <Note1>	Financing Company	Counter-party <Note10>	Financial statement account	Related party	Maximum balance for the period <Note2>	Ending balance <Note3>	Amount actually drawn	Interest rate	Nature of financing <Note4>	Transaction amounts for business <Note5>	Reason for short-term financing <Note6>	Allowance for bad debt	Collateral		Financing Limits for each borrowing company <Note7>	Financing company's total financing amount limits <Note8>
													Item	Value		
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	Other receivables due from related parties	Y	$541,000	$541,000	$502,250 (USD 16,400)	2.50%	2	$-	Operating Capital	$-	-	-	$1,213,589	$4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Japan KK	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Korea Corporation	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357
0	PharmaEssentia Corp.	PharmaEssentia Asia (Hong Kong) Limited	〃	Y	190,000	-	-	2.25%	2	-	Operating Capital	-	-	-	1,213,589	4,854,357

<Note1> The numbers filled in for the financings provided by the company or subsidiaries are as follows:

1. The Company is "0".

2. The subsidiaries are numbered in order starting from "1".

<Note2> The maximum balance for the period.

<Note3> Resolved by the Board of Directors.

<Note4> The codes represent the nature of financing activities as follows:

1. Trading partner is "1".

2. Short-term financing is "2".

<Note5> For trading partners, disclose the accumulated trading amount for the period ended to financial statement date.

<Note6> For short-term financing, disclose the reason and use of funds.

<Note7> Financing limits for each borrowing companies are as follows:

1. Trading Partners: The maximum of total financing is higher of the transaction amount for procurement or sales during current year.

2. Short-term financing: The maximum of total financing is 10% of the Company's net worth.

3. Subsidiaries 100% held by the Company or the above mention subsidiaries finance to the Company: The maximum of total financing is 10% of the financing company's net worth.

<Note8> Financing company's total financing amount limits are as follows:

1. Trading Partners: The maximum of financing total amount is 40% of the financing company's net worth.

2. Short-term financing: The maximum of financing total amount is 40% of the financing company's net worth.

3. Subsidiaries 100% held by the Company or the above mention subsidiaries finance to the Company: The maximum of financing total amount is 40% of the financing company's net worth.

<Note9> All transactions listed above were eliminated in the consolidated financial statements.

<Note10> Ending amount in this table were disclosed in NTD. Amount related to foreign currency were translated to NTD by rate of financial statement date. The related exchange rates were as follows:

USD:NTD 1:30.625

JPY:NTD 1:0.2255

KRW:NTD 1:0.0237

HKD:NTD 1:3.9400

Table 2: Endorsements/guarantees provided to others (Unit: thousands of foreign currency/NTD)

No. <Note1>	Endorsement/ Guarantee provider	Guaranteed party		Limits on endorsement / Guarantee amount provided to each guaranteed party <Note3>	Maximum balance for the period	Ending balance	Amount actually drawn	Amounts of endorsement / Guarantee collateralized by properties	Ratio of accumulated endorsement / Guarantee to net equity per latest financial statements	Maximum endorsement / Guarantee amount allowable <Note3>	Guarantee provided by the Company <Note4>	Guarantee provided by a subsidiary <Note4>	Guarantee provided to subsidiaries in Mainland China <Note4>
		Name	Nature of relationship <Note2>										
0	PharmaEssentia Corp.	PharmaEssentia USA Corporation	2	$2,427,179	USD 32,382 ($991,711)	USD 32,382 ($991,711)	USD 31,800 ($973,875)	$-	8.00%	$4,854,357	Y	-	-

<Note1> The numbers filled in for the endorsements/guarantees provided by the company or subsidiaries are as follows:

1. The Company is "0".

2. The subsidiaries are numbered in order starting from "1".

<Note2> The following code represents the relationship with the company:

1. A company with which it does business.

2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.

5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note3> The amount of limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 20% of the net equity per latest financial statements of the Company; the amount of accumulated endorsement/guarantee shall not exceed 40% of net equity per latest financial statements.

<Note4> Guarantee provided by listed parent company to subsidiaries , guarantee provided by a subsidiary to listed parent company and guarantee provided to entities registered in Mainland China were recorded "Y".

<Note5> Ending amount in this table were disclosed in NTD. Amount related to foreign currency were translated to NTD by rate of financial statement date. The related exchange rate was as follow:

USD:NTD 1:30.625

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures) (Unit: thousands of NTD/share)

Held company name	Marketable securities type and name	Relationship with the Company	Financial statement account	Ending balance				Remark
				Share / Units	Carrying value	Percentage of ownership	Fair value	
PharmaEssentia Corp.	Mithra Biotechnology Inc.	—	Financial assets at fair value through other comprehensive income	980	$-	4.00%	$-	
PharmaEssentia Corp.	IIH Biomedical Venture Fund I Co., Ltd.	—	Financial assets at fair value through other comprehensive income	5,000	43,235	8.08%	43,235	

Table 4: Aggregate purchases or sales of the same securities reaching NTD 300 million or 20% of paid-in capital or more (Unit: thousands of NTD/share)

Company Name	Type and name of marketable securities <Note1>	Financial statement account	Counter-party <Note2>	Nature of relationship <Note2>	Beginning balance		Acquisition<Note3>		Disposal<Note3>				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Carrying value	Gain/Loss on disposal	Shares/ Units	Amount
PharmaEssentia Corp.	Stocks	Investments accounted for using equity method	PharmaEssentia USA Corporation	Parent company and subsidiary	5,600	$1,617,926	4,600	$1,357,865	-	$-	-	-	10,200	$2,975,791

<Note1> Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

<Note2> Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

<Note3> Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NTD 300 million or 20% of paid-in capital or more.

<Note4> 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 $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.

Table 5：Acquisition of individual real estate properties at costs of at least NTD300 million or 20% of paid-in capital or more (Unit: thousands of NTD)

Company Name	Name of Property	Transaction Date (Note)	Transaction amount	Payment term	Counter-party	Nature of relationships	Prior transaction of related counter-party				Price reference	Purpose of acquisition	Other terms
							Owner	Relationships	Transfer Date	Amount			
PharmaEssentia Corp.	Taoyuan Aerotropolis Industry Area base E	July 28, 2022	$1,100,029	The first installment is 10% of the land price	Taoyuan City Government	Buyers and Sellers	-	-	-	-	Referring to the market price of the land in nearby area and reserve price.	Operating Capital	-

<Note> Date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Table 6: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital (Unit: thousands of foreign currency/NTD)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transaction terms different from regular transactions		Notes/Accounts receivable (payable)		Remark
			Purchase /Sales	Amount	% to total <Note>	Payment term	Unit price	Payment term	Ending balance	% to total <Note>	
PharmaEssentia Corp.	PharmaEssentia USA Corporation	Subsidiary	Sales revenue	$4,324,930	86%	About 90 days	Similar to general terms and conditions	About 90 days	$1,961,926	91%	
PharmaEssentia USA Corporation	PharmaEssentia Corp.	Parent company	Purchases	(USD 143,468)	96%	-	Similar to general terms and conditions	-	(USD 64,063)	95%	

<Note> Percentage to total purchases (sales) and accounts receivable (accounts payable).

Table 7: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital (Unit: thousands of NTD)

Company name	Related party	Nature of relationship	Financial statement account	Ending balance	Turnover ratio	The reason that trade terms different from general transactions		Amounts received in subsequent period	Allowance for bad debts
						Amount	Procedure		
PharmaEssentia Corp.	PharmaEssentia USA Corporation	Subsidiary	Accounts receivable due from related parties	$1,961,926	-	$-	-	$-	$-

Table 8: Related informations (except to investments in Mainland China) about investee company, located, etc.: (Unit: thousands of NTD/share)

Invester company	Investee company	Location	Main business	Original investment amount		Balance at the end of period			Net income (losses) of the investee	Share of profits (losses) of investee	Remark
				Ending balance	Beginning balance	Shares	Percentage of ownership	Carrying value			
PharmaEssentia Corp.	PharmaEssentia Asia (Hong Kong) Limited	Hong Kong	Biotechnology service, etc.	$196,292	$91,344	13,200	100%	$66,991	$(47,705)	$(47,705)	
PharmaEssentia Corp.	PharmaEssentia (Hong Kong) Limited	〃	〃	-	-	-	-	-	-	-	<Note1>
PharmaEssentia Corp.	PharmaEssentia Japan KK	Japan	〃	735,595	451,990	58,997	100%	73,652	(272,298)	(272,298)	
PharmaEssentia Corp.	PharmaEssentia USA Corporation	USA	〃	2,975,791	1,617,926	10,200	100%	(2,968,398)	(389,737)	(389,737)	<Note2>
PharmaEssentia Corp.	PharmaEssentia Korea Corporation	Korea	〃	147,970	58,700	1,227	100%	37,736	(51,007)	(51,007)	<Note2>
PharmaEssentia Corp.	Panco Healthcare Co., Ltd.	Taiwan	〃	102,500	102,500	10,000	100%	63,846	(21,458)	(21,458)	
PharmaEssentia Corp.	PharmaEssentia Singapore Pte. Ltd.	Singapore	〃	1,394	1,394	68	100%	1,474	(72)	(72)	
PharmaEssentia Corp.	PharmaEssentia Innovation Research Center, Inc.	USA	〃	45,937	-	150	100%	45,747	(185)	(185)	<Note3>

<Note1> In order to expand the China market, the Company registered and established a wholly owned PharmaEssentia (Hong Kong) Limited with 100% share holdings in 2013.

However, as of December 31, 2022, PharmaEssentia (Hong Kong) Limited only completed the registration process and the Company has not remitted payment for share.

<Note2> The carrying amount held at the end of the period has adjusted the unrealized profit from sales.

<Note3> According to operation plan, the Company invested in and established a wholly owned PharmaEssentia Innovation Research Center, Inc. with 100% share holdings in December, 2022.

At present, the attorney is assisting to change the registered shares to 150 thousand shares.

Table 9: Informations on investments in Mainland China

(Unit: thousands of foreign currency/NTD)

Investee company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan at the end of period	Net income (loss) of the investee company	Percentage of ownership	Share of profits/losses	Carrying amount at the end of period	Accumulated inward remittance of earnings at the end of period
					Outflow	Inflow						
PharmaEssentia Biotechnology (Beijing) Limited	Biotechnology service, etc.	$122,500 (USD 4,000)	<Note1(2)>	$61,250 (USD 2,000)	$61,250 (USD 2,000)	$-	$122,500 (USD 4,000)	$(30,980) (-CNY 6,998)	100.00%	$(30,980) (-CNY 6,998) <Note 1(2),3>	$36,918 CNY 8,402	$-

Accumulated Investment in Mainland China at The End of Period	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit of Investment (60% of the Company's net worth)
$122,500 (USD 4,000)	$122,500 (USD 4,000)	$7,281,536

<Note1> Method of investment was classified as the following three types:

1.The investments in Mainland China directly.

2. Re-invest in Mainland China through the third regional company (the invester company in the third regional was PharmaEssentia Asia (Hong Kong) Co., Ltd.).

3. Others.

<Note2> In the shared profits/losses column:

1. The investments that are in preparation and thus haven't generated any profits/losses should be specified.

2. The resources of shared profits/losses should be specified as one of the three below:

(1) Financial report audited by international audit firm that has partnership with audit firm in Taiwan.

(2) Financial report audited by CPA who audits the parent company in Taiwan.

(3) Others. (Financial statements of certain subsidiaries were not reviewed by independent accountants)

<Note3> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency were as follows:

1. Ending investment balance as of reporting date were translated using the exchange rates as follows:

USD:NTD 1: 30.625

CNY:NTD 1: 4.3940

2. Investment gains or losses were translated using the average rates for the year ended December 31, 2022 as follows:

USD:NTD 1: 29.7871

CNY:NTD 1: 4.4270

THE CONTENT OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

PHARMAESSENTIA CORP.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand / petty cash		$1,435	
Cash in banks			
	Check deposits	468	
	Demand deposits (Note)	1,593,152	
	Time deposits (Note)	8,337,549	
Total		$9,932,604	

Note: Significant foreign currencies of cash in banks were as follow:

Currency	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD in thousands)
USD	$40,716	30.6250	$1,246,935
EUR	4,722	32.6000	153,935
CNY	7,421	4.3940	32,610

PHARMAESSENTIA CORP.

2.STATEMENT OF ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related parties			
PharmaEssentia USA Corporation		$1,961,926	
Less: loss allowance		-	
Subtotal		1,961,926	
Non-related parties			
Company A		$177,528	
Others		9,619	(The amount is less than 5% of the account)
Less:loss allowance		-	
Subtotal		187,147	
Total		$2,149,073	

PHARMAESSENTIA CORP.

3.STATEMENT OF INVENTORIES

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Collateral	Cost	Net realizable value
Raw materials	No	$22,417	$17,750
Supplies	〃	115,744	106,249
Work in progress	〃	5,703	5,703
Finished goods	〃	635,874	561,220
Purchased merchandise inventory	〃	2,539	897
Subtotal		782,277	$691,819
Less: Allowance for inventory valuation losses		(90,458)	
Net Amount		$691,819	

PHARMAESSENTIA CORP.

4.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For The Year Ended December 31, 2022

(In Thousands Shares/In Thousands of New Taiwan Dollars)

Investees	Beginning Balance		Additions (Note 1)		Decrease (Note 1)		Ending Balance			Market value or Net Equity		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Per (dollar)	Total		
PharmaEssentia Asia (Hong Kong) Limited	6,200	$5,537	7,000	$104,948	-	$(43,494)	13,200	100%	$66,991	$5.08	$66,991	None	
PharmaEssentia (Hong Kong) Limited	-	-	-	-	-	-	-	-	-	-	-	None	Note 2
PharmaEssentia Japan KK	33,630	54,305	25,367	283,605	-	(264,258)	58,997	100%	73,652	1.25	73,652	None	
PharmaEssentia USA Corporation	5,600	(199,571)	4,600	1,357,865	-	(4,126,692)	10,200	100%	(2,968,398)	(291.02)	(2,968,398)	None	Note 3
PharmaEssentia Korea Corporation	451	2,032	776	89,270	-	(53,566)	1,227	100%	37,736	30.75	37,736	None	
Panco Healthcare Co., Ltd.	10,000	77,859	-	-	-	(14,013)	10,000	100%	63,846	6.38	63,846	None	
PharmaEssentia Singapore Pte. Ltd.	68	1,388	-	86	-	-	68	100%	1,474	21.68	1,474	None	
PharmaEssentia Innovation Research Center, Inc.	-	-	150	45,937	-	(190)	150	100%	45,747	304.98	45,747	None	Note 4
Total		$(58,450)		$1,881,711		$(4,502,213)			$(2,678,952)		$(2,678,952)		

Note 1: The net movements included increasing of subsidiary employees stock purchased to recognized capital surplus for $35,340 thousands, recognising share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method for $(782,462) thousands, exchange differences on translation of foreign financial statements or $24,591 thousands, increasing cash capital for $1,881,623 thousands, unrealized profit from sales between affiliated companies for $(4,063,465) thousands and realized profit from sales between affiliated companies for $283,870 thousands.

Note 2: In order to expand the China market, the Company registered and established a wholly owned PharmaEssentia (Hong Kong) Limited with 100% share in October 2013. However, As of December 31, 2022, PharmaEssentia (Hong Kong) Limited only completed the registration process and the Company has not remitted payment for share.

Note 3: Recognize under credit balance of investments accounted for using equity method.

Note 4: According to operation plan, the Company registered and established a wholly owned PharmaEssentia Innovation Research Center, Inc. with 100% share in December, 2022.

PHARMAESSENTIA CORP.

5.STATEMENT OF CHANGES IN RIGHT-OF-USE-ASSETS, THE ACCUMULATED DEPRECIATION AND IMPAIRMENT

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	$342,853	$4,519	$-	$347,372	
Buildings and structures	120,229	166,327	(96,312)	190,244	
Subtotal	463,082	170,846	(96,312)	537,616	
Accumulated depreciation and impairment					
Land	(43,151)	(18,430)	-	(61,581)	
Buildings and structures	(85,343)	(60,331)	96,312	(49,362)	
Subtotal	(128,494)	(78,761)	96,312	(110,943)	
Net carrying amount	$334,588	$92,085	$-	$426,673	

PHARMAESSENTIA CORP.

6.STATEMENT OF CHANGES IN OTHER NON-CURRENT ASSETS

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other non-current assets, others		
Guarantee deposits paid	Plant deposits and office deposits, etc.	$37,253
Prepaid intangible assets fees		26,786
Prepaid application patent and trademark fees		8,456
Total		$72,495

PHARMAESSENTIA CORP.

7.STATEMENT OF ACCOUNTS PAYABLE

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Supplier name	Amount	Note
Company B	$7,586	
Company C	5,032	
Company D	2,328	
Others	18,017	(The amount is less than 5% of the account)
Total	$32,963	

PHARMAESSENTIA CORP.

8.STATEMENT OF OTHER CURRENT LIABILITIES, OTHERS

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Advance receipts	Receipts from employees exercising of employee share options	$22,364
Temporary credits		67,044
Receipts under custody	Withholding taxes, health insurance and collecting pensions, etc.	2,777
Others		245,423
Total		$337,608

PHARMAESSENTIA CORP.

9.STATEMENT OF LEASE LIABILITIES

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Lease Period	Discount Rate	Description	Ending Balance	Note
Land	From March 2018 to December 2039	1.68%	Current	$16,441	
		1.68%	Non-current	277,492	
			Subtotal	293,933	
Buildings and structures	From May 2017 to January 2028	1.68%	Current	42,269	
		1.68%	Non-current	98,457	
			Subtotal	140,726	
			Total	$434,659	

PHARMAESSENTIA CORP.

10.STATEMENT OF OPERATING COSTS

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Direct material cost		
Beginning balance of raw materials and supplies	$64,600	
Add: Purchased of raw materials and supplies, net	189,989	
Less:Transfer to research and development expenses and others	(31,848)	
Ending balance of raw materials and supplies	(138,161)	
Inventory scrapped and gain (loss) on physical inventory	(56)	
Material usage		$84,524
Direct labor		77,215
Manufacturing overhead		461,958
Manufacturing overhead-processing cost		41,425
Manufacturing costs		665,122
Add:Beginning balance of work in process products		62,075
Less:Transfer to research and development expenses and others		(5,267)
Inventory scrapped and gain (loss) on physical inventory		-
Ending balance of work in process products		(5,703)
Cost for finished goods		716,227
Add:Beginning balance of finished products and merchandise inventory		790,357
Purchase of finished products and merchandise inventory		6,760
Less:Transfer to research and development expenses and others		(194,291)
Ending balance of finished products and merchandise inventory		(638,413)
Cost of goods sold		680,640
Other operating costs		
Inventory valuation and obsolescence losses (reversed)	(7,444)	
Inventory scrapped and loss (gain) on physical inventory	34,824	27,380
Operating cost		$708,020

PHARMAESSENTIA CORP.

11.STATEMENT OF MANUFACTURING COSTS

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Wages and salaries	$185,011	
Consumables	103,645	
Depreciation and depletion	89,072	
Other expenses	84,230	(The amount is less than 5% of the account)
Total	$461,958	

PHARMAESSENTIA CORP.

12.STATEMENT OF SELLING EXPENSES

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Royalty	$49,144	
Advertising expense	17,457	
Service expense	6,795	
Other expenses	4,401	(The amount is less than 5% of the account)
Total	$77,797	

PHARMAESSENTIA CORP.

13.STATEMENT OF ADMINISTRATIVE EXPENSES

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Wages and salaries	$201,699	
Service expense	276,763	
Other expenses	102,581	(The amount is less than 5% of the account)
Total	$581,043	

PHARMAESSENTIA CORP.

14.STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Wages and salaries expenses	$120,568	
Experimental research fees	474,298	
Raw materials / Consumables	106,606	
Depreciation	58,605	
Other expenses	114,251	(The amount is less than 5% of the account)
Total	$874,328	

PharmaEssentia Corporation

Chairman: ChingLeou Teng